Statement of Accounts for the year ended

March 31

2020

Calderdale MBC

CONTENTS

The Narrative Report

According to Spotify, what was the most downloaded song of the last decade? And what are its connections to Calderdale?

Full marks if you identified the song in question as “The shape of you” by Ed Sheeran - the singer/songwriter born in Hebden Bridge, a Calderdale market town which has long attracted artists, writers, photographers and musicians, and given the town a distinctive creative vibe.

However, there is also a second connection in that the “Shape of you” could be said to be very much at the front of the Council’s thinking as it ponders its vision for 2024. This is the year that marks our 50th anniversary. Whilst celebrating what has been achieved over the last half century, it also gives us the opportunity to consider where we want to be in 2024.

Of course, this vision is currently seen through the veil of the coronavirus pandemic which has, of necessity, in a few short months radically altered the ways in which we live our lives – the ways we work; study; travel; shop; spend our leisure time; interact with others; practice our faith; support our neighbours and families. But the values and characteristics which have shaped us in the past are the very ones which will support us in the present and, as we emerge from this crisis, will steer us in the future as to how the Calderdale of 2024 should be shaped. How will it be different to the place it is now? What should be the Calderdale way?

VISION 2024

focusses on
three themes reflecting our heritage and taken forward as part of our future vision

The Calderdale Way:
Kind and resilient:

We want to use our strong community spirit and experience of bouncing back to help us prepare for any kind of setback.

The Calderdale Way:
Distinctive:

We want to put Calderdale on the world map as the place to be for heritage, arts and music.

The Calderdale Way:
Enterprising and talented:

We want people to achieve their full potential, make Calderdale the small business capital of the North, ensure children get the best start, and help prepare young people for life after school.

Enterprising and talented:

John and Violet Mackintosh opened a pastry shop in Halifax in 1890. As business was slow, Violet invented a new toffee product blending Yorkshire butterscotch and American caramel. This **enterprise** proved such a success that by 1905 John Mackintosh was the largest toffee manufacturer in the world, selling one hundred tons of toffee every week. He claimed to be the largest consumer of butter in the world! After acquiring a chocolate manufacturer, Mackintosh was able to combine its expertise in both products and the Quality Street sweet tin was first launched in 1936.

Record levels of investment and start ups have made this an exciting time to do business in Calderdale. Enterprise zones and flourishing business centres; new town centre office space, and news that the iconic Piece Hall, redeveloped as a 21st century public square for business and leisure, is drawing in over £12 million annually to Calderdale's economy since its reopening in 2017. This is supported by unprecedented investment in infrastructure through the West Yorkshire Plus Transport fund, important for the flow of trade and employment, and the upcoming 6th form college and Leeds Beckett University Business Centre which will help develop and retain local young talent and skills to support businesses and assist the economy to thrive.

Performance:
Attainment and progress in secondary education remain high this year and we are well above national, regional and Northern Borough performance for both. We rank 2nd of the Northern Boroughs in these measures.

Distinctive:

Calderdale is home to a highly regarded cultural scene. There are four theatres in Halifax alone plus live music venues hosting several BBC radio 6 music

Performance:
The visitor economy in Calderdale has seen a 1.4% annual increase to an estimated £349m in 2018, with 6.5 million trips being made to our area. Tourism supports an estimated 7000 jobs across the borough.

broadcasts, along with festivals and planned open air concerts with The Specials and the Kaiser Chiefs. The stunning local scenery has regularly provided the backdrop to sporting events such as the Tour de Yorkshire, and also to popular award winning TV series such as Happy Valley; Last Tango in Halifax and Gentleman Jack– all created by local playwright and producer Sally Wainwright, granted Honorary Freedom of the Borough in recognition of her outstanding contribution to Calderdale.

Anne Lister inherited Shibden Hall in the early 19th century. A **distinctive** character, her masculine appearance and sometimes eccentric behaviour earned her the nickname "Gentleman Jack". A keen traveller and diarist, she devised a code to record, and keep secret, her intimate feelings towards women.

The success of the BBC/HBO drama Gentleman Jack has led to unprecedented visitor numbers at Shibden Hall and put the story of Anne Lister and the heritage and distinctiveness of Calderdale on the international map, and we are excited to welcome film crews back to Shibden for series two.

The year 2017 fueled a transformation that is putting Halifax and Calderdale on the map nationally and internationally as a cultural destination. The re-opening of the refurbished 18th century Piece Hall, a new Central Library and Archives, along with Square Chapel Arts Centre's new state-of-the-art performance venue and the Calderdale Industrial Museum have led to a thriving cultural quarter which, with the constant reinvigoration of the cultural offer throughout Calderdale, make the years leading up to 2024 truly exciting.

Kind and resilient:

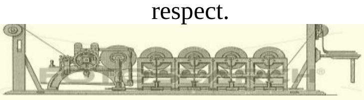
Calderdale has a vibrant culture of volunteering and community action with people of all ages and backgrounds doing their bit to help each other through a network of 800 voluntary organisations across the borough.

On Boxing Day 2015 and again in February 2020 with storms Ciara and Dennis, Calderdale experienced some of the worst flooding in its history. But we also witnessed some of the best examples of Calderdale's incredible kindness and resilience, with over 450 residents formally volunteering to support the recovery, and many more helping out informally as individuals or as part of groups organised by businesses, churches and mosques.

Performance:
People in Calderdale are more likely than the regional or national average to report taking part in formal volunteering – a practice which continues as our communities respond to the current Covid 19 crisis.

The strong links created give Calderdale a great starting point to shape future volunteering efforts and growing these for the benefit of local people is one of the key challenges in the run-up to 2024.

Edward Akroyd became owner of one of the country's largest worsted wool manufacturers. Concerned about the social conditions arising out of the industrial revolution, Akroyd did much to improve conditions, including setting up allotments; schools for child labourers; churches; a workers' pension scheme; and a working men's college (the first outside London). He helped found the Yorkshire Penny Bank to encourage savings and promote home ownership through his model village Akroyden. Renowned for his **kindness**, there were over 15,000 mourners at his funeral, and many businesses closed for a few hours as a mark of respect.



Volunteering could lead to a healthier, happier, more confident and skilled Calderdale, with less social isolation, as well as giving the volunteers a sense of purpose and value. A high proportion of volunteers are older people with time to devote to such activities. The challenge will be to encourage a wider range of age groups to get involved, with proper promotion of the breadth of volunteering opportunities available so that it becomes the norm rather than the exception.

The shape of you

We are trying to engage as many interested parties as possible – residents; businesses; visitors; partners – to shape the Council and the services it provides. Calderdale Conversations is a new opportunity for people across the region to talk about the things most important to them. The ideas they have about Calderdale and the things they'd like to see happen or be done differently. We want to expand these conversations, having them more often and in new ways, engaging with people to play a direct role in how the place changes and grows and creating new partnerships so that together we can reach our vision for the place.

So what will Calderdale look like in 2024? Will we be known for our kindness and resilience, with volunteering being seen as a natural part of life and work encouraged and enabled by corporate opportunities and small businesses, schools and colleges alike? Will we be even more distinctive in the arts, bursting at the seams with talented, creative young people where people of all ages are encouraged to find a creative core and express it through music, the arts and the written word? Will talent be nurtured and developed so that young people are as ready for work as possible when the time comes for them to enter the working world, equipped with the necessary skills to operate confidently in the workplace and understand and adapt to the fast-changing nature of modern business. Will Calderdale be recognised as a place where businesses are encouraged to thrive and be enterprising attracted by supporting transport infrastructure, housing, tourism, food and drink, night-time economy, culture and events bringing in employees, suppliers and customers? Will we be bigger, better, more diverse, more inclusive, more supportive, more creative, living a larger life in the most attractive place to work, live and play?

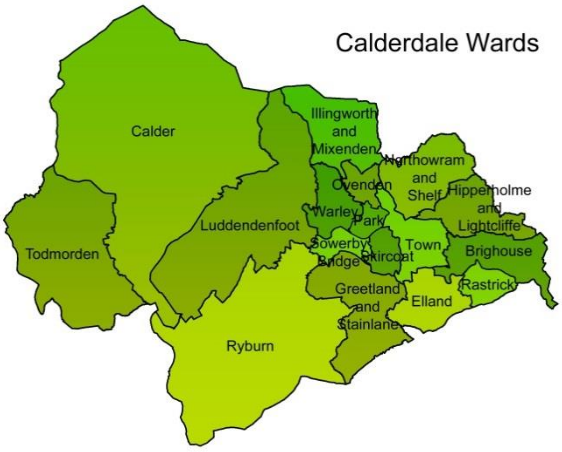
Much to ponder. Just "thinking out loud", as Ed might say.

Performance:
Marked across a raft of measures, the Council's current overall ranking is:

8th

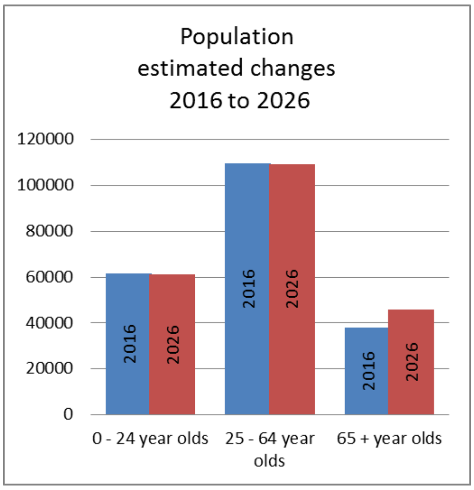
out of 20 Northern Boroughs.

Calderdale is a metropolitan district in West Yorkshire, centred around the town of Halifax. It is part of the Leeds City Region. Although one of the smallest metropolitan districts in terms of population (209,500), it is one of the largest in terms of area (140 square miles), with over 80% being rural. Three quarters of the population live in urban areas.



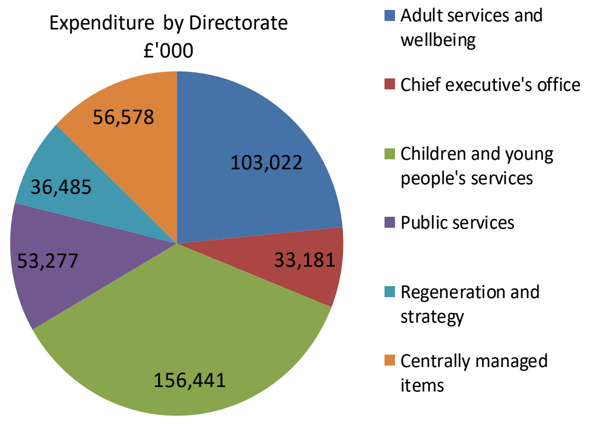
The river Calder runs through the district from the eastern slopes of the Pennines in the west and passes through the upper valley townships of Todmorden, Hebden Bridge (Luddendfoot) and Sowerby Bridge, and down to the lower valley towns of Elland and Brighouse and on to Kirklees in the east.

Forecast population growth to 2026 is 3.5% to 216,300, with a noticeable increase (21%) in the over 65's. 87% of the population identify as white british; 8% as Asian/Asian british, and 5% as other.



Traditionally, Calderdale was a manufacturing district based around textiles. Although in decline, manufacturing still employs around 20% of the local population. The largest sector is financial and business (Halifax is, of course, synonymous with the former building society of that name). Halifax is also home to Mackintosh (now Nestle) and the top selling Quality Street has been manufactured here since 1936. Other sectors include retail, hospitality, tourism, and a burgeoning creative/digital sector.

The Council spends over £400m supporting residents, businesses and visitors. This includes over £100m on social care costs (adults and children); £87m on schools; £42m on housing benefits, and nearly £200m on a very diverse set of services from early years provision to adult learning; public health to cemeteries and crematorium facilities; highways to open spaces; libraries and museums to sport and entertainment. Some of these services are provided directly by the Council, some are provided in partnership with other bodies such as the NHS, and some are bought in. They are funded by a mixture of grants, fees and charges, council tax and business rates.



Day care, home care, residential care and advice, information, assessment and early intervention services to adults.

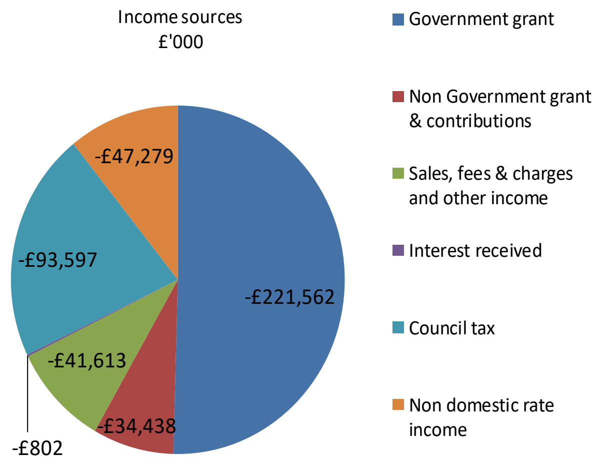
Public Health; elections and registration costs; committee administration, finance, legal, HR and mayoral support;

Early years, schools, youth & adult learning; looked after children social care (fostering and children's homes); early intervention,family support and youth justice.

Sport; museums, theatre, libraries; parks; food standards; crematorium & cemeteries; licensing; community safety; benefits admin; contact centre; ICT support; waste and recycling; parking.

Road maintenance, safety & lighting; flooding; planning, economic development, building control; tourism; markets; housing advice and homelessness; maintaining the Council's property portfolio.

Housing Benefit, interest payments, levies.



Education £106m; Housing Benefit £43m; Public Health £13m; Other Government grants £59m.

Health bodies £20m; Other contributions & reimbursements £14m

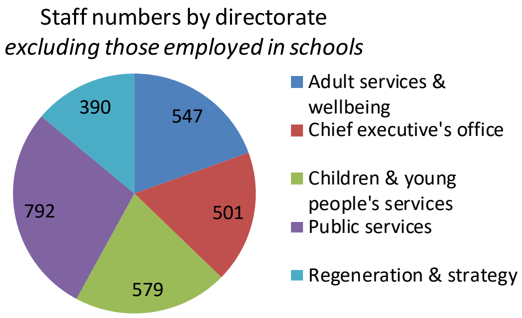
Adult care £14m; Sports £5m; Parking £3m; Markets £1m; Burial & cremation fees £2m; Halls & Theatre £1m; Building control & development £1m; Schools £5m; Other £9m (including shops & properties, registrars, licencing)

Interest received on investments and bank accounts

Paid by council taxpayers

Paid by business ratepayers

Services are delivered or commissioned by a workforce of full and part time staff and contracted workers, grouped under directorates.



Decision making in the Council is controlled by the Council's constitution. Within an executive structure, elected councillors make decisions on the recommendations and advice of Council officers. Full Council is composed of 51 Councillors (3 councillors representing each of the 17 wards). It decides the Council's overall policies and sets the budget and Council Tax each year. The Council appoints the Leader and members of the Cabinet and also the membership of the various Scrutiny Boards and Committees.

The main decision making body is the Cabinet (a group of 7 councillors drawn from the largest elected party, including the leader and deputy leader) which, within the broad policies and budgets determined by full Council, is responsible for political oversight and detailed decision making. Cabinet decisions can be called in for scrutiny by one of the 4 scrutiny boards. These boards (each having 9 councillors representing all parties) look at the work of the Council and partner agencies and other organisations and service providers, offering advice, recommendations and challenge to Cabinet.

The boards are: -

- *"Adults, Health and Social Care"* (looking at older people's care and commissioning of services);
- *"Children and Young People"* (looking at children's services, education and public health services);
- *"Place"* (looking at issues such as highways; environmental issues; street cleaning; housing);
- *"Strategy and Performance"* (focusing on corporate performance; budget monitoring; commercialisation).

Councillors are also appointed to other panels and working parties dealing with specific topics (e.g. planning affairs, licensing, markets, flooding). In addition to representing and helping local citizens, councillors establish budgets, policies and targets for the delivery of services, and monitor performance. Minutes and agenda papers for all these meetings are available on the Council's website.

Alongside Vision 2024, the Council is on a mission – "To be the Best Borough in the North"! This focuses on three priorities. For each priority, there is a small subset of measures for which targets are set, monitored and reported regularly. These super key performance indicators (SKPI's) are published at dataworks.calderdale.gov.uk. The priorities are: -

- Grow the economy (for which measures include employment rates and pay; business and digital skills; educational achievement)
- Reduce inequalities (centred on life expectancy; independence; early years; active lifestyles and safety)
- Build a sustainable future (looking at environment; air quality; housing; transport).

The Council operates at top quartile performance in many areas including most of the measures for Growing the Economy (based on educational achievement and digital skills) and Reducing Inequalities (based on life expectancy, independence and active lifestyles).

Performance in around 60% of the SKPI's has either improved or been maintained during the year. The Council's ranking among northern boroughs is 8th (out of 20).

Recent initiatives have done much to help reduce crime (with a greater proportion of Calderdale residents feeling safe than in any other local authority area in West Yorkshire) and tackle obesity (particularly at reception age, where our ranking has jumped from 16th to 4th). Future challenging targets include addressing key stage one attainment; employment rates; air quality; new housing provision; road conditions.

Building on these 3 priorities, the Council is refining them from 1st April 2020 to cover Strong and Resilient towns (tourism/ culture/stability of employment); Reducing Inequalities (deprivation and poverty); Climate and Emergency. In support of these, Cabinet's future focus will be on four key areas: *Addressing local poverty*, working with partners to tackle homelessness and support the poorest households in our communities; *Taking action on the climate emergency* – the Council has declared a climate emergency and its Climate Change Working Party is developing the Council's response. The Council is already committed to making its own buildings more energy efficient, and to a £22 million LED street lighting scheme; *Developing sustainable towns,* using the Future High Streets, Towns and High Streets Heritage Action Zone funding from the Government to help communities and businesses thrive; *Increasing affordable housing*, continuing to work with partners and building new homes in Calderdale through its development company, with a £4 million budget to stimulate house building.

The management of risk is an integral part of delivering the Council's services. Risks are created both by the external environment in which the Council operates and internally from the changes necessary in the pursuit of best borough status..

Under the guidance of the Corporate Risk Manager, it is the responsibility of everyone who works for the Council to identify, manage and monitor the risks within their service areas in meeting service user expectations and pursuing commercial opportunities.

The Council's Strategic Risk Register identifies those key risks which, if they occur, will prevent the Council from delivering its vision, transformation programmes and overall service outcomes. Directorate Risk Registers contain those risks which affect the delivery of services specific to that directorate and are managed by the appropriate directorate. These registers play a crucial part in disseminating risk information across the Council, identifying what the key risks are, what the consequences might be, and what is being done to mitigate and manage them. Strategic risks are reviewed and reported regularly to Audit Committee. Eight of these (including enterprise and regeneration, digital innovation, health, wellbeing and equality) impact directly on the delivery of the Council's vision and transformation programmes, and the remaining ten risks are those which may prevent Calderdale from either partly or completely delivering its overall service objectives and outcomes.

In the last twelve months the risk landscape has radically changed for many local authorities with a series of significant risks which are outside the Council's control. These include the potential impacts of leaving the EU without a deal closely followed by the Covid 19 pandemic, with the possibility of a second Covid 19 peak in the late autumn / early winter

For the purposes of this note, risks have been identified as Economic; Social; Operational: Financial; Environmental.

Economic.

The UK has now left the EU and has no political representation. It has entered a transition period due to end in December 2020. After this date, Britain will leave the customs union and single market and be free of the overall jurisdiction of the European Court of Justice. However, the UK will want as much access to European markets as possible and will spend the transition period negotiating trade deals. At the end of the transition period, the UK will either have established trade agreements with the EU, or will exit transition with no deal. Risk management needs to consider the implications which may arise from a negotiated settlement as well as a no deal exit.

Immigration, international trade and contracts, government revenues and demand for public services are all expected to change, but nobody can tell at this stage what the outcome of withdrawal will be in terms of its effect on Council costs and funding, or on local businesses. Being one of the first to produce a Brexit impact and risk assessment report, the Council continues to work closely with local businesses, other local authorities and key partners in planning, as best it can, for all eventualities.

The financial impact to Calderdale from the lockdown still has to be established and the Council is working with businesses to ensure the payment of business grants. The Council's overarching recovery response is centered around improving infrastructure and connectivity, and prioritising town centre regeneration through funding bids and business rate incentives.

Social.

These are risks arising from lockdown; an ageing population, misuse of social media, community cohesion and the continued absence of clarity about the rights of EU citizens and the migrant community in the UK following leaving the EU.

The early months of 2020 have been dominated by the impact of covid-19. Across the country, measures have had to be taken which as recently as the end of February were unimaginable. The Council has made its response to this crisis its number one priority, implementing a ten point plan to protect health and wellbeing, targetting especially those at risk and vulnerable groups; co-ordinate a community response and respond to community and neighbourhood tensions; support business; prioritise critical services and divert resources accordingly.

The Government's recent austerity measures and their effect on resources plus the impacts of Covid 19 could potentially impair our ability to ensure adequate care, early intervention and the prevention of harm for an increasing number of elderly and vulnerable people.

There are new social pressures emerging including the misuse of social media and its effect on emotional wellbeing, particularly in younger people.

The Council is also offering practical help and support to communities and individuals with concerns about their rights under the EU settlement scheme post Brexit.

Such risks are mitigated by a wide range of cross service plans, agreements and strategies focussing on public health improvement and community safety seeking to promote health and wellbeing, and reduce inequalities.

Operational

Like all businesses, the Council is heavily dependent on secure, reliable IT systems to operate smoothly. Key risks are data theft or loss, or a malicious attack or security breach, with consequential potential for service disruption, litigation, and reputational and financial loss. The Council has in place many defences and operating protocols to mitigate against such an attack. These include anti-virus and ransomeware protection; filtering of email and internet activity; encryption; published policies with regular training and testing; backup and recovery systems. These have proved effective against past malware attacks, with over 200 viruses being defended in the last year. The Council receives over 100,000 emails each week and it is estimated that 10% of these are suspect.

These actions also help maintain personal information security, breaches of which can have serious damaging operational, reputational and financial effects on the Council, as well as having distressing consequences for those whose information has been disclosed. Having clearly identified protocols and systems should ensure that personal data is only held as appropriate and so mitigate against any breaches.

Through the diversity of its service provision models, the Council is exposed to risk should any partner organisations or major suppliers fail. This risk may grow as the Council seeks new ways of working as part of its commercialisation agenda and working generally with a wider range of partners including the voluntary sector. To mitigate against this, there is detailed scrutiny of proposed business cases; due diligence of partner organisations; clear reporting structures and governance. Even so, because of the longer term nature of service and construction contracts, this remains a risk which needs constant monitoring.

The Council is working towards "digital by default", a transformation programme to embed digital innovation in the way we work, communicate and conduct business. There are rising customer expectations as to how services should be delivered and failure to meet these could lead to negative perceptions about the Council, affecting staff morale and our ability to support thriving communities, leading to businesses relocating to other authorities with the consequent loss of business rates. The Council is prioritising ICT investment in modernising hardware, software and storage to facilitate smarter working, responsive secure systems, and upgraded appropriate server platforms and infrastructure.

The Council's key asset is its staff and it takes very seriously its responsibilities as an employer to manage the mental and physical health and wellbeing of its workforce to minimise sickness, where possible, and its consequent impact on service delivery. Key risks are lack of buy in by managers and a reluctance of staff to come forward with issues, which can lead to longer periods of absence and consequential strain on the remaining workforce to ensure service delivery. The Council is proactive in promoting physical and mental wellbeing through events and activities and regular communication. Across the best borough group, the Council is a leader in managing attendance for which there is regular management training. Health and wellbeing are also prioritised specifically through the health and wellbeing board.

During the coronavirus outbreak, the Council has regularly kept staff advised of best practice and had contingencies in place for home working, where appropriate, during periods of self isolation and in accordance with Government advice.

Financial

Financial risks: Covid-19

Towards the end of the financial year the country went into lockdown as a result of the coronavirus pandemic. Monthly financial returns on the potential impact of Covid-19 are now being prepared for MHCLG. The most recent return in May 2020 estimated a potential additional cost to the Council of £10.2m in 2020/21, with a forecast loss of income of £17.4m giving a total budget pressure this year of £27.6m. The Council has so far received additional Government funding of £11.8m. It is hard to say to what extent this funding gap of £15.8m may improve with the easement of lockdown measures. Or what the effect of a second peak might be.

In response to the implications of Covid-19 and the Council's existing budget position a financial recovery programme has been developed. This is made up of three stages:-

- Stage 1 – Implementation of already agreed savings.
- Stage 2 – Containment of additional costs within Government

support for Covid-19 where possible.
- Stage 3 - Review discretionary spend and reshaping the council towards a business critical model.

As part of Stage 1, a series of actions have been agreed in order to try to address the underlying budget pressures (especially in social care). New savings agreed by Council in setting the budget for 2020/21 in February were £745k, and whilst the Council is confident in delivering those, Covid-19 is expected to hinder the achievement of around £1.2m of existing savings.

The outcome of the Covid-19 crisis is as yet unknown but the potential scale of the risks has been highlighted above. Should these not be controllable then reserves and balances may need to be deployed to support the budget.

Excluding those set aside for schools, the Council's reserves reduced by just £0.4m in 2019/20 to stand at £30.2m at year end. However, this position hides the true scale of the reserves used to support the budget during 2019/20 as the year end figure includes £5.8m of Government Covid-19 funding that will need to be spent in 2020/21. Some reserves are held as contingencies and to support the budget, but the majority have been set aside for specific purposes so are not available for general use. Balances have also fallen during the year and now stand at £5.5m, just over our minimum level of £5m.

Financial risks: Social care costs

The funding of social care costs has been under discussion at a national level, for a number of years. Successive governments have failed to come up with an overarching plan to meet the demands of an ageing population. Before the current pandemic, the prime minister committed to fulfilling a party manifesto pledge for long term reform, and to bring forward a plan this year, with a commitment to implementing it within the life of this parliament.

This Council has experienced persistent demographic growth in this area which, along with the complexity of care packages and unstable markets, has created an unsustainable financial position. These costs are expected to continue to rise in line with demographic changes. The solution to the longer term funding of social care costs could have huge significance for the Council and we await the outcome, whilst managing current demands as best we can targeting additional resources through the budget process, transforming the way that we provide services, and taking longer term interventions through public health and other social support programmes.

Financial risks: Funding

Half of our income comes direct from the Government, which also determines the proportion of business rates retained and sets guidelines on Council Tax rises. Effective long term service planning requires certainty about future Government funding. Currently, we only have certainty about funding in 2020/21 (and even then, this was only after the General Election in December). The forthcoming Spending Review, and outcomes of the business rates retention and fair funding reviews could significantly affect how Central Government funding is shared out amongst local authorities.

The Fair Funding Review will affect how funding is allocated and redistributed between local authorities, taking into account each individual authority's capacity to raise and retain local taxation. As part of this review, the intention was for retained business rates to rise to 100% by 2020. This has now been deferred and the proposal also reduced to 75% along with an element of central government grant support.

During 2019/20 Calderdale, along with the other West and North Yorkshire councils, was part of a 75% Rates Retention pilot scheme (it was 100% in 2018/19). This allowed us to retain growth in business rates income which otherwise would have been lost from our area. In 2020/21, the Government is not extending the scheme which will then revert to 50% retention.

All of these changes and uncertainty around the period covered by any spending review, make financial planning with any certainty difficult. A number of assumptions, which are subject to regular review, have had to be made regarding future funding. Principal amongst these are that: -

- Government financial support will remain stable from 2020/21.
- The new business rates retention and fair funding reviews will be financially neutral to the Council.
- There will be modest (2%) future council tax rises with no capacity for any further social care precept increase after 2020/21.
- Savings targets will be contained within planned budgets after implementing the actions agreed in recent financial reports to address budget pressures.

Financial risks: Other

As a major employer, influences on pay pose a major risk. Nationally agreed pay awards are not always fully funded by the Government. April 2018 saw the introduction of a new 2 year national pay settlement, increasing the Council's pay costs by 2.5% (The highest pay rise in over a decade, pay rates having previously risen in total by less than 8% since 2010). Pay inflation is also affected by the new national living wage, which impacts on the Council through its contracted services (especially on our care contracts). The pay award for 2020/21 has not been settled yet. The latest offer from the employers' side is for a 2.75% rise but it is understood that this has been met with calls for the Government to supplement this increase to protect councils' finances from deteriorating further.

The Council's defined benefit pension scheme is a statutory scheme. Although operated locally (by Bradford Council) the terms of the scheme (including pension benefits payable) are determined nationally. Volatility in the fund assets held could cause a significant increase in the size of the pension deficit. A larger pension deficit would result in additional funding being required, diverting resources away from services. The fund is subject to a triennial review, the most recent of which has led to a small reduction in employer pension contributions from 2020/21.

Environmental.

Partly due to its topography, the Borough has been hit by several floods in recent years – most recently when storms Ciara and Dennis hit in February 2020 affecting again those areas which had only just recently recovered from the extensive flooding on Boxing Day 2015. Since then, over £100m has been spent on flood management and flood defences, but even these proved inadequate fully to stem the rapid rise in water levels caused by successive storms. The risk of failing to provide resilience during and after an emergency is mitigated by Council planning and capability arrangements overseen by the emergency planning team and business continuity group with senior officers on a call out rota.

Global factors can affect our recycling rates such as countries no longer accepting materials for recycling (or significantly increasing the price). Climate change is also a major concern, although the environment has been an unintended beneficiary of the worldwide lockdown with significant improvements in air quality due to reduced industrial and travel emissions. The risk here is that it proves impossible to prevent the emission levels quickly increasing as the world recovers from lock down. The Council is actively playing its part through a range of actions to reduce climate impacts including a climate action plan; air quality action areas; a focus on environmentally friendly new homes, and community engagement.

Financial performance during the year.

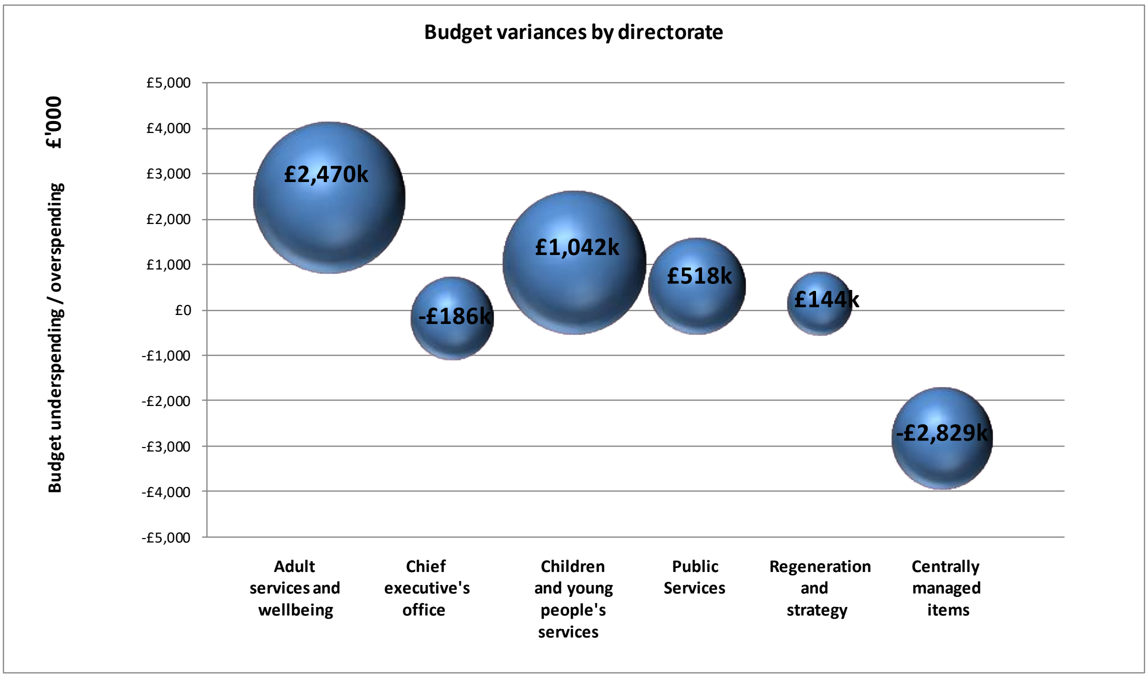
Revenue spending

The Council spends over £0.4bn annually to deliver services. This is partly funded by service charges and specific grants. The resulting net funding requirement (£0.2bn) is met by general Government grants, council tax, retained business rates and general balances. The Council sets its budget each February to determine council tax levels for the coming year and the extent to which it intends to use balances and reserves to support current operations. Performance against budgets is monitored regularly, and formally reported quarterly to Cabinet. The Strategy and Performance scrutiny board offers further challenge by looking at individual directorate performance against budgets in more detail. Reports highlight pressure areas and responses to manage those pressures, and give Members updated information of forecast available balances and reserves going forward.

As reported during the year, spend pressures resulted in directorates overspending by £4.1m, with the majority of this relating to increased social care demand; complexity of care; and cost increases in line with national trends. This overspending was managed in part by the use of £2.7m of reserves, and so the underlying position is worse than the headline figures suggest.

£3.5m of additional budget has been provided through the Medium Term Financial Strategy for social care costs from 2020/21, but even this may prove to be insufficient without further action, given that the reserves previously relied upon have now been largely exhausted.

The Government has not announced funding levels beyond 2020/21 but, even with the savings already agreed, the Council has estimated that it will still have a funding gap of £2m in 2021/22 rising to £2.8m from 2022/23 onwards. This was before the effects of the Covid-19 pandemic which has added a significantly higher level of financial risk to the Council.



The above graphic shows the year end variance on service budgets, with the size of the sphere expressing this as a percent of the overall budget for the service (the larger the sphere, the greater the percentage variance). Directorate underspendings of £0.186m have been carried forward in reserves to be used next year. Directorate overspendings have been offset by centrally managed underspendings of £2.8m and the planned use of central reserves (£1.3m).

There are a number of costs reflecting consumption of resources (e.g. depreciation) and commitments (e.g. pensions) which are excluded from the above management cost figures but which are brought into the financial statements to show the true accounting cost at the year end. These costs are included in the Comprehensive Income and Expenditure Statement. As they are not required to be funded from the above sources of income, they are stripped out in the Movement in Reserves Statement which balances the accounting cost back to the statutory cost to taxpayers. These accounting costs therefore balance to nil across the Council and do not affect the cost of services to local taxpayers.

Reconciliation of the actual management costs to those disclosed in the financial statements	Actual management costs £'000	Accounting Adjustments £'000	Comprehensive income and expenditure statement £'000
Net cost of services	161,570	21,491	183,061
Other operating expenditure	-	16,482	16,482
Funding	-160,495	-21,484	-181,979
(Surplus)/Deficit on the provision of services	**1,075**	**16,489**	**17,564**
Use of reserves	-758	-	-758
Removal of accounting adjustments	-	-16,489	-16,489
Effect on General Fund Balances (MIRS)	**317**	**-**	**317**

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. These inter-relationships are shown below.

Comprehensive Income and Expenditure Statement (£'000)	
(Surplus)/ Deficit on the Provision of Services	17,564
Other Comprehensive (Income)/Expenditure	18,615
Total Comprehensive (Income) and Expenditure	**36,179**

Movement in Reserves statement	
-2,329	Effect on usable reserves
-33,850	Effect on unusable reserves
-36,179	**Change in Total Net Worth**

Balance Sheet (Change in Assets less Liabilities)	
Change in net assets (excl cash)	-41,808
Change in cash and cash equivalents	5,629
Change in net worth	**-36,179**

Cashflow Statement

Net increase / (decrease) in cash and cash equivalents

Capital spending and financing

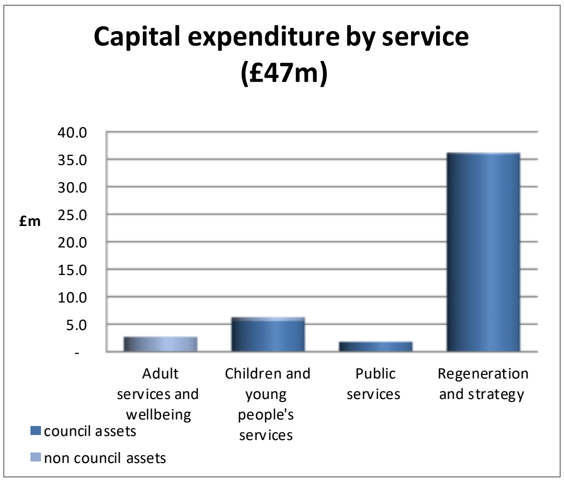
Capital expenditure is distinct from the everyday revenue expenditure required to run services. It represents investment in items of property, plant and equipment (such as buildings, roads, land, and vehicles), the benefits of which last for more than one year. The Council's capital programme for the four years to 31/3/2023 is forecast to be a minimum of £129m.

During the year there was spending on rolling programmes for highways infrastructure (£5.5m) and private housing grants (£2.7m) in addition to major investment on:-

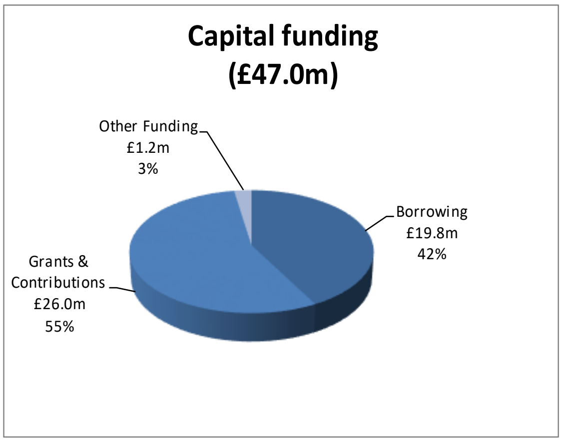
- Redevelopment of the Northgate House site to provide a new sixth form facility and new commercial space within the town centre.
- Street Lighting Upgrade & Refit Programmes designed specifically to reduce the Council's carbon footprint on the network and within buildings.
- Investment in the corporate estate to reduce ongoing running costs.
- Progression of major road improvements in the borough funded by grants from the West Yorkshire Combined Authority through its West Yorkshire Plus Transport Funding.
- Remodelling of existing schools including the creation of one through school.
- ICT infrastructure.
- Purchase of an investment property.

In addition to work on its own assets, the Council also spent £3.7m on 3rd party assets, (mainly grants for private housing adaptations and spending on certain types of school e.g. church schools owned by the diocese rather than the Council).

The Public Services directorate invested over £1.2m in play areas, the crematorium, and ICT Infrastructure. The Regeneration and Strategy directorate continued to implement a range of schemes in excess of £36m designed to improve the Council's highways network; street lighting and Refit upgrade and replacement programmes and rationalisation and improvement of the corporate estate. The Children and Young People's directorate continued to oversee expenditure in excess of £6m in relation to schools.



The capital programme is mainly funded by grant allocations from Central Government. These have largely been directed by the Council towards specific work programmes for schools, roads, and housing schemes. Additional funding comes from a combination of earmarked reserves and revenue contributions, and capital receipts from asset disposals. Some capital expenditure is financed in future years (borrowing). This has been paid for out of a mixture of working capital and external borrowing.



In addition to funding the capital programme, borrowing also takes place to repay maturing loans. The Council's treasury management policy, which addresses both short term cashflow and longer term asset funding requirements, seeks to minimise external debt costs by taking account of available internal resources, prevailing interest rates and debt maturity profiles. Longer term debt is provided principally through the Government's Public Works Loans Board (PWLB), with shorter term cashflow issues being managed by loans taken out with financial institutions and other local authorities via the UK money markets.

Total borrowing liabilities at the 31st March 2020 amounted to £161.4m against long term assets valued at £526.9m.

The Statement of Accounts and other links

Many of the tables and disclosure notes within this document are prescribed by the code of practice which local authorities are obliged to follow. For ease of reference, the disclosure notes have been grouped under six headings relating to:

- Key governance issues;
- Expenditure Funding Analysis;
- Balance Sheet;
- Comprehensive Income and Expenditure Statement;
- Technical and other disclosures;
- Accounting Policies

A much shorter summarised set of accounts is made available on the website, presenting the main statements and financial messages in a more easily understandable format.

Councils are large, multi-functional organisations. The processes for determining objectives and the systems in place to deliver these are conducted within an overall framework to promote efficiency and effectiveness. This framework is set out in the Annual Governance Statement which serves as an annual review of effectiveness and demonstrates the management of identified risks.

Copies of both the summary accounts and annual governance statement are available on the Council's website: https://www.calderdale.gov.uk/v2/council/budgets-and-spending/statement-accounts

The website also contains a number of other plans and strategies, such as the medium term financial strategy, detailing what the Council plans to do to achieve its ambitions, what resources it needs to deploy and how it prioritises the resources it has available.

N BROADBENT CPFA

HEAD OF FINANCE

The Comprehensive Income and Expenditure Statement

2018/19 Expenditure £'000	2018/19 Income £'000	2018/19 Net Expenditure £'000	Service	2019/20 Expenditure £'000	2019/20 Income £'000	2019/20 Net Expenditure £'000	Note
			Continuing operations				
96,728	-39,515	57,213	Adult services and w ellbeing	103,022	-46,274	56,748	
31,497	-15,402	16,095	Chief executive's office	33,181	-17,509	15,672	
154,437	-126,143	28,294	Children and young people's services	156,441	-122,747	33,694	
50,763	-18,304	32,459	Public services	53,277	-16,490	36,787	
37,469	-7,740	29,729	Regeneration and strategy	36,485	-7,801	28,684	
70,506	-50,095	20,411	Centrally managed items	56,578	-45,102	11,476	
441,400	**-257,199**	**184,201**	**Net Cost of Services**	**438,984**	**-255,923**	**183,061**	5
			Other operating expenditure				
		555	Parish Precepts			598	
		0	Net (Surplus)/Deficit from Trading Operations			0	
		750	Changes in fair value of held for sale assets			185	
		38,688	(Gain)/loss on disposal of Fixed Assets & Investments			1,715	
			Financing and Investment Income and Expenditure				
		-627	Interest and Investment Income			-802	
		6,783	Interest Payable and similar charges			6,975	
		6,957	Interest on the net defined benefit pensions liability			7,529	
		-438	Income & expenditure in relation to investment properties, and changes in fair value			-243	
		0	Changes in the fair value of pooled investment funds			525	
			Taxation and non specific grant income				
		-89,678	Council Tax income			-93,597	
		-50,222	Non domestic rates income			-47,279	
		-18,797	Government Grant not attributable to specific services			-19,884	20
		-24,960	Capital Grants			-21,219	20
		53,212	**(Surplus) or deficit on the provision of services**			**17,564**	
			Other comprehensive income and expenditure				
			Non reclassifiable				
		-183	(Gains)/losses on the revaluation of financial assets designated to be measured at fair value through other comprehensive income.			117	
		16,460	(Surplus) / Deficit arising on the revaluation of non current assets			1,357	
		19,950	Remeasurement of the net defined benefit pension liability			17,141	30
		36,227	**Total other comprehensive (income) and expenditure**			**18,615**	
		89,439	**Total comprehensive (income) and expenditure**			**36,179**	

The Movement in Reserves Statement

year ended 31st March 2020	General Fund Balance £'000	Earmarked GF Reserves £'000	Capital Grants Reserve £'000	Capital Receipts Reserve £'000	**Total Usable Reserves** £'000	**Unusable Reserves** £'000	**Total Net Worth** £'000
Balance at 1st April 2019	**5,828**	**41,684**	**24,480**	**0**	**71,992**	**-27,674**	**44,318**
Total Comprehensive Income and Expenditure	-17,564	0	0	0	**-17,564**	**-18,615**	**-36,179**
Adjustments between accounting basis & funding basis under statutory provisions (note 26)	16,489	0	-1,254	0	**15,235**	**-15,235**	**0**
Transfers to / from Earmarked Reserves (note 17)	758	-758	0	0	**0**	**0**	**0**
Increase / Decrease in Year	**-317**	**-758**	**-1,254**	**0**	**-2,329**	**-33,850**	**-36,179**
Balance at 31 March 2020	**5,511**	**40,926**	**23,226**	**0**	**69,663**	**-61,524**	**8,139**

year ended 31st March 2019	General Fund Balance £'000	Earmarked GF Reserves £'000	Capital Grants Reserve £'000	Capital Receipts Reserve £'000	**Total Usable Reserves** £'000	**Unusable Reserves** £'000	**Total Net Worth** £'000
Balance at 1st April 2018	**6,987**	**42,654**	**27,356**	**0**	**76,997**	**56,760**	**133,757**
Total Comprehensive Income and Expenditure	-53,212	0	0	0	**-53,212**	**-36,227**	**-89,439**
Adjustments between accounting basis & funding basis under statutory provisions (note 26)	51,083	0	-2,876	0	**48,207**	**-48,207**	**0**
Transfers to / from Earmarked Reserves (note 17)	970	-970	0	0	**0**	**0**	**0**
Increase / Decrease in Year	**-1,159**	**-970**	**-2,876**	**0**	**-5,005**	**-84,434**	**-89,439**
Balance at 31 March 2019	**5,828**	**41,684**	**24,480**	**0**	**71,992**	**-27,674**	**44,318**

The Balance Sheet at 31st March 2020

31st March 2019 £'000		31st March 2020 £'000	Note
	Long Term Assets		
483,326	Property, Plant & Equipment	501,534	6
3,693	Heritage Assets	3,693	7
7,951	Investment Property	10,388	8
87	Intangible Assets	0	
2,417	Long term investments	6,716	29
2,927	Long term debtors	4,554	29
500,401	**TOTAL LONG TERM ASSETS**	**526,885**	
	Current Assets		
36,600	Short term investments	23,200	13
528	Inventories	343	
28,585	Short term debtors	33,512	12
7,996	Cash and cash equivalents	12,622	14
1,135	Assets held for sale	1,750	
74,844		71,427	
	Current Liabilities		
-1,003	Cash and cash equivalents - bank overdraft	0	
-2,524	Short term borrowing	-11,131	29
-47,473	Short term creditors	-55,152	15
-13,037	Short term provisions	-9,981	16
-1,936	Other short term liabilities	-2,097	29
-65,973		-78,361	
509,272	**TOTAL ASSETS LESS CURRENT LIABILITIES**	**519,951**	
	Other Liabilities		
-1,092	Long term creditors	-1,099	
-1,047	Provisions	-1,774	16
-108,533	Long term borrowing	-117,756	29
-321,749	Net pension liabilities	-360,773	30
-32,533	Other long term liabilities	-30,410	29
-464,954		-511,812	
44,318	**TOTAL ASSETS LESS LIABILITIES**	**8,139**	
	Financed By:-		
	Usable Reserves		
0	Usable Capital Receipts Reserve	0	17
24,480	Capital Grants Unapplied Reserve	23,226	17
41,684	Earmarked Reserves	40,926	17
5,828	General Fund Balance	5,511	18
71,992	**TOTAL USABLE RESERVES**	**69,663**	
	Unusable reserves		
162,971	Capital Adjustment Account	175,036	27
130,906	Revaluation Reserve	125,058	27
3,511	Collection Fund Adjustment Account	3,776	27
223	Financial Instruments Revaluation Reserve	106	27
0	Pooled investment funds adjustment account	-525	27
-3,536	Accumulated Absences Account	-4,202	27
-321,749	Pensions Reserve	-360,773	27/30
-27,674	**TOTAL UNUSABLE RESERVES**	**-61,524**	
44,318	**TOTAL RESERVES**	**8,139**	

These statements, authorised for issue on 19th November 2020, replace the unaudited ones certified by the Head of Finance on 11th June 2020.

The Cash Flow Statement

2018/19			2019/20		
£'000	£'000		£'000	£'000	Note
	53,212	Net (surplus) or deficit on the provision of services		17,564	
		Adjustments for:-			
-90,326		non cash movements	-48,120		28
25,129	-65,197	items that are investing and financing activities	21,701	-26,419	28
	-11,985	Net cash flows from Operating Activities		-8,855	
		Investing Activities			
38,196		Purchase of property, plant and equipment, heritage assets and investment properties.	46,234		
748		Purchase of long term investments and other investing activities	5,600		
-240		Proceeds from the sale of property, plant and equipment, heritage assets and investment properties.	-454		
-20		Proceeds from the sale of long term investments and other investing activities	-17		
-24,401		Other receipts for investing activites (capital grants and contributions)	-17,848		
18,200		Net movement in short term investments	-13,400		
	32,483			20,115	
		Financing Activities			
0		Net short term borrowing cash payments/(receipts)	-7400		
0		Other receipts from financing activities	-936		
1,726		Cash payments for the reduction of the outstanding liability relating to on balance sheet PFI contracts	1,877		
-24,125		Long term loans raised	-12,794		
2,500		Long term loans repaid	2,364		
2,963		Other payments for financing activities	0		
	-16,936			-16,889	
	3,562	**Net (increase) / decrease in cash and cash equivalents**		**-5,629**	
	10,555	**Cash and cash equivalents at 1st April**		**6,993**	
	6,993	**Cash and cash equivalents at 31st March**		**12,622**	14

Notes to the Core Financial Statements

These disclosure notes are grouped under six main headings: -

- Key governance issues
- Expenditure Funding Analysis
- Comprehensive Income and Expenditure Statement and related items
- Balance Sheet and related items
- Technical and other disclosures
- Accounting Policies

The Code requires local authority accounts to be prepared on a going concern basis – that is, that the functions of the Council should be expected to continue in operational existence for the foreseeable future.

The Narrative Report outlines the main economic, social, operational, financial and environmental risks and the steps taken to manage these. The impact of Covid 19 has created sudden, ongoing significant issues not only for the many businesses, residents and visitors to the Borough, but also to the services provided by the Council and the way in which it delivers them.

Some services (such as sports centres and museums) closed in March 2020 and have intermittently re-opened on a reduced capacity during the year. Income from these and from other visitor attractions and car parking have therefore all been affected significantly, with forecast losses of £9m in the current year. Income from council tax and business rate payers has also been affected with an estimated reduction in tax receipts of another £9m affecting future years. The pandemic has also resulted in the Council bearing significant extra costs, particularly in social care.

The Government has announced its intention to cover 75% of the loss of some tax receipts and is providing a similar level of support for elements of the Council's lost fees and charges income. Funding has already been received for the additional costs borne by authorities due of the crisis during the year and the Council plans to contain these extra costs incurred along with any extra incomes losses within the Government funding of around £18m that has been made available.

The most recent revenue monitoring report to Cabinet suggests that the underlying financial position in the current financial year (after stripping out costs and funding associated with the pandemic) will be that the Council will remain within the agreed budget with no significant overspends. This is in part due to actions agreed by Cabinet in January last year and as part of the Future Council review programme to address underlying budget pressures and unachieved savings targets. The standstill budget position for 2021/22 therefore reflected a more sustainable and resilient starting point.

The Council's Medium Term Financial Strategy provides a framework for financial planning over the next 3 years, which includes the period assessed in respect of going concern which is 12 months from the date of final authorisation of the audited accounts. Making reasonable assumptions about future tax receipts, service costs and income, the continuing effect of Covid-19 and levels of Government grant, it indicates the levels of savings likely to be required over the period of the plan. Given the level of uncertainty, however, it also indicates a range of potential scenarios. This position will be regularly monitored and updated in the light of subsequent developments and announcements.

Though challenging, we believe the position to be manageable. The MTFS is set so that the minimum level of balances of £5 million as set by the Section 151 officer of the Council is retained. Additionally, management have assessed cash flow modelling through to March 2022. This demonstrates the Council's ability to work within its Capital Financing Requirement and cash management framework, with appropriate headroom of at least £20m. No significant risks to liquidity within the next twelve months from the date of issue of these financial statements have been identified.

Current cash and short-term investments of £35.8m at the balance sheet date have been modelled for 12 months from the final certification date of these statements to March 2022. The low point in liquidity is in March 2022 due to council tax receipts timing, and the Council have planned borrowing of £24m across the 2020/21 financial year which will be drawn from the PWLB in line with the budget. The Council have modelled further downsides which can be financed through further cost savings in line with the above. There is no planned use of the Council's £24m earmarked reserves to support the short- or medium-term budgets, with the 2020/21 and 2021/22 reduction in income and increased costs projected to be contained within the additional grant income received and savings plans in development for 2021/22 (excluding the Collection Fund losses which can be carried forward and funded over 3 years in line with Government guidance).

Accordingly, we are satisfied that there is no material uncertainty relating to going concern and that these accounting statements are therefore produced on a going concern basis.

All financial transactions are recorded based on applying accounting policies. These are determined by the code of practice on local authority accounting in the United Kingdom 2019/20 (the Code) and are based on a set of internationally recognised accounting standards known as international financial reporting standards (IFRS). The Audit Committee approves these policies annually. The main accounting policies are listed in section F of these disclosure notes.

In preparing these statements, judgements have to be made in deciding the most appropriate policies to apply. Once a policy is chosen, assumptions and estimates have to be made to determine the figures to be included for assets, liabilities, revenues and expenses. Although using best knowledge at the time, the nature of estimation means that actual results may ultimately differ from those estimates. The main estimates and judgements made are disclosed alongside the relevant notes.

In the following section, YELLOW boxes explain the purpose of the disclosure note.

BLUE boxes provide details of any critical assumptions or judgements made where actual results may be different from those recognised.

In addition to "the Code", the following abbreviations are used throughout.

- MIRS – the movement in reserves statement (this statement shows the movement in the year on the different reserves held by the Council, analysed into usable and unusable reserves. Usable reserves can be applied to fund expenditure and manage local taxation levels).
- SDOPS – the surplus/deficit on the provision of services (this statement shows the accounting cost of providing Council services during the year).
- OCI – other comprehensive income and expenditure (this statement shows other recognised gains and losses during the year due to valuation changes in assets and liabilities rather than to economic performance in service delivery)
- CIES – the comprehensive income and expenditure statement (this statement brings together all the gains and losses in the SDOPS and OCI which together account for the movement during the year in the Council's net worth).

A *Key governance issues*

This section includes disclosures relating to the way the Council operates, payments made to, and interests held by councillors and key officers.

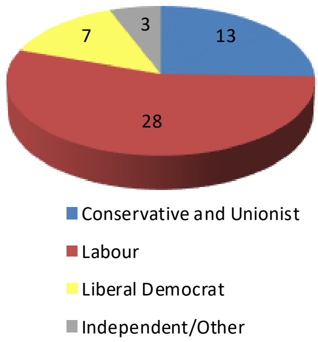
1 How the Council works and the role of Councillors

The Council is made up of 51 elected Councillors, 3 representing each of 17 wards. Councillors are elected by the people in their ward to serve for four years. Duties include representing local citizens; establishing policies for the delivery of services and monitoring performance; and making sure the Council complies with the law. Councillors are not salaried but receive allowances. This note discloses the allowances received.

Full Council is made up of 51 elected councillors. Councillors also serve on Cabinet, Scrutiny boards and other committees dealing with specific issues such as flooding; markets; legal responsibilities for planning and licensing; ward forums.

Councillors receive a basic annual allowance of £10k for time spent on official Council business. About half also receive extra allowances reflecting additional special responsibilities. Total members' allowances and expenses of £757k were paid during the year (£764k in 2018/19).

The breakdown of the 51 councillors during 2019/20 by political party was:



2 How the Council works and the role of officers

Council services are delivered or commissioned by a workforce of 2,800 full-time, part-time and contracted staff, with a similar number working in the schools service. During the year, services were delivered through a structure of service directorates, each headed by a director. Within the budgets and policies set by the Council and Cabinet, officers have delegated authority to progress the hundreds of individual services which the Council provides.

This note covers the required disclosures for remuneration and other payments to staff.

There are reporting requirements under both regulations and the Code for remuneration and other payments to staff as follows: -

- *Employees earning over £50k.* Disclosure in bands of £5k of the number of employees (including schools based staff) whose remuneration during the period covered by the accounts exceeds £50k. Remuneration means all amounts paid to or receivable by an employee, and expense allowances chargeable to UK tax. These figures include termination settlements as appropriate, but exclude all senior employees listed separately in that specific disclosure. For completeness, the figures include 31 teaching staff whose costs are included in service expenditure but who are technically employed by school governing bodies and not directly by the Council.

- *Exit packages*. The number of exit packages agreed (grouped in rising bands of £20k up to £100k, and bands of £50k thereafter), analysed between compulsory redundancies and other departures, together with the total cost of packages agreed in each band. Exit packages include compulsory and voluntary redundancies; the cost of early pension entitlement; ex gratia payments and any other departure costs. This table includes any exit packages made available to senior officers.
- *Remuneration of senior employees*. Disclosure of the remuneration of senior employees. There are eight senior employees defined as holders of specific statutory posts, and those identified as having responsibility for the management of the Council. These figures include pension contributions which are not paid directly to the employee, but which are paid by the employer on behalf of the employee into pension funds providing future post retirement pension benefits.

Employees earning over £50k

No. of staff 2018/19 Teaching staff	Non teaching staff	Officers' and Teachers' Remuneration £	No. of staff 2019/20 Teaching staff	Non teaching staff
29	14	50,000 - 54,999	27	19
23	20	55,000 - 59,999	17	23
17	1	60,000 - 64,999	18	
6		65,000 - 69,999	13	2
7	2	70,000 - 74,999	3	
3	3	75,000 - 79,999	2	
2		80,000 - 84,999	3	4
	4	85,000 - 89,999	2	4
1		90,000 - 94,999		
		95,000 - 99,999	1	
		105,000 - 109,999		
2		110,000 - 114,999		
		130,000 - 134,999	1	
90	**44**		**87**	**52**

Exit packages

2018/19 Voluntary no. of staff	Voluntary Total value £'000	Compulsory no. of staff	Compulsory Total value £'000	Officers' and Teachers' Exit Packages including Redundancy and associated Pension Entitlement £	2019/20 Voluntary no. of staff	Voluntary Total value £'000	Compulsory no. of staff	Compulsory Total value £'000
33	234	13	42	0 - 19,999	25	201	7	27
11	323	2	60	20,000 - 39,999	3	92	3	78
				40,000 - 59,999	1	55		
		1	65	60,000 - 79,999				
2	178			80,000 - 99,999	1	96		
46	**735**	**16**	**167**		**30**	**444**	**10**	**105**

The figures for 2019/20 include redundancy costs which are paid in year on exit (£352k), and consolidated early pension entitlement costs which are borne by the Council, but where the benefit is paid over the lifetime of the pensioner (£197k).

Remuneration of senior employees

Current Senior Officers		Salary, fees & allowances £'000	Expenses £'000	Pension contributions £'000	Total remuneration £'000
Chief executive (R Tuddenham) [1]	2019/20	165		29	194
	2018/19	150	1	26	177
Head of finance	2019/20	89		15	104
	2018/19	87		15	102
Head of democratic &	2019/20	89		15	104
partnership services	2018/19	87		15	102
Director of adult services and	2019/20	118		20	138
wellbeing [2]	2018/19	67		12	79
Director of children and young	2019/20	128		23	151
people's services [3]	2018/19	73		13	86
Director of regeneration and	2019/20	128		23	151
strategy	2018/19	126		22	148
Director of public services	2019/20	123		22	145
	2018/19	121		21	142
Director of public health	2019/20	106		15	121
	2018/19	104		15	119
Former senior officers					
Director of adult and children's	2019/20				0
services [4]	2018/19	57		0	57

[1] Includes £19k as returning officer for local and parliamentary elections (£7k in 2018/19).

[2] Appointed September 2018

[3] Appointed September 2018

[4] Left in September 2018, and the directorate split into two (adults;children)

3. Related party transactions

A lot of activity is undertaken by the Council in connection with other bodies and agencies. Related parties is a term applied where the relationship is such that there is the possibility of restriction of independent commercial activity. Related parties are entities or persons with significant influence over the financial and operating policy decisions of the Council, and any separate entities controlled or jointly controlled by such persons or close family members. Councils are required to disclose transactions with these related parties. The purpose of the disclosure is to enable consideration of areas of potential conflict, and the safeguards taken to prevent it.

The following related parties have been identified for the purposes of this disclosure:-

- Central Government
- Pension Fund
- Other public bodies
- Wholly owned companies
- Members and senior officers (including close family and any organisations in which they or their close family have a controlling interest).

- Central Government

The UK Government specifies the statutory framework within which local authorities operate. It also prescribes the terms of many transactions undertaken and its main sources of funding. The main grants receivable are detailed in note 20. Year end debtor balances with Central Government are shown in note 12. Non domestic rate income payable to the Government is disclosed in the collection fund note.

- Pension Funds

Payments in respect of post employment benefit plans are detailed in note 30. Pension fund creditors are included in note 15.

- Other Public Bodies

The Council collects and then pays over council tax and non domestic rate income on behalf of other precepting authorities and the Government. Precepts paid to parish councils are shown in SDOPS. Precepts paid to West Yorkshire Fire and Rescue Authority and the Police and Crime Commissioner for West Yorkshire are shown in the collection fund. Payments are also made to other public bodies providing services within Calderdale including other local authorities and health bodies. A levy of £8.7m (£9.0m in 18/19) was paid to the West Yorkshire Combined Authority for public transport provision, which includes a contribution towards the West Yorkshire Transport Fund for major regional transport infrastructure projects.

- Wholly owned subsidiary

The Council is the sole shareholder of Weave Homes, a local development company set up to develop sites for housing and sell on (including affordable homes). The Council will, in due course, be advancing loans of up to £4m at commercial rates and providing some management support. At the end of this initial year however, no loans had been advanced and the Council had a debtor of £140k with Weave Homes. The Council did not receive any dividend.

- Members and Senior Officers

All Members of the Council and senior officers (members of the corporate leadership team) are in positions of significant influence over the Council’s financial and operating policies. Related parties include all such persons and close family members. Employees are required by the officers’ code of conduct to declare any financial or non financial interests which could conflict with those of the Council. Such declarations are registered with the Head of Democratic and Partnership Services. There are no circumstances or material transactions requiring disclosure.

Members are under a statutory duty to disclose specific personal financial interests. These are registered and available for public inspection on the Council’s website. Members are also required to disclose financial and other interests in matters being considered at meetings at which they are present. The purpose of such disclosure is to prevent them from taking part in discussions and decisions where there is any potential conflict of interest.

Councillors often represent the Council on many local boards and interest groups. These appointments are in an advisory capacity and enabling role rather than as a vehicle for personal gain, and appointees are unlikely to be appointed to positions of control. Where councillors are, in their own right, involved in, members of, employed by or in ownership of businesses or organisations providing services to, or in receipt of funding from the Council, all such bodies are assessed for potential control or influence and transactions identified. One councillor owns a newsagent business, supplying £1k of newspapers to libraries.

4. External audit assurance

The figures included in these accounts give a true and fair view of the financial position of the Council at the year end, and its financial performance during the year. This is a technical document which receives considerable audit scrutiny to give all stakeholders the confidence that public money has been properly accounted for. Our appointed auditor, Ernst & Young LLP, acts independently to give this assurance. This table shows how much the Council pays for this, and for any other audit services provided by them.

2018/19 £'000	APPOINTED AUDITOR FEES	2019/20 £'000
95	External audit services fee specified by the Public Sector Audit Appointment (PSAA)	95
	Rebate from the PSAA for the above services	-11
20	Certification of grant claims and returns	30
115	**Total Fees**	**114**

B. Expenditure Funding Analysis

5. The Council raises funding through local taxation to cover the net cost of the services it provides. This net cost does not include all the accounting costs of the resources consumed in providing those services. There is therefore a difference between those costs chargeable under statute and those chargeable under accounting practice. The Expenditure Funding Analysis demonstrates how the funding available to the Authority (government grants, council tax and business rates) has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It shows the breakdown of net expenditure by Council directorate. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

EXPENDITURE FUNDING ANALYSIS 2019/20	Reported Service net expenditure £'000	Adjustments to reflect the CIES format £'000	Adjust funding basis to accounting basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
Directorate				
Adult Services and Wellbeing	53,689	0	3,059	56,748
Chief Executive's Office	13,357	0	2,315	15,672
Children & Young People's Services	25,217	42	8,435	33,694
Public Services	26,864	0	9,923	36,787
Regeneration and Strategy	18,056	552	10,076	28,684
Centrally managed items	24,387	-6,813	-6,098	11,476
Net Cost of Services	**161,570**	**-6,219**	**27,710**	**183,061**
Other income and expenditure	0	6,219	10,263	16,482
Funding	-160,495	0	-21,484	-181,979
(Surplus)/Deficit on the provision of services	**1,075**	**-**	**16,489**	**17,564**
Opening General Fund Balances and Reserves	-47,512			
Closing General Fund Balances and Reserves	**-46,437**			

EXPENDITURE FUNDING ANALYSIS 2018/19	Reported Service net expenditure £'000	Adjustments to reflect the CIES format £'000	Adjust funding basis to accounting basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
Directorate				
Adult Services and Wellbeing	54,928	0	2,285	57,213
Chief Executive's Office	14,513	0	1,582	16,095
Children & Young People's Services	23,746	25	4,523	28,294
Public Services	25,437	0	7,022	32,459
Regeneration and Strategy	19,075	486	10,168	29,729
Centrally managed items	22,883	-6,761	4,289	20,411
Net Cost of Services	**160,582**	**-6,250**	**29,869**	**184,201**
Other income and expenditure	0	6,250	46,418	52,668
Funding	-158,453	0	-25,204	-183,657
(Surplus)/Deficit on the provision of services	**2,129**	**-**	**51,083**	**53,212**
Opening General Fund Balances and Reserves	-49,641			
Closing General Fund Balances and Reserves	**-47,512**			

Reported service net expenditure has been adjusted to reflect the reporting format requirements of the CIES. These adjustments separate out costs incurred in providing services from other operating income and expenditure not directly related to providing services such as those arising from investment properties, interest payments and receipts. The adjustments to reflect the full accounting costs of services relate mainly to adjustments for capital purposes and pensions. These are summarised below and analysed in fuller detail in note 26.

ANALYSIS OF ACCOUNTING ADJUSTMENTS 2019/20	Adjustments relating to capital items £'000	Adjustments relating to pensions £'000	Other adjustments £'000	Total Accounting Adjustments £'000
Directorate				
Adult Services and Wellbeing	394	2,657	8	3,059
Chief Executive's Office	97	2,183	35	2,315
Children & Young People's Services	1,678	6,234	523	8,435
Public Services	6,642	3,220	61	9,923
Regeneration and Strategy	8,312	1,725	39	10,076
Centrally managed items	-4,433	-1,665	0	-6,098
Other income and expenditure	2,209	7,529	525	10,263
Funding	-21,219	0	-265	-21,484
(Surplus)/Deficit on the provision of services	**-6,320**	**21,883**	**926**	**16,489**

ANALYSIS OF ACCOUNTING ADJUSTMENTS 2018/19	Adjustments relating to capital items £'000	Adjustments relating to pensions £'000	Other adjustments £'000	Total Accounting Adjustments £'000
Directorate				
Adult Services and Wellbeing	523	1,717	45	2,285
Chief Executive's Office	4	1,435	143	1,582
Children & Young People's Services	1,138	4,285	-900	4,523
Public Services	4,917	2,148	-43	7,022
Regeneration and Strategy	9,028	1,111	29	10,168
Centrally managed items	-4,101	8,390	0	4,289
Other income and expenditure	39,458	6,960	0	46,418
Funding	-24,960	0	-244	-25,204
(Surplus)/Deficit on the provision of services	**26,007**	**26,046**	**-970**	**51,083**

Adjustments relating to capital items.

These adjustments reflect charges for depreciation; changes in asset valuations; capital expenditure and associated funding of 3rd party assets; revenue contributions towards capital expenditure; provisions for the repayment of debt; capital grants recognised in the year (received unconditionally, or where conditions have been satisfied); net profit or loss on asset disposals.

Adjustments relating to pensions.

These adjustments recognise pension benefit charges in line with accounting standard IAS 19 rather than statutory funding requirements. Employer costs are removed and replaced with current service costs, past service costs, and a charge for interest on the net defined benefit liability.

Other adjustments.

These adjustments reflect accruals for holiday pay and similar absences (where employees have earned the right to paid leave but not yet taken it); recognised differences between the cost and fair valuation of pooled investment funds; and the difference between council tax and non domestic rates levied at the start of the year and the income to be recognised under generally accepted accounting principles.

Expenditure and Income analysed by nature.

Expenditure and income in the CIES are analysed as follows: -

Analysis of income and expenditure in the comprehensive income and expenditure statement	2019/20 £'000	2018/19 £'000
Expenditure		
Employees	171,782	176,483
Other operating expenses	73,108	74,420
Third party payments	119,973	107,997
Transfer Payments	57,190	67,853
Depreciation, impairment & revaluations	18,058	16,133
Interest Paid	7,500	6,783
Gain/loss on disposal of fixed assets	1,715	38,688
Pension interest costs	7,529	6,957
Total expenditure	**456,855**	**495,314**
Income		
Government grant	-221,562	-222,545
Non Government grant & contributions	-34,438	-37,923
Sales, fees & charges and other income	-41,613	-41,106
Interest received	-802	-627
Council tax	-93,597	-89,678
Non domestic rate income	-47,279	-50,223
Total income	**-439,291**	**-442,102**
Net expenditure	**17,564**	**53,212**

Employees covers all contracted full time, part time, casual, sessional and agency staff, and includes all on costs and related taxes.

Other operating expenses include premises costs, transport and supplies and services.

Third party payments are payments made in respect of contracts for some significant functions of the Council including waste collection and disposal, highways maintenance, social care and public health.

Transfer payments are the payments made for housing benefit and personal budgets for social care.

The total Council Tax/Non Domestic Rate income recognised is the total payment from the Collection Fund (£135,296k) adjusted for Government top up grants and levies (£6,318k) and the net effect of being in a Regional Business Rates Pool (-£738k).

Analysis by operating segment of those items of income and expenditure required by the Code (£'000)	Adult services & wellbeing	Chief executive's office	Children & young people	Public services	Regeneration and strategy	Centrally managed items	**Total**
Depreciation, impairment and revaluations							
2019/20	394	98	2,220	6,774	8,572	0	18,058
2018/19	522	104	1,445	5,007	9,055	0	16,133
Sales, fees, charges and other income							
2019/20	-13,931	-1,173	-5,937	-15,186	-5,384	-1	-41,612
2018/19	-12,659	-965	-5,922	-16,103	-5,419	-38	-41,106

C Balance Sheet and related items

6 Property, plant and equipment

Property plant and equipment are the fixed assets which are held to provide services or for administrative purposes. It is a significant part of the balance sheet and includes major classes of buildings such as schools; sports centres, libraries; day centres; halls and community centres, as well as roads.

This note shows the valuation of these assets, and the movements during the year. Movements include additions, disposals, revaluations, and depreciation. Most assets are revalued so that the figures reflect valuations at the balance sheet date.

The Council's property portfolio includes
1,100km of roads;
6 sports facilities;
21 libraries;
10 halls & community centres;
10 day centres and
43 schools.

Valuations

Property, valuations have been undertaken during the year by Wilks Head & Eve LLP, an external firm of property valuation professionals. One asset was valued internally by an in house qualified valuer.

For the purpose of these disclosure notes, only material classes of assets have been separately identified, and all other classes have been grouped together as other operational assets. The different classes are valued as follows.

Schools and sports facilities	Current value on a depreciated replacement cost (DRC) basis based on a modern equivalent asset (MEA) using the instant build approach.
Other operational assets	This includes all other classes of operational assets valued on a mixture of bases including existing use for e.g. car parks and depots (27%); DRC for e.g. children's centres, libraries and the theatre (61%) and depreciated historical cost (12%) for short life assets such as plant, vehicles and equipment, and difficult to value assets such as community assets (e.g. parks).
Infrastructure assets and assets under construction	Infrastructure assets (e.g. highways and bridges), and assets under construction are measured at historical cost and depreciated or impaired as appropriate.
Surplus assets	Surplus assets are carried at fair value, being an exit price based on highest and best use.

Depreciation

With the exceptions of land (unless it has a finite life), buildings under construction, and community assets (unless specifically appropriate), all items of property, plant and equipment are depreciated over their useful economic lives. For example: -

- Buildings have been depreciated on a straight line basis over periods calculated on an individual basis ranging from 10 to 50 years.
- Infrastructure assets have been depreciated on a straight line basis over 25 years.
- Plant, vehicles and equipment have been depreciated on a straight line basis over periods of between 5 and 15 years.

There are different types of school. Some schools are owned by the council, some by school governing bodies and some by church diocese or trusts. The Council's balance sheet includes all the schools which it owns or which, through arrangements with school governing bodies, it effectively controls (even though legal ownership may be vested elsewhere)

There are 43 school buildings either owned or deemed to be controlled by the Council and valued at £137.3m. Not included are 13 voluntary aided, 3 voluntary controlled and 1 foundation schools where ownership is vested in the church trust. These schools are legally owned by the diocese, and there is no controlling interest held by the Council to use these properties. Continuing access to the assets relies on the extended goodwill of the diocese which could take back the asset at any time. It is the diocese which bears the risks and benefits associated with ownership (e.g. responsibility for maintenance and insurance, sale proceeds etc.) It is only the buildings themselves which are currently excluded from these accounting statements. All running costs associated with service provision and schools' grant funding are included in the accounting statements, and these schools' balances (£1.7m) are included in the Balance Sheet as part of overall school balances.

Until such time as academy schools convert, they are treated like any other school and carried on the balance sheet at a value reflecting the service embodied in the asset. As the schools have to be transferred to the new academy trusts at nil consideration, any loss on disposal is reflected in the CIES at that date. Five schools are pursuing academy conversion in 2020/21. These are mostly church owned voluntary aided schools. There is one school carried on the balance sheet at a net book value of £2.2m and this sum will be written out on conversion.

Four schools provided under the Public Finance Initiative agreement have become academies leaving one primary school to be accounted for as a Council school (even though legal ownership rests elsewhere) as it is considered that the Council effectively controls the school through contractual arrangements. The other four schools included in the agreement have been written out on conversion, although the Council retains the ongoing contractual liability to make payments for the building of the schools until the end of the contract.

Movement on property, plant & equipment y/e 31st March 2020	OPERATIONAL PROPERTY, PLANT & EQUIPMENT				NON OPERATIONAL		TOTAL PPE
	Schools	Sports facilities	Infrastructure	Other operational assets	Surplus Assets	Assets under Construction	
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost and valuation at 1st April 2019	139,422	54,187	194,167	188,458	759	3,135	**580,128**
Accumulated depreciation	-101	-25	-82,994	-13,649	-33	0	**-96,802**
Net Book Value at 1st April 2019	**139,321**	**54,162**	**111,173**	**174,809**	**726**	**3,135**	**483,326**
Movements during the year							
Additions	5,607	74	16,801	3,633		13,763	**39,878**
Disposals	-1,449			-238	-526		**-2,213**
Revaluations							
- to revaluation reserve		913		8,346			**9,259**
- to surplus/deficit on provision of services	4,122	768		1,006			**5,896**
Impairments							
- to revaluation reserve	-5,564	-4,315		-6,538			**-16,417**
- to surplus/deficit on provision of services	-1,573	-1,919		-1,625			**-5,117**
Reclassifications				-737			**-737**
Depreciation during the year							
Depreciation charged	-3,616	-1,841	-7,767	-5,670	-26		**-18,920**
Disposals	53			14	37		**104**
Revaluations							
- to revaluation reserve		338		3,256			**3,594**
- to surplus/deficit on provision of services				673			**673**
Impairments							
- to revaluation reserve	366	568		1,273			**2,207**
- to surplus/deficit on provision of services				1			**1**
Reclassifications							**0**
Net Book Value at 31st March 2020	**137,267**	**48,748**	**120,207**	**178,203**	**211**	**16,898**	**501,534**
Cost and valuation at 31/3/20	140,565	49,708	210,968	192,305	233	16,898	**610,677**
Accumulated depreciation	-3,298	-960	-90,761	-14,102	-22	0	**-109,143**
Net Book Value at 31st March 2020	**137,267**	**48,748**	**120,207**	**178,203**	**211**	**16,898**	**501,534**
Nature of asset holding							
Owned	133,655	48,748	120,207	178,203	211	16,898	**497,922**
PFI	3,612						**3,612**
	137,267	**48,748**	**120,207**	**178,203**	**211**	**16,898**	**501,534**

Movement on property, plant & equipment y/e 31st March 2019	OPERATIONAL PROPERTY, PLANT & EQUIPMENT				NON OPERATIONAL		TOTAL PPE
	Schools	Sports facilities	Infrastructure	Other operational assets	Surplus Assets	Assets under Construction	
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost and valuation at 1st April 2018	174,430	54,690	177,247	196,004	759	2,703	**605,833**
Accumulated depreciation	-85	-17	-75,904	-12,363	-8	0	**-88,377**
Net Book Value at 1st April 2018	**174,345**	**54,673**	**101,343**	**183,641**	**751**	**2,703**	**517,456**
Movements during the year							
Additions	10,395	397	16,920	6,716		3,636	**38,064**
Disposals	-39,469			-23			**-39,492**
Revaluations							
- to revaluation reserve	7,962	1,049		1,190			**10,201**
- to surplus/deficit on provision of services	19,098	2,310		73			**21,481**
Impairments							
- to revaluation reserve	-20,228	-3,453		-10,771			**-34,452**
- to surplus/deficit on provision of services	-15,970	-806		-3,031			**-19,807**
Reclassifications	3,204			-1,700		-3,204	**-1,700**
Depreciation during the year							
Depreciation charged	-5,062	-1,850	-7,090	-4,979	-25		**-19,006**
Disposals	735						**735**
Revaluations							
- to revaluation reserve	199	848		1,238			**2,285**
- to surplus/deficit on provision of services	208			139			**347**
Impairments							
- to revaluation reserve	2,940	700		1,866			**5,506**
- to surplus/deficit on provision of services	964	294		450			**1,708**
Reclassifications							**0**
Net Book Value at 31st March 2019	**139,321**	**54,162**	**111,173**	**174,809**	**726**	**3,135**	**483,326**
Cost and valuation	139,422	54,187	194,167	188,458	759	3,135	**580,128**
Accumulated depreciation	-101	-25	-82,994	-13,649	-33	0	**-96,802**
Net Book Value at 31st March 2019	**139,321**	**54,162**	**111,173**	**174,809**	**726**	**3,135**	**483,326**
Nature of asset holding							
Owned	135,675	54,162	111,173	174,809	726	3,135	**479,680**
PFI	3,646						**3,646**
	139,321	**54,162**	**111,173**	**174,809**	**726**	**3,135**	**483,326**

Many assets are stated at current value based on market values for existing service potential and build cost rates at 31st March. Just prior to this date, the country went into lockdown for an (initial) 3 week period. This has subsequently been extended, with some minor relaxations only recently introduced. Our external valuers have expressed a degree of caution about their valuations due to the unprecedented circumstances and the consequent risk of material valuation uncertainty.

We have considered the potential impact on each property/valuation type in turn. We consider that, as at the balance sheet date, there will not be any significant long term impact on service potential and that the effect of lockdown is short term. School buildings, for example, will not suddenly become surplus as children are educated at home, nor will they be suddenly deemed inadequately sized due to social distancing requirements. The effect on build cost rates to the 31st March due to one week of lockdown is expected to be slight. These factors are key determinants of assets valued at DRC (60% of our assets). Similarly, for assets valued at existing use value, there is no evidence as at the 31st March that the service potential requirement is in any way affected in the long term.

Therefore, for assets valued at current value, we have assessed that there is no evidence to suggest that the values as at 31 March 2020 are materially misstated or require adjustment.

The Council has identified sufficient capital resources to fund its approved capital programme of £129m during the period 2019/20 to 2022/23. It is anticipated that this will include capital expenditure in relation to schools (£26m); Housing schemes (£15m); Roads (£24m), and regeneration initiatives (£26m), Included in these costs are a number of transport related schemes funded by the West Yorkshire Transport Plus Transport Fund and the continued redevelopment of the Northgate House site to create a new sixth form college and commercial centre. It is anticipated that the completion of the Street Lighting and Refit energy efficiency schemes and the continued rationalisation of the Corporate Estate will require further investment of £18m and £7m respectively.

7 Heritage Assets

Heritage assets are held primarily for cultural and historic reasons rather than for operational reasons. They include paintings, war memorials, a dovecote, statues, fountains, and a gibbet!

Heritage assets are accounted for generally in accordance with the accounting policy for property, plant and equipment, although some heritage buildings and structures have not been valued due to the lack of comparable market values and the difficult valuation issues surrounding such items. These assets have indeterminate lives and residual values commensurate with carrying values and hence depreciation is not considered necessary. The Balance Sheet includes collections of artwork £2.8m, civic regalia £0.5m, furniture £0.2m, and other artefacts £0.2m.

2018/19	Movement on Heritage Assets	2019/20
£'000		£'000
3,693	**Cost and valuation at 1st April**	**3,693**
	Movements during the year	
	Impairments	
	- to surplus/deficit on provision of services	
3,693	**Net Book Value at 31st March**	**3,693**
	Nature of asset holding	
3,693	Owned	3,693
3,693		**3,693**

8 Investment properties

Investment properties are those assets held solely to earn rentals or for capital appreciation, and are not used to provide services or for administrative purposes

Investment properties comprise industrial, retail, residential and office units; development and grazing land. Rental income of £0.6m (£0.6m) was earned in the year, mainly from shop lettings. The Council is looking to expand its commercial portfolio as a means of generating income to support services, and made a purchase during the year of the Co-operative building and site at Mytholmroyd.

IFRS13 requires that investment properties are valued at highest and best value, comparing current use to alternative possible uses. The main considerations in valuing investment properties are rental yields and sale values; size, location, configuration and access; condition and covenants. All investment property valuations are based on such observable inputs.

After initial recognition, gains and losses on revaluation are recognised in SDOPS. Investment properties are not depreciated.

2018/19	Movement on Investment Properties	2019/20
£'000		£'000
7,970	**Cost and valuation at 1st April**	**7,951**
	Movements during the year	
	Additions	2,821
	Disposals	-13
	Revaluations	
114	- to surplus/deficit on provision of services	30
	Impairments	
-133	- to surplus/deficit on provision of services	-338
	Reclassifications	-63
7,951	**Net Book Value at 31st March**	**10,388**
	Nature of asset holding	
7,951	Owned	10,388
7,951		**10,388**

Investment property values are expressed at fair value as at the balance sheet date, based on various observable inputs at that date. We have assessed that there has been no material effect in that period on the values used, nor that subsequent developments have materially altered our view as to conditions as at that date.

9 Valuation of Tangible Fixed Assets

Fixed assets are revalued broadly on a 5 year rolling programme. This table identifies when disclosed categories of property, plant and equipment assets were revalued.

All assets within a particular class are revalued in one financial year, within a 5 year rolling programme. Classes of assets are spread out over the 5 year cycle to create an even annual valuation programme. This year, a total of 164 assets were revalued at £70m by M S Aldis BSc (Hons) MRICS, IRRV (Hons) a RICS Registered Valuer and Associate Partner of Wilks Head & Eve LLP, our external valuers, including the Council's car parks and sports centres. One asset was revalued internally by an in house qualified valuer.

In addition, where external valuations show evidence of valuation changes of more than 10%, assets within major classes are revalued internally, using the appropriate rates identified. The market review indicated that no such revaluations were required this year.

Where there is impairment of or enhancement to a specific asset, these are revalued in isolation, rather than an entire class being revalued.

The potential impact of the Covid-19 pandemic on property values at the balance sheet date has been considered and judgements disclosed in the accompanying notes on Property, Plant and Equipment (note 6) and investment Properties (note 8).

This table shows when items of property, plant and equipment assets were formally revalued. Investment properties and Held for Sale assets are assessed annually to reflect values at the balance sheet date. £12m of these assets were valued internally.

Year of revaluation of Property, Plant and Equipment by Net Book Value

Date valued	2019/20	2018/19	2017/18	2016/17	2015/16	Historical cost/ other	Net book value
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Schools	13,451	123,677				139	**137,267**
Sports Centres	28,456	20,213	62			17	**48,748**
Other	78,183	41,795	14,415	13,765	16,926	13,119	**178,203**
Infrastructure						120,207	**120,207**
Surplus Assets			77	122	12		**211**
Assets under Construction						16,898	**16,898**
Total	**120,090**	**185,685**	**14,554**	**13,887**	**16,938**	**150,380**	**501,534**

The majority of the higher value assets are valued at depreciated replacement cost (DRC). These are valued using appropriate average building cost information indices reflecting property type and locality and, in echoing broader measures, they typically differ from simple market values. Land values are determined within the overall constraints of the Council's unitary development plan (UDP) or, within DRC valuations, calculated as a percentage of the build cost.

Valuations reflect asset inspections, but these are not full building surveys. Unless evidence to the contrary is known (in which case it is reflected in the valuation), valuations assume that: there are no issues caused by hazardous materials or other contamination; services are connected and working soundly; inaccessible parts are in good condition; sites are stable; there are no planning proposals which would impact on the valuation; and that all buildings are lawfully used in line with planning consents and free from encumbrances.

10 Financing of capital expenditure

Capital expenditure is expenditure on a fixed asset adding to (rather than merely maintaining) its value. This type of expenditure is not met in year by council taxpayers, but by a mixture of grants, borrowing, revenue and reserves, and capital receipts (the sale proceeds from the disposal of other fixed assets). This table shows how the Council's total capital expenditure in the year has been financed.

Some expenditure is permitted to be met from capital resources, but which is in itself not expenditure on fixed assets owned by the Council. Such expenditure, ("revenue expenditure funded by capital under statute" known by the acronym "refcus") comprises spend mainly on voluntary aided schools; housing related grants and advances; and the provision of affordable housing through partnership arrangements. This is treated as revenue expenditure and is included with any associated grant funding in net service costs within SDOPS. Adjustments are then made to these entries in the MIRS so that the net cost can be met through capital resources and does not fall on council taxpayers.

2018/19	Capital Financing	2019/20
£'000		£'000
	Capital expenditure	
38,064	Property, plant and equipment	39,878
0	Investment properties	2,821
0	Held for sale assets	0
208	Investments	0
540	Long Term Debtors	600
5,902	Revenue expenditure financed by capital (refcus)	3,715
44,714		**47,014**
	Financed by	
10,726	Borrowing	19,753
169	Capital Receipts	483
32,530	Grants & Contributions	26,036
1,289	Revenue & Reserves	742
44,714		**47,014**

Capital expenditure that is to be paid for in future years (borrowing) increases the Council's capital financing requirement (CFR) i.e. capital expenditure historically incurred which still has to be financed. This is written down annually, in accordance with Council policy, by charges to council tax or other capital resources. Repayments of £4.3m were made to offset the in-year borrowing requirement of £19.8m. The overall CFR at the year- end stood at £221.6m (£206.1m).

11 Finance and Operating Leases

The Council holds a small number of properties on long-term finance leases mainly exceeding 100 years. The net book value of these properties is £5.3m. Premium payments were made at the time of entering into the leases, so there are no outstanding liabilities for future lease rental payments for these properties.

Operating lease arrangements for a small number of buildings and equipment are immaterial for separate disclosure. All costs and income are included in the net cost of services.

12 Short term debtors

This is an analysis of sums owing to the Council and not received by the 31st March, but which are due within one year.

Debtors have been raised for grants and contributions from public bodies and monies outstanding from taxpayers for business rates and council tax. Other receivables and accruals include sums still to be paid for goods and services delivered. Prepayments are payments made in advance of receiving goods and services.

All figures are shown net of allowances for debts which are considered to be unrecoverable.

2019 £'000	ANALYSIS OF DEBTORS AT 31st MARCH	2020 £'000
	Grants, contributions & reimbursements	
3,105	Central Government	5,162
2,905	NHS bodies	2,281
3,254	Other local authoritites	6,340
	Sales, fees, charges and other income	
5,972	Receivables	5,889
4,494	Other accruals	4,385
	Taxation	
4,914	Council taxpayers	5,688
2,390	Non domestic ratepayers	1,670
1,551	*Prepayments*	2,097
28,585	**Total Debtors**	**33,512**

To mitigate against the risk of non payment of debts, the main categories of debtor have been reviewed for impairment both individually and collectively, and appropriate provision made for monies due which it is anticipated may not be recovered. Charges during the year for impairment of debtors of £0.5m have been made to the net cost of services in the CIES, and £1.724m to the collection fund for council tax and business rate debts.

13 Short Term Investments

Short term investments are short term deposits with financial institutions or other local authorities. They are surplus cash balances temporarily lent out over the year end for periods of up to 12 months.

Investments of £23.2m were made with financial institutions (£8.4m) and other local authorities (£14.8m). The balances invested are distinct from cash equivalents as the liquidity of the investments is for a fixed period and the investments cannot be cashed in other than at the arranged date without the consent of the counterparty and potential penalties.

An assumption that all counterparties will be able to repay these in full on the due dates has been made. The Council has had no defaults on any of its investments, and no counterparties have suffered an adverse change in credit rating since the investments were made. Consequently, impairment of outstanding amounts is not considered necessary.

14 Cash and cash equivalents

Cash and cash equivalents include cash held by schools in their bank accounts, the Council's own reconciled bank balance, and cash in hand.

2019	Cash and cash equivalents - cash held at	2020
£'000	31st March	£'000
7,817	Cash held in school bank accounts	8,904
	Cash held in Council bank accounts	3,668
179	Cash held by the Council	50
7,996		**12,622**
- 1,003	**Cash and cash equivalents - bank overdraft**	**-**
6,993	**Total cash and cash equivalents**	**12,622**

15 Short term creditors

This is an analysis of sums owed by the Council which have not been paid by the 31st March, but which are due for settlement within one year.

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Creditors have been raised for employee related expenses such as pension contributions due to pension providers outstanding from the March payroll, accumulated absences and tax and social security payments. Trade payables are sums still to be paid for goods and services received. Other accruals include PWLB interest; benefit and other grants due for repayment; business rate shares payable to the Government. Taxation creditors are sums due for refunds of overpayments by business ratepayers and council taxpayers. Deferred income includes monies received in advance of services being provided or grant conditions being fulfilled, and which will be recognised as income once services have been provided or grant conditions met.

The large increase in the figure for deferred income is due to the early receipt of £6.5m s31 grant due in 2020/21 but given in advance by the Government as an upfront sum (this would normally be paid in instalments over the course of the year) to ease local authority cashflows as an immediate response to lockdown.

2019 £'000	ANALYSIS OF CREDITORS AT 31st MARCH	2020 £'000
	Employee taxes, pensions and accumulated absences	
-2,911	Tax & social security	-2,800
-2,781	Pension	-3,073
-3,536	Accumulated absences	-4,202
	Trade and other payables	
-13,267	Trade payables	-14,362
-19,901	Other accruals	-18,952
	Taxation	
-641	Council taxpayers	-652
-834	Non domestic ratepayers	-520
-3,602	*Deferred income*	-10,591
-47,473	**Total Creditors**	**-55,152**

16 Provisions

Provisions are sums set aside for events which have occurred and for which the Council has an obligation, but where the timing and amounts are uncertain. This disclosure shows the provisions made, the reasons why and when we expect the matters to be resolved.

The main provisions are: -

(i) Insurance claims (£2.7m)
The Council is self-insured up to specific limits for various categories of risk (principally employer's and public liability, vehicles and property). Any claims beyond these specific limits are insured externally. There are a number of claim years for which cover was provided by an underwriter which has gone into liquidation. In compliance with issued levy notices, the Council has covered 25% of costs (£1.1m) which would previously have been covered by the underwriter. Provision has been made for insurance claims based on an independent assessment of liability. Claims can take a number of years to resolve with, on average, annual settlements of around £0.75m to £1.5m being made. Settlements of £1.1m were made during the year.

The level of provision made is adequate to meet the Council's estimated known liabilities. All insurance categories, other than public liability claims, have been provided for in full. Public liability claims have been provided for at 50%. This is considered reasonable on the basis of past claims experience.

(ii) Business rate appeals (£6.9m)
As part of a pool retaining 75% of rate income, councils are liable for a share of any successful appeals against rates charged. These appeals can go back several years. Appeals are determined by an independent body - the Valuation Office Agency. The figure has fallen sharply from last year as 25% of the total provision is now borne by the Government under pool sharing arrangements. This analysis relates only to the Council's share.

The level of provision is based on details of outstanding appeals provided by the Valuation Office at the end of the year, known "hot topic" appeals by specific businesses, and an analysis of past successful appeals, moderated by recent experience on the latest revaluation list (2017).

(iii) Other (£2.1m)
This provision, made in respect of negotiations around outstanding issues on a major contract, covers an agreement reached in May 2020.

All material provisions are listed below:

ANALYSIS OF MOVEMENT IN PROVISIONS 2019/20	**Insurance claims**	**Business rate appeals**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Opening balance 1st April 2019	-2,196	-9,483	-2,405	-14,084
Additional provision made	-1,596	-1,918		-3,514
Settlements made	1,057	1,069	30	2,156
Reversal of amounts not used	0	3,433	254	3,687
Closing balance 2019/20	**-2,735**	**-6,899**	**-2,121**	**-11,755**
Expected to be settled: -				
within 12 months	*-961*	*-6,899*	*-2,121*	*-9,981*
after 12 months	*-1,774*	*0*	*0*	*-1,774*

ANALYSIS OF MOVEMENT IN PROVISIONS 2018/19				
Opening balance 1st April 2018	-2,362	-3,551	-2,412	-8,325
Additional provision made	-710	-7,900	-30	-8,640
Settlements made	876	1,968	37	2,881
Reversal of amounts not used	0	0	0	0
Closing balance 2018/19	**-2,196**	**-9,483**	**-2,405**	**-14,084**
Expected to be settled: -				
within 12 months	*-1,149*	*-9,483*	*-2,405*	*-13,037*
after 12 months	*-1,047*	*0*	*0*	*-1,047*

17 Reserves

Reserves are sums set aside for specific purposes to meet items of future expenditure.

General fund reserves are created either by service directorates under delegated powers, by specific Council resolution, or at the discretion of the Head of Finance. They are a charge to taxpayers at the point they are set up.

Capital reserves are earmarked to finance projects within the capital programme. They arise from the sale of assets or the receipt of capital grants, and so do not affect levels of local taxation.

General Fund Reserves
This note sets out the main earmarked reserves held at the year end. During the year, a net £0.758m was drawn down from reserves.

Balance b/f 1/4/2018 £'000	Added to Reserves £'000	Taken from Reserves £'000	Balance c/f 31/3/2019 £'000	Reserves at 1st April	Balance b/f 1/4/2019 £'000	Added to Reserves £'000	Taken from Reserves £'000	Balance c/f 31/3/2020 £'000
2,835	166	-863	2,138	Public Health grant	2,138		-429	1,709
1,961			1,961	Budget support	1,961			1,961
-			-	Covid-19 grant support	-	5,845		5,845
1,847	149		1,996	IT reserves	1,996		-375	1,621
340		-144	196	s106 Planning Agreements	196		-131	65
7,360	457	-148	7,669	Contingent Liabilities	7,669		-657	7,012
4,952		-1,521	3,431	Investment reserve	3,431		-609	2,822
1,652		-191	1,461	Early retirement	1,461			1,461
130		-11	119	Economic investment fund	119		-119	-
132	533	-132	533	Policy reserves - carry forwards	533	186	-533	186
2,198		-805	1,393	Flooding reserve	1,393		-799	594
2,130	2,129		4,259	MRP	4,259		-1,345	2,914
770			770	Reablement	770		-770	-
180	189	-180	189	Better care fund	189	11		200
6,402	1,376	-3,329	4,449	Other Earmarked Reserves	4,449	1,148	-1,797	3,800
32,889	**4,999**	**-7,324**	**30,564**	**Total non schools reserves**	**30,564**	**7,190**	**-7,564**	**30,190**
1,266		-270	996	Schools staff absences	996		-257	739
2,771	1,115		3,886	School contingencies	3,886		- 634	3,252
5,728	917	-407	6,238	Statutory schools reserves	6,238	583	-76	6,745
9,765	**2,032**	**-677**	**11,120**	**Total school reserves**	**11,120**	**583**	**-967**	**10,736**
42,654	**7,031**	**-8,001**	**41,684**	**Reserves at 31st March**	**41,684**	**7,773**	**-8,531**	**40,926**

Reserve	Purpose of Reserve
Public Health grant	Upfront and one-off project grant funding for public health services
Budget support	To help support future year budgets and manage council tax levels
Covid-19 grant support	Grant funding to help mitigate the financial effects of Covid-19 faced by the Council
IT reserves	Replace IT equipment such as servers and other hardware
s106 Planning Agreements	Developer contributions for specific schemes or purposes
Contingent Liabilities	Cover for insurance and other potential liability claims
Investment reserve	Funding for capital schemes and for invest to save initiatives
Early retirement	Funding for pension increases due to fund revaluations and workforce development costs
Economic investment fund	Funding to promote economic growth
Policy reserves - carry forwards	Service underspends carried forward into 2019/20
Flooding reserve	Grant funding towards flood repair costs
MRP	Towards reprofiling debt repayments
Reablement	Funding to enable people to maintain independent living
Better care fund	Funding for health related schemes in conjunction with the NHS
Other Earmarked Reserves	Miscellaneous service reserves
Schools staff absences	Schools' funding to provide cover for staff absences
School contingencies	Other funding sources held for schools
Statutory schools reserves	School reserves

Statutory school reserves are held in accordance with the Council's framework following statutory guidance. This provides for school surpluses to be carried forward into the following year. These reserves are earmarked only to schools and are committed to be spent on education services. The total level of schools reserves at the year end is £6.745m, which is 7.8% of school spending. Three schools had deficits totalling £0.368m and 57 schools had surpluses of £7.113m.

Capital Reserves

The following reserves are earmarked to finance projects within the capital programme. The usable capital receipts reserve is the unapplied balance of sums received from the sale of fixed assets. All available capital receipts were used in year to finance capital programme expenditure. The capital grants unapplied reserve is the balance of grants recognised where the relevant expenditure has not yet been incurred. The balance of £23.2m includes £7m of schools related capital grants; £7m for highways works; £4m for redevelopment; £2m for housing adaptations, and £1m for works related to flooding.

2018/19 £'000	Usable capital receipts reserve	2019/20 £'000
0	Balance at 1st April	0
169	Capital receipts received	483
-169	Used to fund capital expenditure	-483
0	**Balance at 31st March**	**0**

2018/19 £'000	Capital grants unapplied reserve	2019/20 £'000
27,356	Balance at 1st April	24,480
13,212	Grants recognised but not applied	12,407
-16,088	Grants used for capital financing	-13,661
24,480	**Balance at 31st March**	**23,226**

18 General Fund Balance

The total net cost of services provided by the Council is met from the General Fund. This is paid for by council tax, non domestic rates income and general government grants. The balance is the sum held to deal with unexpected costs, and to manage council tax levels in future years. The Council aims to keep a minimum general fund balance of £5m.

General Fund balances are £5.511m at the year end, and these are forecast to remain relatively static over the next 3 years. Total balances at the year-end are 1.3% of gross expenditure. Excluding expenditure on schools (which have their own specific reserves), balances are 1.7%.

19 Contingent Liabilities

Contingent liabilities are potential losses existing at the balance sheet date which may arise in the future depending on some future event not wholly in the control of the Council, and where a judgement has therefore been made that the outcome cannot be predicted and the costs cannot be estimated with reasonable accuracy. This may be because, for example, claims may or may not be made; cases may or may not be pursued through the courts or other means of arbitration; defaults may or may not occur.

Losses (costs) which are foreseeable and can be estimated with a degree of certainty have been accrued into the financial statements either as provisions or creditors.

The main contingent items are for matters arising under: -

- Insured events. Contingent liabilities exist for some outstanding claims at the balance sheet date, and claims not yet received in respect of events occurring in earlier years, including further possible sums due under the scheme of administration for claims in years for which the underwriter has gone into liquidation. Appropriate provision has been made where claims have been received.
- The Council acts as guarantor for a small number of staff across 17 separate bodies admitted to the pension fund. On cessation of the body's participation in the fund, any shortfalls are initially claimed from the admitted body. If they cannot be recovered from that source, the pension fund would look at the guarantee arrangements and draw down from bonds that are in place and, if still insufficient, from the guarantor. Several schemes have bonds in place and no material deficits exist.
- Claims against the Council relating to time extensions and issues on two major capital projects are being largely refuted. Other than expenditure already recognised in the accounts, the Council does not accept any liability.

Because of the uncertainty surrounding them, these events have not been accrued into the accounts.

20 Government Grants

Over 55% of Council expenditure is funded by grants and contributions. These are recognised as income when any conditions have been met and there is no outstanding repayment obligation. Some grants are service specific, but many are used to support general fund expenditure generally. This note analyses the grants from central government which have been recognised in SDOPS.

Service specific grants are given for specific service initiatives and are analysed as service income in the net cost of services. The main ones are as follows:

Government grant credited to the Net Cost of Services	**2019/20 £m**	**2018/19 £m**
Education Grants		
Dedicated Schools' Grant	93.0	98.6
Pupil Premium Grant	5.4	5.4
Other Education Grants	8.0	7.9
Housing Benefit Grant	42.8	48.0
Public Health Grant	12.9	13.2
Other Government Grants	18.6	10.4
Government Grants to fund REFCUS	3.3	3.1
Total Government grants attributable to specific services	**184.0**	**186.6**

Grants which are non specific, (which are given to support council spending generally rather than specific services) are included under “Government Grant not attributable to specific services”. Non specific grants include:-

Government grant credited to non specific grant income in SDOPS	**2019/20 £m**	**2018/19 £m**
Business rates relief grant	8.7	9.3
Adult social care support grant	0.0	3.8
Other non ringfenced government grants	11.2	5.7
Total Government revenue grants not attributable to specific services	**19.9**	**18.8**
Government capital grants	17.7	17.2
Non government capital grants	3.5	7.8
Total capital grants not attributable to specific services	**21.2**	**25.0**

Adult social care support grant is now included as a service specific grant.

Other non ringfenced grant includes £6.1m of Covid-19 grant received in March 2020.

Grants towards capital expenditure have to be recognised initially in SDOPS, and are then transferred in the MIRS to the capital adjustment account or the capital grants unapplied reserve if the related expenditure has not been incurred. They therefore have no impact on the level of revenue expenditure met by council tax and business ratepayers.

Where grant funding has been received, judgement has been made as to whether any conditions associated with the receipt of that grant have been met or not. £11.0m of grants with unmet conditions have been included within creditors. This includes £6.5m of s31 grant for 2020/21 received in March 2020. Government grants have been recognised in SDOPS as shown above where conditions have been met with any unspent grant monies being appropriated into reserves.

21 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by Dedicated Schools Grant (DSG) monies provided by the Department for Education. An element of the grant is recouped by the Department to fund academy schools in the Council's area. DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) regulations 2018. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis, and the Individual Schools Budget (ISB) which is divided into a budget share for each school and early years' setting.

Details of the deployment of DSG receivable for the year are as follows:

SCHOOLS BUDGET FUNDED BY DEDICATED SCHOOLS GRANT	CENTRAL EXPENDITURE	HIGH NEEDS	EARLY YEARS	INDIVIDUAL SCHOOLS BUDGET	TOTAL
	£000s	£000s	£000s	£000s	£000s
2019/20					
Final DSG for 2019/20 before academy recoupment	2,600	17,792	13,988	152,059	186,439
Academy figure recouped for 2019/20				-93,216	-93,216
Total DSG after Academy recoupment for 2019/20	2,600	17,792	13,988	58,843	93,223
Brought forward from 2018/19	0	483	2,158	1,244	3,885
Final budgeted distribution for 2019/20	2,600	18,275	16,146	60,087	97,108
Less actual central expenditure	-2,600	-17,973	-14,203		-34,776
Less deployed to schools/settings				-59,080	-59,080
Carry forward to 2020/21	**0**	**302**	**1,943**	**1,007**	**3,252**
2018/19					
Final DSG for 2018/19 before academy recoupment	2,761	17,464	14,311	147,199	181,735
Academy figure recouped for 2018/19				-83,537	-83,537
Total DSG after Academy recoupment for 2018/19	2,761	17,464	14,311	63,662	98,198
Brought forward from 2017/18	0	0	1,599	1,172	2,771
Final budgeted distribution for 2018/19	2,761	17,464	15,910	64,834	100,969
Less actual central expenditure	-2,761	-16,981	-13,752		-33,494
Less deployed to schools/settings				-63,590	-63,590
Carry forward to 2019/20	**0**	**483**	**2,158**	**1,244**	**3,885**

22 Other Long Term Commitments

Sometimes the Council enters into agreements committing it to making payments for a number of years into the future. In June 2003, the Council entered into a contract with a private sector partner to provide and manage 5 new build/refurbished schools (4 secondary, 1 primary) through a private finance initiative scheme (a Government initiative enabling local authorities to carry out capital projects with a private sector partner which would typically build, operate and maintain the premises in return for an annual "unitary charge" payment). The unitary charge covers the financing costs of construction as well as the operating costs. This note shows the future payments to which the Council is committed.

The contract is for a period of 28 years (11 remaining), and the annual unitary charge is broken down into three notional elements – a service charge (including provision for lifecycle replacement costs which are expensed in line with the original PFI operator model agreement); and the lease costs associated with the construction - repayment of the liability, and associated interest charges. The scheme attracts annual Government grant funding with the net cost being met by Council contributions, and contributions from the schools.

The liability to pay future lease rentals is included in the balance sheet. The four secondary schools have now become academies and these assets are no longer on the balance sheet. The remaining primary school is valued at £3.6m at the year end.

Commitments to future payments under the schools PFI scheme are as follows:-

Year ended 31st March 2020	Service Charges	Repayment of liability	Interest costs	Total unitary charge
	£m	£m	£m	£m
Less than one year	2.9	2.0	2.6	7.5
Between one and two years	2.9	2.2	2.4	7.5
Between two and five years	9.2	7.9	5.9	23.0
Between five and ten years	16.6	18.6	4.4	39.6
Between ten and fifteen years	0.3	0.4	0.0	0.7
	31.9	**31.1**	**15.3**	**78.3**

2018/19		2019/20
£m		£m
34.8	Liability outstanding at start of year	33.0
-1.8	Payments made during the year	-1.9
33.0	Liability outstanding at end of year	**31.1**

These commitments are based on the original model and are index linked at an assumed 2% p.a. An actual annual inflation rate is applied based on specified factors. This rate has, on average, proved to be slightly higher than that assumed in the model (increasing the total unitary charge by £0.5m p.a). This increase (known as contingent rent) forms part of the service charge. The Council will receive grant of £53m towards the annual contract charges over the remaining life of the contract.

23 Pooled Budget

The Council is a partner with the Calderdale Clinical Commissioning Group (CCG) in the Calderdale Better Care Fund (BCF). This is a section 75 agreement as permitted under regulations by the secretary of state. It involves the pooling of funding from NHS England and the Department of Health to cover £17.4m of in year expenditure. The BCF programme board, consisting of officers from the Council and the CCG, agrees how these monies are to be spent. The agreed programme covers a range of intervention and prevention measures across the Borough, and schemes to promote independence, recovery, reablement, rehabilitation, discharge from hospital and end of life support. Each partner progresses its own schemes. During the year, the CCG spent £4.8m and Calderdale Council spent £12.6m.

24 Material items of income and expense

Other than specifically disclosed elsewhere, there are no material items of income and expenditure requiring separate disclosure.

E. Technical and other disclosures

25 Changes in accounting policies

Change to come into effect on 1st April 2021.

IFRS 16 is a new accounting standard for lease transactions for lessees. Following the covid-19 pandemic, the introduction of this standard has been deferred for one year to 1st April 2021.

The new standard will require recognition on the balance sheet of a right to use an asset and the associated liability for all leases in excess of 12 months. The current distinction between finance leases (which are recognised on balance sheet) and operating leases (which are not) will be lost. Right of use assets will be valued at current value and treated like other operational assets. Low value items below £10k will be exempt (subject to these not being material in aggregate), and a cost basis will be used where this is a reasonable approximation of current value.

The effects of the standard will be on the balance sheet (more assets and liabilities); through SDOPS (depreciation and interest charges for all assets previously classed as operating leases); and presentationally on the cash flow (with less in operating costs, and more in financing costs). There will also be more extensive disclosure requirements. The extent of these effects depends on the number of leased assets affected by the new standard. It is not anticipated that any effects will be significant. The value of Right of Use assets brought onto the balance sheet is estimated at this stage to be less than £2m and associated depreciation is likely to be less than £0.3m p.a.

Regulations ensure that there will be no change to the costs to council taxpayers, with the accounting charges for Right of Use assets being replaced by the payments actually made under the terms of the leases.

26 Adjustment between accounting basis and funding basis under regulations

This note shows all the accounting charges which have been made to produce IFRS compliant accounts but which do not have to be met from funding sources such as grants, council tax and non domestic rates.

As tax raising bodies, there are specific rules as to how tax rates are to be set in relation to the income and expenses of the authority. These rules differ substantially from proper accounting practices. Adjustments are therefore needed for those accounting charges which are not required under statutory provisions to be met from council tax (notably capital related items and pension costs). This note details the adjustments made and the reserves to which these entries have been moved before calculating the actual effect on general fund balances and future capital financing resources.

2019/20	General fund balance £'000	Usable capital receipts reserve £'000	Capital grants unapplied reserve £'000	Movement in unusable reserves £'000
Adjustments relating to capital items				
Reversal of items charged to the CIES				
Charges for depreciation and amortisation of non current assets	19,007			-19,007
Valuation changes of non current assets	-951			951
Capital grants and contributions	-24,782		-1,254	26,036
Revenue expenditure funded from capital under statute	3,715			-3,715
Amounts of non current assets written off on disposal or sale	2,198			-2,198
Sale proceeds and other capital receipts	-483	483		0
Use of the capital receipts reserve to finance new capital expenditure		-483		483
Insertion of items not charged to the CIES				
Minimum revenue provision for repayment of debt	-4,282			4,282
Capital expenditure funded from revenue	-742			742
Total adjustments relating to capital items	-6,320	0	-1,254	7,574
Adjustments relating to pensions				
Reversal of IAS19 pension charges	38,037			-38,037
Employers' pension contributions	-16,154			16,154
Total adjustments relating to pensions	21,883	0	0	-21,883
Other adjustments				
Collection fund income recognised in the CIES	-135,296			135,296
Collection fund income recognised under statute	135,031			-135,031
Fair value changes in pooled investment funds	525			-525
Accrual for holiday pay and similar items	666			-666
Total other adjustments	926	0	0	-926
Total adjustments	**16,489**	**0**	**-1,254**	**-15,235**

2018/19	General fund balance £'000	Usable capital receipts reserve £'000	Capital grants unapplied reserve £'000	Movement in unusable reserves £'000
Adjustments relating to capital items				
Reversal of items charged to the CIES				
Charges for depreciation and amortisation of non current assets	19,093			-19,093
Valuation changes in non current assets	-2,960			2,960
Capital grants and contributions	-29,654		-2,876	32,530
Revenue expenditure funded from capital under statute	5,902			-5,902
Amounts of non current assets written off on disposal or sale	38,857			-38,857
Sale proceeds and other capital receipts	-169	169		0
Use of the capital receipts reserve to finance new capital expenditure		-169		169
Insertion of items not charged to the CIES				
Minimum revenue provision	-3,773			3,773
Voluntary provision for repayment of debt	0			0
Captal expenditure funded from revenue	-1,289			1,289
Total adjustments relating to capital items	26,007	0	-2,876	-23,131
Adjustments relating to pensions				
Reversal of IAS19 pension charges	42,546			-42,546
Employers' pension contributions	-16,500			16,500
Total adjustments relating to pensions	26,046	0	0	-26,046
Other adjustments				
Collection fund income recognised in the CIES	-143,620			143,620
Collection fund income recognised under statute	143,375			-143,375
Accrual for holiday pay and similar items	-725			725
Total other adjustments	-970	0	0	970
Total adjustments	**51,083**	**0**	**-2,876**	**-48,207**

27 Unusable reserves

Unusable reserves are held on the balance sheet and are not available to be spent. They arise as a result of specific revaluations and accounting adjustments and cannot be used to subsidise council tax levels. There is no discretion over how these reserves can be deployed.

Unusable reserves are: -

- Reserves arising from specific asset and liability revaluations (e.g. fixed asset revaluations and pension fund actuarial gains and losses). These gains and losses are not reflected in SDOPS as they do not arise from operating performance but are as yet unrealised gains and losses arising from revaluations. They are included in OCI and so are part of the CIES which brings together all the gains and losses for the period.
- Accounts arising from the adjustments needed to reconcile costs identified in line with accounting requirements to those required by statute (e.g. transfers to the accumulated absences account). Transfers between reserves are summarised in note 26 which shows all the adjustments between accounting basis and funding basis under regulations. They are explained in more detail below.

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 accounting charges to the CIES for depreciation; asset valuations; disposals; and expenditure funded by capital resources are reversed through the MIRS and charged to the capital adjustment account. There are also movements from the revaluation reserve to convert current and fair value figures to a historical cost basis. The account is credited with amounts set aside by the Council to repay debt, or as finance for the costs of acquisition, construction and enhancement of fixed assets.

2018/19 £'000	Capital adjustment account	2019/20 £'000
165,171	**Balance at 1st April**	**162,971**
-19,093	Charges for depreciation and amortisation of non current assets	-19,007
2,960	Valuation changes in non current assets	951
29,654	Capital grants and contributions recognised	24,782
-5,902	Revenue expenditure funded from capital under statute	-3,715
-38,857	Amounts of non current assets written off on disposal or sale	-2,198
3,773	Provision for the financing of capital investment charged against the General Fund	4,282
1,289	Capital expenditure charged against the General Fund	742
-26,176	*Reversal of items charged to the Comprehensive Income and Expenditure Statement:*	5,837
169	Funding of capital expenditure from the capital receipts reserve	483
20,931	Adjusting amounts written out of the Revaluation Reserve	4,491
2,876	Adjusting amounts written out of the Capital Grants Unapplied Reserve	1,254
23,976	*Total movements from other reserves*	6,228
162,971	**Balance at 31st March**	**175,036**

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- depreciated, with the reserve being written down by that part of the depreciation charge incurred only because assets have been revalued
- disposed of and the gains are realised

2018/19 £'000	Revaluation reserve	2019/20 £'000
168,297	**Balance at 1st April**	**130,906**
12,486	Upward revaluation of assets	12,853
-28,946	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-14,210
-16,460	*Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services*	*-1,357*
-4,414	Difference between fair value depreciation and historical cost depreciation	-4,077
-16,517	Accumulated gains on assets sold or scrapped	-414
-20,931	*Amount written off to the Capital Adjustment Account*	*-4,491*
130,906	**Balance at 31st March**	**125,058**

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 CIES as the benefits are earned by employees accruing years of service. Liabilities are updated to recognise the effect of inflation, and assumptions are amended for investment returns and any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed both by employee contributions, and by the Council making employer contributions to pension funds, or paying any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows a shortfall between the benefits earned by past and current employees, and the resources the Council has set aside to meet them. It therefore represents the beneficial impact on the General Fund of funding retirement benefits on cash flows rather than on the basis of benefits earned in accordance with accounting requirements. Statutory arrangements ensure that funding should have been set aside by the time the benefits come to be paid.

2018/19 £'000	Pensions reserve	2019/20 £'000
-275,753	**Balance at 1st April**	**-321,749**
-19,950	Actuarial gains or losses on pensions assets and liabilities	-17,141
-42,546	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	-38,037
16,500	Employer's pensions contributions and direct payments to pensioners payable in the year	16,154
-321,749	**Balance at 31 March**	**-360,773**

Collection fund adjustment account

The collection fund adjustment account shows the difference between recognising council tax and business rates due in the CIES and the amounts payable into the CIES from the collection fund under statutory provisions. The balance is the Council's share of the surplus or deficit on the collection fund at the year end. Deficits have to be addressed when setting future council tax charges. Surpluses are available to the Council in future years in line with prescribed regulations.

2018/19 £'000	Collection fund adjustment account	2019/20 £'000
3,266	Surplus at 1st April	3,511
143,620	Collection fund income recognised in the CIES	135,296
-143,375	Collection fund income recognised under statute	-135,031
3,511	**Surplus at 31st March**	**3,776**

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, lieu time and flexi leave carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from this account.

2018/19 £'000	Accumulated absences account	2019/20 £'000
-4,261	**Balance at 1st April**	**-3,536**
4,261	Settlement or cancellation of accrual made at the end of the preceding year	3,536
-3,536	Amounts accrued at the end of the current year	-4,202
725	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-666
-3,536	**Balance at 31st March**	**-4,202**

The Financial Instruments Revaluation Reserve and the Pooled Investment Fund Adjustment Account show the accumulated gains and losses on certain financial assets measured at fair value and which are detailed in section 29.

28 Cash Flow

The cashflow statement analyses the changes in cash and cash equivalents held by the Council during the period. This disclosure note provides specific details about some of the figures within that statement.

The SDOPS has been adjusted for the following non cash movements.

2018/19 £'000		2019/20 £'000
	Non cash movements	
-19,093	Depreciation and amortisation	-19,007
2,960	Impairments/downward revaluation through the revenue a/c	951
-5,759	Change in provisions	2,075
-3,761	Change in debtors/creditors	-7,348
230	Change in inventories	-185
-26,046	Change in pension liability	-21,883
-38,857	Non current assets sold	-2,198
0	Change in the valuation of pooled investment funds	-525
-90,326		**-48,120**

The SDOPS has been adjusted for the following that are investing and financing activities.

2018/19 £'000		2019/20 £'000
	Items that are investing and financing activities	
169	Proceeds from the sale of PPE, Investment Property and held for sale assets	483
24,960	Capital grants recognised in year as financing cash flows	21,218
25,129		**21,701**

The cash flows from operating activities include the following items: -

2018/19 £'000		2019/20 £'000
-306	Dividends Received	-302
-298	Interest Received	-496
6,734	Interest Paid	7,280

29 Financial Instruments

A financial instrument is a contract giving rise to a financial asset in one entity, and a financial liability in another. Financial assets include bank deposits, investments, and debtors. Financial liabilities include bank overdraft, borrowings and creditors. Most of these assets and liabilities are carried at amortised cost – a measure reflecting transactional cashflows. This note gives details about the Council's financial assets and liabilities, and the fair value of these at the balance sheet date (this can differ from the carrying amount).

Financial instruments included in the Balance Sheet are analysed below.

Financial Instruments	31st March 2020		31st March 2019	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Assets measured at Fair Value:				
Investments through Profit and Loss	4,475	4,475	-	-
Investments through Other Comprehensive Income	2,241	2,241	2,417	2,417
Financial Assets measured at Amortised Cost:				
Long term debtors	4,554	2,852	2,927	1,948
Current debtors	24,057	24,057	19,730	19,730
Short term investments	23,200	23,200	36,600	36,600
Cash and cash equivalents	12,622	12,622	7,996	7,996
Total financial assets	**71,149**	**69,447**	**69,670**	**68,691**
Financial Liabilities measured at Amortised Cost:				
Borrowings	128,887	144,234	111,057	151,236
PFI and other long term liabilities	32,507	43,764	34,469	47,990
Current creditors	36,114	36,114	36,079	36,079
Bank overdraft	-	-	1,003	1,003
Total financial liabilities	**197,508**	**224,112**	**182,608**	**236,308**

Financial assets

Fair Value through Profit and Loss (£4.5m)

During the year, the Council made an investment of £5m in the CCLA local authority property fund, giving exposure through a pooled fund to commercial property. Gains and losses are charged to SDOPS. Regulations permit these charges to be reversed out such that the charges do not affect the amounts to be met through local taxation. The asset is shown on the balance sheet at fair value with any changes in fair values being taken to the Pooled Investment Fund Adjustment Account.

Fair Value through Other Comprehensive Income (£2.2m)

These assets are shown on the balance sheet at fair value with any changes in fair values being taken to the Financial Instruments Revaluation Reserve.

- Equity homebuy scheme (£0.9m)

To facilitate the decanting of householders from sites which are being redeveloped for social housing, loans may be offered under the homebuy scheme to enable those affected to buy properties elsewhere so that the proposed development sites can be vacated. These loans are repayable and legal charges have been put on the properties to ensure repayment on sale. Equity loans represent a share of equity in the purchased property.

- Revolving Investment Fund (£1.4m)

The Council has a share in a limited partnership set up to have oversight of the Revolving Investment Fund (RIF) and to establish and determine the authority of a company wholly owned by Leeds CC to control it. The RIF is designed to support viable projects within the region which lever in private sector funding. The focus is on asset based construction projects (including housing) within the geographical areas of the founder members.

- WEAVE. (-£0.1m)

The Council is the sole shareholder in WEAVE, a housing development company creating new homes across the borough, including affordable housing. The Council has commercial loan arrangements in place with Weave and will provide some management services. It is expected that these will begin to be drawn down in the coming year. At the year end, the company had debts (all owed to the Council) of £0.1m.

Amortised Cost (£64.4m)

The following assets are shown on the Balance Sheet at amortised cost. Unless otherwise stated, all balances shown are an adequate approximation of fair value in view of the amounts involved.

• Long term debtors	£4.5m
• Current debtors	£24.1m
• Short term investments	£23.2m
• Cash and cash equivalents	£12.6m
	£64.4m

- Long Term Debtors (£4.5m)

The Council has a small number of debtors being repaid over various periods longer than one year. These are shown in the Balance Sheet at principal outstanding. Cash homebuy scheme loans are loans advanced as detailed above. Repayments are determinable as their value is not linked to the value of the property. Loans to Academy schools are sums previously advanced by the Council for building work at schools which have subsequently converted to academies and which the schools are continuing to repay with interest in accordance with an agreed timetable. The sums due have been recognised on transfer as capital receipts. The Piece Hall is being run by an independent trust. The Council has loan agreements in place (of up to £3.5m) to cover some residual building work and to facilitate initial operations. £2.8m has so far been drawn down. The loans have been offered on deferred repayment terms at favourable rates of interest. The fair value of these advances is therefore lower than the carrying amount included on the balance sheet. A loan of £0.6m has been made to a local community association. The carrying amount is a fair approximation of fair value.

2018/19 £'000	ANALYSIS OF LONG TERM DEBTORS	2019/20 £'000
669	Cash homebuy / improvement schemes	654
432	Loans to Academy schools	384
1,745	Loans to Piece Hall Trust	2,845
81	Other	671
2,927		**4,554**

- Current Debtors (£24.1m)

The sum of £24.057m (for grants, contributions & reimbursements and sales, fees charges & other income, net of expected credit losses) has been included as amortised cost financial assets. Council tax and business rate arrears are statutory debts and do not arise from contracts and so do not class as financial assets, and prepayments are not included as financial assets as they are not contracts giving rise to financial assets and liabilities.

- Short term investments (£23.2m)

The Council holds a number of short term investments at the 31st March. These relate to surplus cash balances held over the year end and lent out temporarily as part of treasury management operations to financial institutions and local authorities. To mitigate against the risk of loss, the Council places investment limits (approved annually) on each financial organisation depending on its credit rating and asset base. The maximum investment during the year of £15m at any one time is reserved for clearing banks with maximum Fitch and Moody's credit ratings of F1+ and P1 respectively, combined with assets over £400bn (Fitch and Moody's are global credit rating agencies). There are other levels in place which range from £10m to £1.5m depending on an organisation's rating or asset base. For rated counterparties, the minimum credit rating used is F2 (Fitch) and P2 (Moody's) which signify a strong capacity to make timely settlement of commitments. The Council can also lend to unrated Building Societies (classed as unspecified) but they must have assets over £1bn. The maximum lending for these would be £1.5m per institution. At present, only four building societies qualify.

The Council can also lend money to the Bank of England, the UK Government and other local authorities. Although the Council does not have a maximum investment limit with the Bank of England and UK Government, a limit of £20m per individual authority is in place. All of the Council's counterparties operate in the UK.

The Council has not suffered any counterparty defaults during the year. The deposits invested at the year end have been assessed for impairment by looking at each institution's credit rating and general standing. It has not been considered necessary to write off or impair any of the investments held at the balance sheet date.

Investment income from all financial assets (principally short term investments) is credited to SDOPS and shown as part of financing and investment income and expenditure. It varies with interest rate fluctuations and the level of cash balances available to the Council. It is monitored regularly, and prudent forecasts of anticipated future market conditions in the coming year are made as part of the annual budget setting process.

- Cash and cash equivalents (£12.6m)

This is cash balances held in individual school bank accounts as part of the delegated financial management of schools (£8.9m) and cash held in the Council's bank accounts (£3.7m). The Council's bank figure is the reconciled position on the Council's bank accounts at 31st March. The cash position is monitored daily and managed to ensure that, through a combination of active investment management, short term borrowing on the money markets and agreed overdraft facilities with the bank, the Council has sufficient funds with which to meet its commitments, and can earn interest on any surplus balances.

Financial liabilities

• Borrowings	£128.9m
• Other liabilities	£32.5m
• Current creditors	£36.1m
	£197.5m

Financial liabilities are shown on the Balance Sheet at amortised cost. Fair values are disclosed below for each type of financial liability where the carrying value on the Balance Sheet is not an adequate approximation.

- Borrowings (£128.9m)

All borrowings are shown at amortised cost which for these loans is the same as principal outstanding. Of the total borrowings £113.5m has been borrowed from the PWLB; £7.8m from Salix Finance Ltd, which provides interest-free Government funding to the public sector to improve their energy efficiency, reduce carbon emissions and lower energy bills; and £7.6m from other sources such as other financial institutions, local authorities and other bodies. Contractual obligations (both principal repayments and associated interest charges) arising from Council borrowings are detailed below.

2018/19			2019/20	
Principal	**Interest due to maturity**	**ANALYSIS OF LOANS BY MATURITY AT 31st MARCH**	**Principal**	**Interest due to maturity**
£'000	**£'000**		**£'000**	**£'000**
2,524	68	Maturing within one year	11,131	105
3,424	190	Maturing within 1 - 2 years	7,155	528
16,687	2,157	Maturing within 2 - 5 years	16,545	2,123
22,422	7,415	Maturing within 5 - 10 years	22,256	7,820
66,000	67,658	Maturing in more than 10 years	71,800	70,950
111,057	**77,488**	**Total borrowing**	**128,887**	**81,526**

As the Council has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The main risk is that the Council will need to replace a significant proportion of its borrowings at a time of unfavourable interest rates. The main treasury management strategy to deal with this is to manage the Council's debt maturity profile so that it is as smooth as possible taking account of historic debt and available interest rates.

All PWLB borrowings are at fixed rates and therefore unaffected by interest rate movements (though these would affect any maturing debt which needed to be re-financed). Changes in interest rates will affect the fair value of debt. Interest payable is charged to the CIES and shown as part of financing and investment income and expenditure.

There is a range of possible fair values for these borrowings at the balance sheet date. A fair value of £176.9m is based on the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. The fair value on this basis would be £124.5m.

If the Council were to seek to repay all PWLB debt at the balance sheet date, the sum required would be £129.2m. This amount is greater than the carrying amount as the portfolio of borrowings is all at fixed rates where the interest rates payable are greater than the rates available at the balance sheet date for similar loans. This commitment to pay above current market rates would be reflected in an early redemption penalty (a premium) charged by the PWLB, increasing the amount that the Council would have to pay. It is this calculation of fair value which is therefore deemed to be most appropriate.

Borrowings of £7.8m have been secured on favourable terms to support green energy initiatives. The fair value of these is £7.5m. The fair value of other short term loans equals the balance outstanding of £7.6m.

- Other liabilities (£32.5m)

This reflects long term commitments by the Council relating to future rentals required under the schools PFI scheme, and to the repayment of loan debt administered by other local authorities in relation to transferred assets as part of statutory reorganisations of functions.

These liabilities are carried at amortised cost which for these items is the same as principal outstanding. The fair value of these liabilities is £43.8m based on discounting future cash flows at prevailing interest rates.

2018/19 £'000	ANALYSIS OF OTHER LIABILITIES BY MATURITY AT 31st MARCH	2019/20 £'000
1,936	Maturing within one year	2,097
2,098	Maturing within 1 - 2 years	2,275
7,429	Maturing within 2 - 5 years	8,058
17,303	Maturing within 5 - 10 years	18,792
5,703	Maturing in more than 10 years	1,285
34,469	**Total borrowing**	**32,507**

- Current creditors (£36.1m)

The total of £36.114m for trade and other payables and tax and social security creditors has been included in financial liabilities. All other categories of creditor arise from statutory debts (council tax and business rates), are governed by more specific reporting standards (pension fund and accumulated absences), or are not contracts giving rise to financial assets and liabilities (deferred income).

30 Pension Costs

The Council makes payment into three pension schemes – the Local Government Pension Scheme; the Teachers' Pension Scheme, and the NHS staff pension scheme. These provide members with index linked pensions based on final salaries and length of service (although from April 2014 the local government scheme has been based on career average from that date rather than final salary). This note gives details about each of these schemes and how they are accounted for in these financial statements.

An important distinction is drawn between defined contribution schemes (where the employer has a liability to make payments into the fund during an employee's period of employment, but has no liability to make payments after that period if the scheme has insufficient funds to meet its pension payment obligations), and defined benefit schemes (where benefits paid out are not related to contributions paid in or assets held, and the employer has a liability to make good any funding shortfall).

Local Government Pension Scheme (LGPS).

The LGPS is a statutory scheme and the benefits are paid under the provisions of LGPS Regulations. This is a funded scheme meaning that members and the employer pay contributions into a fund, with these contributions being calculated at a level to balance pension liabilities and investment assets over the expected lifetime of the membership. These calculations are revised every 3 years as part of a full actuarial valuation. Following the latest valuation in March 2019, employer rates are to be reduced in April 2020 from 17.5% to

17.1%. Regular employer contributions charged in 2019/20 were £14.4m and are forecast to be £14.3m in 2020/21.

The West Yorkshire Pension Fund (WYPF) is part of the LGPS. The City of Bradford Metropolitan District Council is the administering authority for WYPF and therefore has overall legal and strategic responsibility for it. Bradford Council's administering authority responsibilities are met by WYPF's in-house pension's administration and investment teams.

The fund is advised by three boards - the WYPF Investment Advisory Panel, the WYPF Joint Advisory Group and the WYPF board. The Investment Advisory Panel, which establishes the investment principles of the scheme, has 19 members, with three from Calderdale MBC. The Joint Advisory Group, which oversees the administration of the fund and responds to legislative changes, has 21 members with three Calderdale representatives. The WYPF pension board aims to ensure effective governance and regulatory compliance. There are eight board members, none of which are from Calderdale.

The Council has about 5,000 active members, 6,500 pensioners and dependants and 6,900 deferred pensioners in the scheme. Total scheme membership is nearly 300,000 and there are approximately 450 individual bodies participating in the scheme. Total contributions into the fund are over £400m.

Although it is a multi-employer defined benefit plan, there is no cross subsidy, and individual employer contributions are determined with reference to the contributing Authority's membership, funding profiles, and particular circumstances. The employer contribution rate of 17.1% is the rate needed, together with employee contributions, to cover the cost of service being earned by current active members and reduced to recover existing funding surpluses over 22 years. The rate will be subject to annual review in the light of any significant shift in the underlying fund valuation assumptions (particularly returns on investments as a result of market uncertainty and volatility following the Covid-19 pandemic and Brexit) in order to ensure that the deficit is recovered over the proposed period. The Council builds these increases into its Medium Term Financial Strategy.

Based on a prudent assessment of the amount of assets to be set aside to meet forecast future pension commitments, discounted back to the valuation date using a rate which takes into account future expected investment returns, the latest formal fund valuation showed that assets were sufficient to cover 106% of the estimated liability for pension benefit payments at that date. This surplus has meant that future employer contribution rates can be reduced. The risks to this position are that investment performance may be lower than forecast, or that assets held (in the expectation of greater returns) do not match expected benefit payments. Liabilities, on the other hand, increase as members live longer and as pay and inflation rates rise, increasing the amount of pensions which have to be paid out in the future. Liabilities extend many years into the future. The weighted average period over which benefits fall due is 19 years.

The Council also pays to meet the unfunded costs of discretionary pension benefits as they become due. Added pensions are no longer given, but sometimes the Council will meet the cost of allowing employees to retire and draw their pensions earlier than usual where this generates longer term savings. Discretionary benefits are accounted for as defined benefit schemes. They are unfunded but the liabilities can be identified to the Council. The on-going cost of such contributions during the year was £1.0m. A similar amount is expected to be paid in 2020/21.

Both funded and unfunded LGPS schemes are accounted for as defined benefit schemes.

The Teachers' Pension Scheme (TPS)
The TPS is a defined benefit scheme covering teachers. It is "notionally funded". This means that, although there are no investment assets built up to meet pension liabilities, periodic valuations are carried out as though there was a fund. Contributions are set on the basis of these valuations. The current employer rate is 23.68% (which includes a 0.08% administration levy). As at 31 March 2019 (the date of the latest published accounts) the pension liabilities of the TPS were valued at £359.6bn. Contributions from members and employers are paid to the Exchequer, and the Exchequer effectively meets the cost of all benefits.

The scheme is not run in a way that enables the Council to identify its share of the underlying liabilities. As these cannot be estimated on a consistent and reasonable basis, the scheme is accounted for as a defined contribution scheme, with funding being generated to meet pension payments as they become due. The cost to the Council of participating in the scheme is therefore taken to be the contributions payable to the scheme for the accounting period.

The Council has approximately 1,100 employees paying into the TPS scheme (which has a total membership of over 2.0m from over 11,000 participating employers and is administered by Capita Teachers' Pensions on behalf of the Department for Education). The total paid in nationally is £6.4bn. Total employer contributions to the TPS were £6.4m (£5.4m). The increase is due to employer contribution rates increasing to 23.68% from 1st September 2019. The increase is being fully funded by the Government. Expected contributions to the Teachers' Pension Scheme in the year to 31st March 2021 are £7.4m, but this depends on the number of schools converting to academies.

As with the LGPS scheme, the Council is responsible for the costs of any additional benefits awarded to staff at its discretion outside the scheme. These on-going costs (£0.7m per annum) are met as they become due and are accounted for on a defined benefit basis and included in the figures reported for such schemes.

The NHS Staff Pension Scheme (NHS scheme)
The NHS scheme is a defined benefit scheme covering a very small number of public health employees (21). Total NHS scheme membership is 3m from nearly 8,500 participating employers. Council employer/employee contributions totalled £0.2m from a national total contribution of £11bn. Expected contributions in 2020/21 are £0.2m.

Contribution rates to the NHS scheme are set by the Secretary of State for Health, with the consent of HM Treasury, after consideration of the advice of the scheme actuary and employee and employer representatives as deemed appropriate. The current employer rate is 20.68, including a 0.08% administration levy. NHS England are paying a proportion of this centrally, and the effective rate to be paid by the Council is 16.88%. At 31 March 2019 (the date of the latest published accounts) the pension liabilities of the Scheme were valued at £533.3 billion. As the NHS Pension Scheme is an unfunded scheme, these liabilities are underwritten by the Exchequer. In year deficits (where contributions paid out exceed contributions paid in), are met by the Exchequer, and in year surpluses (where contributions paid in exceed contributions paid out), are paid to the Exchequer.

It is not possible to identify the Council's share of the underlying liabilities on a consistent and reasonable basis, and so the NHS scheme is accounted for as a defined contribution scheme, with funding being generated to meet pension payments as they become due. The cost to the Council of participating in the Scheme is therefore taken to be the contributions payable to the Scheme for the accounting period.

Accounting charges and asset and liability valuations under IAS 19

This section details the amounts recognised in these financial statements in relation to our pension schemes. It shows the financial and demographic assumptions made in estimating the net pension liability, and analyses the movement during the year over its component elements. The net pension liability recognised on the balance sheet is the current cost of meeting future pension liabilities offset by the assets held to meet those liabilities for all defined benefit schemes. The cost over the year of providing pension benefits is recognised in SDOPS. Actuarial gains and losses (due to changes in assumptions, or revisions to assumptions in the light of experience) are recognised in OCI.

IAS 19, the International Accounting Standard on employee benefits, requires the financial position of defined benefit pension schemes to be reassessed at each balance sheet reporting date following a prescribed methodology. The expected liabilities are calculated using a number of financial and demographic assumptions by AON Hewitt Limited, a firm of actuaries. Assets are held at fair value.

All the principal financial and demographic assumptions used by the actuary are shown below.

Financial assumptions	2019/20	2018/19
Consumer price index inflation	2.0%	2.2%
Rate of Increase in salaries	3.25%	3.45%
Rate of increase in pensions	2.0%	2.2%
Rate for discounting scheme liabilities	2.3%	2.4%
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
men	21.8	22.2
women	24.6	25.4
Longevity at 65 for future pensioners:		
men	22.5	23.2
women	25.7	27.2

There are two major pension issues which, although the pension fund rules have not yet been changed, are likely to require some remedy to the local government pension scheme in order to remove potential age and sex discriminatory practices. There is some uncertainty as to the extent to which these issues will apply, or what remedies will be implemented.

1) As part of revisions to the local government pension scheme in 2014 aimed at reducing the cost of such schemes to the taxpayer and making them more sustainable, certain protections were offered to scheme members nearing retirement age in order to ensure that they did not incur loss through moving from a final salary to a career average scheme. Following the ruling in the “McCloud case” it is considered likely that such protections will need to be extended to all scheme members irrespective of age. The figures allow for remedies to be applied as appropriate to all members in service at the date of scheme change (1st April 2014). Consistent with the demographic information underpinning the fund, an assumed potential uplift to the fund has been calculated and applied to the Council’s membership profile.

2) The Government is also committed to equalising the Guaranteed Minimum Pension part of the State Pension irrespective of age or sex. The figures allow for full pension increases to be paid on GMP’s to individuals reaching state pension age after 6th April 2016.

   The estimated effect of these issues on scheme liabilities is around £10m.

A third issue aimed, following the "Goodwin case", at eliminating inequalities for some surviving male spouses, has not been reflected in the figures. At this stage, it is estimated that the effect of this could be to increase pension liabilities by around £2m.

The net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rates at which salaries and pensions paid are projected to increase, changes in retirement ages and mortality rates. The approximate impact on the net liability of changing key assumptions is shown below. In each case, only the assumption mentioned is changed (although in reality many of the assumptions are interrelated).

Specific judgements and risks include: -

- The coronavirus pandemic is expected to have an effect on pension asset valuations. The figures used in these accounts are based on market valuations extant at the balance sheet date. There may be longer term effects on mortality rates, inflation and bond rates but it is too early to estimate what these might be at this stage.
- Changes in the discount rate used: Pension liabilities extend many years into the future. They are discounted back to a present value at the balance sheet date using a rate based on high quality AA corporate bond yields of an appropriate term at that date. A reduction in the discount rate used to value pension liabilities will lead to a higher present value being placed on future pension payments and so will increase the deficit.
- Changes in pay and price inflation: Scheme benefit obligations are strongly linked to salary expectations and inflation. Increases in these measures will lead to higher pension liabilities, and so will increase the deficit.
- Changes in life expectancy: An increase in life expectancy means that pensions are expected to be paid for a longer period, so increasing the liability and the scheme's deficit.

The effect on the pension fund liability of marginal changes in these factors is shown below.

	Effect on liability	
	£m	%
0.1% change in discount rate	20	1.9
0.1% change in salary increases	2	0.2
0.1% change in pension increases	18	1.7
1 year change in member life expectancy	35	3.3

Only the LGPS has pension fund assets. These were valued at 31st March 2020 at £717.1m (2019: £791.2m) and the accounting liabilities for this scheme were calculated to be £1057.9m (2019: £1,090.0m). Including the unfunded LGPS and TPS pension enhancements (for which the pension liabilities were £12.7m and £7.2m respectively), total IAS 19 pension fund liabilities of £1,077.8m (2019: £1,112.9m) have been recorded. The overall net pension liability for all defined benefit schemes has risen by £39.0m (12.1%) over the year.

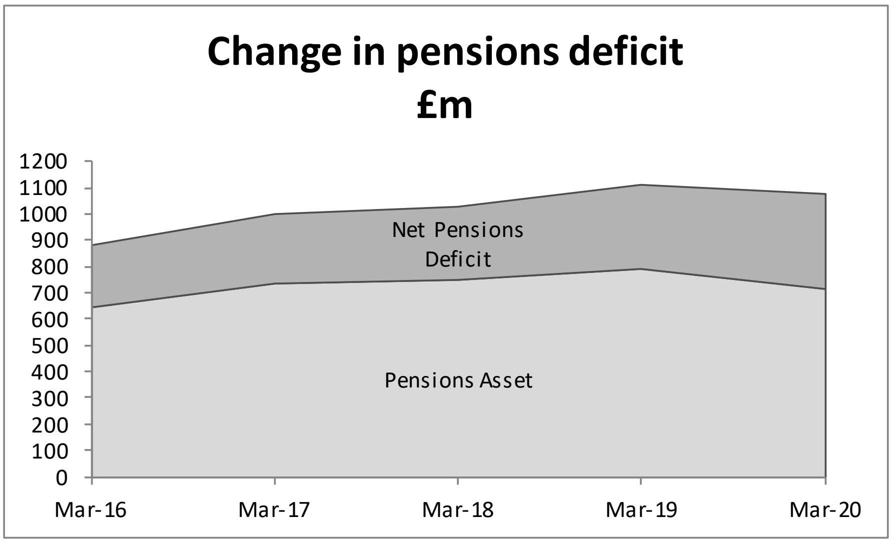
The Council's asset share of £717.1m is invested as follows: -

	% split of pension fund assets 31st March 2020 %			31st March 2019 %		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity investments	67.4	10.1	77.5	62.5	11.5	74.0
Government Bonds	9.6	0	9.6	11.2	0	11.2
Other Bonds	5.1	0	5.1	4.0	0	4.0
Property	1.9	2.6	4.5	0.2	4.5	4.7
Cash liquidity	0	1.9	1.9	0	2.3	2.3
Other assets	0	1.4	1.4	0	3.8	3.8
Total	**84.0**	**16.0**	**100**	**77.9**	**22.1**	**100**

Fuller details of fund asset holdings and maturity profiles can be found within the West Yorkshire pension fund valuation report.

Movement in assets & liabilities and the impact on the surplus or deficit on the provision of services, and other comprehensive income and expenditure.

Pension benefits are earned by employees as part of their contracts. Although the pensions are not payable until the employees retire, the commitment which the Council has as the employer is recognised during the working lifetime of the employee. Pension contributions are invested in assets intended to provide funding at a future date when the pensions become due. Where the asset holdings fall short of expected commitments, there is said to be a net pension liability. Where asset holdings exceed expected commitments, there is said to be a net pension asset.



Pension accounting charges included within SDOPS were £38.0m. However, the statutory charge against council tax is based on the amounts payable by the Council to the pension fund in the year (£16.1m). Appropriations from a pensions reserve are made within the MIRS to replace the real cost of retirement benefits with the statutory charge so that the additional costs of providing for retirement benefits in accordance with IAS19 do not impact on levels of local taxation.

The total pension liability (or defined benefit obligation) represents the current cost of meeting the future benefits forecast to be paid out by the scheme. The net defined benefit pension liability is the difference between the total pension liability and scheme assets. The following table shows the pensions costs and income charged during the year into the accounts in accordance with IAS 19 and the effect of these on the net pension liability.

- Current service cost is the value of pension benefits earned in year by current employees, net of the contributions paid by the employees themselves in respect of those benefits.
- Past service costs are those scheme liabilities relating to service rendered in previous periods arising in the current period as a result of changes to retirement benefits.
- Net interest on the net defined benefit liability is a charge based on the net pension liability multiplied by the discount rate at the start of the period. Future pension obligations are stated at present value. A discount rate is used to calculate this current value of the future liability. The net interest on pensions liabilities is the unwinding of this discount rate as benefits move one period closer to settlement, partly offset by an amount earned on fund assets.
- Remeasurements arise from the uncertainty in making assumptions about future events when calculating the liability. These may be due to changes in assumptions, or to actual experience differing from previous actuarial assumptions made. Remeasurement gains and losses are recognised in OCI.
- Contributions are paid into the scheme by employers and participating members. These contributions reduce the value of the net pension liability.
- Net benefits paid out reduce the defined benefit obligation.
- Changes in assets and liabilities due to business elements being transferred into or out of the fund are shown as disposals/acquisitions.

IAS 19 pensions accounting charges (£'000)	**Assets**	**Liabilities**	**Net pension liability**	**Expenses recognised in SDOPS**	**Total (gains)/losses recognised in OCIE**
Value as at 1st April 2019	**791,155**	**-1,112,904**	**-321,749**		
Current service costs		-30,216	**-30,216**	30,216	
Past service cost		-292	**-292**	292	
Net interest on the net defined benefit liability			**-7,529**	7,529	
Of which: - interest on the defined benefit obligation		-26,346			
- interest income on plan assets	18,817				
Remeasurement of the net defined benefit liability					
- on plan assets	-78,118		**-78,118**		78,118
- on liabilities - financial assumptions		19,709	**19,709**		-19,709
- on liabilities - demographic assumptions		38,682	**38,682**		-38,682
- on liabilities - experience		2,586	**2,586**		-2,586
Employer contributions	16,154		**16,154**		
Contributions by plan participants	5,036	-5,036	**0**		
Net benefits paid out	-35,978	35,978	**0**		
Net decreases from disposals and acquisitions	0		**0**		
Value as at 31st March 2020	**717,066**	**- 1,077,839**	**- 360,773**	**38,037**	**17,141**

Adjustment to charges made in accordance with IAS 19 to those required under regulations - 21,883

Amount falling due to be met by council taxpayers (employer contributions to the scheme) 16,154

IAS 19 pensions accounting charges (£'000)	Assets	Liabilities	Net pension liability	Expenses recognised in SDOPS	Total (gains)/losses recognised in OCIE
Value as at 1st April 2018	**751,125**	**-1,026,878**	**-275,753**		
Current service costs		-24,715	**-24,715**	24,715	
Past service cost		-10,874	**-10,874**	10,874	
Net interest on the net defined benefit liability			**-6,957**	6,957	
Of which: - interest on the defined benefit obligation		-26,311			
- interest income on plan assets	19,354				
Remeasurement of the net defined benefit liability					
- on plan assets	35,465		**35,465**		-35,465
- on liabilities - financial assumptions		-54,272	**-54,272**		54,272
- on liabilities - demographic assumptions			**0**		0
- on liabilities - experience		-1,143	**-1,143**		1,143
Employer contributions	16,500		**16,500**		
Contributions by plan participants	4,973	-4,973	**0**		
Net benefits paid out	-34,315	34,315	**0**		
Net decreases from disposals and acquisitions	-1,947	1,947			
Value as at 31st March 2019	**791,155**	**- 1,112,904**	**- 321,749**	**42,546**	**19,950**

Adjustment to charges made in accordance with IAS 19 to those required under regulations	- 26,046
Amount falling due to be met by council taxpayers (employer contributions to the scheme)	16,500

Which pension figures do I use for the LGPS? The accounting deficit identifies assets of £717.1m and liabilities of £1,077.8m – a funding position of 67%. The triennial review of the fund on which contribution rates are based showed a much stronger funding position of 106%. What is the difference between these two measures?

The fund review is used to judge the money we need to put into the pension scheme. It will always be different to the IAS 19 accounting deficit, which is an accounting standard about how employee benefit obligations are to be shown on the balance sheet. The accounting standard requires all reporting entities to assume their pension funds grow at a standard rate reflecting a fairly low level of risk. The fund review can take a more expansive view of returns.

IAS 19 thus produces results that are different from, and more volatile than, the actuarial valuation, as members' liabilities at the balance sheet date are valued using market rates of corporate bonds and do not reflect the expected future returns on the assets the fund owns. This tends to increase the value of liabilities.

Differences can also arise due to changes in market conditions between the two valuation dates (31 March 2019 and 31 March 2020). Some key assumptions for the IAS 19 accounting valuation are based on those used for the most recent actuarial valuation (March 2019). In between triennial revaluations, some assumptions are updated annually (e.g. inflation, pay increases, discount rates, asset values) whilst others taking a longer term view (e.g. mortality rates, demographic factors) may not be. There can be a noticeable effect following scheme triennial reviews when mortality rates and other less easily identifiable data are updated. In the above figures, a reduction in mortality rates has led to a reduction in scheme liabilities of £38.7m.

31 Authorisation

Relevant events after the balance sheet date have been considered up to the date of publication. Any events taking place after the year end but before the date of publication are considered and reflected only where the event provides information on conditions existing at the balance sheet date. No events after the balance sheet date have been identified.

F Accounting Policies

The statement of accounts summarises the Council's transactions for the financial year to 31st March, and its financial position as at that date. The Accounts and Audit (England) Regulations 2015 require that these statements are prepared in accordance with proper practices and signed by the responsible finance officer by 31st May, and then formally signed by the Council and published by 31st July together with the audit certificate/opinion. Due to the Covid-19 pandemic, the Government has issued The Accounts and Audit (Coronavirus) Amendments Regulations 2020 (SI 2020/404) extending these deadlines to the 31 August and the 30 November 2020 respectively.

Proper practices are based on IFRS standards as incorporated into the Code. The selected accounting policies have been applied to all material items for inclusion in the accounting statements and disclosure notes. Only those items which are insignificant within the context of the financial statements and whose exclusion does not impair the reliability or interpretation of the financial information provided have been omitted from inclusion.

Accounting policies are determined by the Code. Where the Code is not explicit, unless there are any specific legislative requirements (which always take precedence), accounting treatment will be determined by application of IFRS or similar standards; the framework for preparing and presenting financial statements; or issued guidance notes.

In selecting appropriate policies and accounting treatment, judgement has been exercised to ensure that, through a balanced and sensible application of competing qualitative characteristics, costs and time, the resulting accounting statements both faithfully reflect the substance of the transactions and other events that have taken place by being free from material error, exaggeration or systematic bias, and are relevant in enabling an assessment of the stewardship of public funds and the making of any economic decisions based on materially significant disclosures. The statements are presented in such a way as to be comparable between accounting periods, and understandable to those with a reasonable knowledge of local government and accounting practices. Although this is unavoidably quite a technical document, every effort has been made to explain either in the text or the glossary, any technical terms necessarily involved.

Accounting policies have been chosen to give a true and fair view of the financial transactions of the Council.

32 Accounting policies

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Tax income is an annual charge and is recognised in the year in which it is due when it is probable that economic benefits or service potential associated with the transaction will flow to the Council, and the amount of revenue can be reliably measured.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Cash and cash equivalents
Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments maturing within three months from the date of acquisition and are readily convertible to known amounts of cash with no risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of any bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Collection Fund
Billing authorities are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and non-domestic rates (NDR). The key feature of the accounting policy is that billing authorities act as agent collecting and distributing monies on behalf of the Government and other council tax and NDR preceptors.

The total of NDR and council tax income included in the CIES is the Council's share of the accrued income for the year. However, regulations determine the amount of council tax and NDR that can be released from the collection fund to the general fund. This is the Council's precept plus any share of the previous year's surplus or deficit. Any difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included in the MIRS.

The balance sheet includes the Council's share of year end balances in respect of council tax and NDR arrears, impairment allowances for doubtful debts; overpayment, prepayments and appeals. Any difference between cash collected on behalf of the Government or other preceptors and cash paid over to them is included as a creditor (where more cash has been collected than paid over) or a debtor.

The Cash Flow Statement includes as operating activities only the Council's share of council tax and NDR collected in the year, and the net cost of pursuing arrears. Cash collected as agent does not arise from revenue activities, and is excluded from operating activities. Cash held as agent, being the difference between cash collected and paid over, is included in other receipts/payments within financing activities.

Contingent Liabilities
A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Employee benefits
Benefits Payable During Employment
Short-term employee benefits are those due to be settled within 12 months of the year-end. They include accrued annual leave, lieu time and flexi time earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. They are recognised as an expense in the year in which employees render service to the

Council. The accrual is made at the pay rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to SDOPS, but then reversed out through the MIRS so that such benefits are charged against council tax in the financial year in which the holiday absence occurs.

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy. They are charged to service costs in SDOPS when the Council can no longer withdraw the offer of those benefits.

Where termination benefits involve the enhancement of pensions, the cost of this lifetime benefit is recognised in the CIES. Statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year-end.

Post Employment Benefits
Pension schemes providing members with defined benefits (retirement lump sums and pensions) earned as employees working for the Council are accounted for as defined benefit schemes. All retirement benefits are accounted for in accordance with the relevant reporting standard IAS19 which stipulates how such commitments are to be recognised in the CIES and on the Balance Sheet.

Pension schemes which provide defined benefits to members, but where the liabilities for these benefits cannot be identified to the Council on a consistent and reasonable basis, are accounted for as defined contribution schemes. No liability for future payments of benefits is recognised on the Balance Sheet.

Where liabilities can be identified to the Council on a consistent and reasonable basis, they are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees. Liabilities are discounted to their value at current prices.

The associated assets of the fund attributable to the Council are included in the Balance Sheet at fair value based on current bid price (securities), market value (property) and professional estimate for unquoted assets.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund, not the amount calculated according to the relevant accounting standard (IAS19). There are appropriations in the MIRS to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits, and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year-end. This ensures that the additional costs of providing for retirement benefits in accordance with IAS19 do not impact on levels of local taxation.

Discretionary Benefits
The Council can make discretionary awards of retirement benefits in the event of early retirement or voluntary redundancy. Liabilities estimated to arise as a result of any such award to any member of staff (including teachers) are accrued in the year of the award, and are accounted for as defined benefit schemes.

Events after the balance sheet date
Events after the balance sheet date are those that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts is adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Where the event is indicative of conditions that arose after the reporting period, appropriate disclosures are made, but the amounts in the Statement of Accounts have not been adjusted. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Assets
The classification of financial assets is based on the business model for holding the assets and their cashflow characteristics.

Financial assets are classified into three types:

- Amortised cost. Such assets are those where there are contractual terms giving rise on specified dates to cash flows which are solely payments of principal and interest on the principal outstanding, and where the business model is to collect the cash flows arising.
- Fair value through other comprehensive income (FVOCI). Such assets are those where these conditions hold true, but the business model includes selling the financial assets,
- Fair value through profit and loss (FVPL). All other financial assets with different contractual cashflows and business models.

Election can be made on initial recognition for some FVPL equities to be classed as FVOCI if the equity instrument is not held for trading (i.e. they are not held principally for selling in the "near term" and/or are held for reasons which are not purely financial).

Amortised cost.
Financial assets that are measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and they are initially measured at fair value. They are subsequently measured at amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in SDOPS for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the majority of financial assets, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to SDOPS is the amount receivable for the year in the loan agreement.

Where any material soft loans are made (extended credit at less than market rates), a loss is recorded in SDOPS (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in SDOPS at the (higher) effective rate of interest rather than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MIRS.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the CIES. Short duration receivables with no stated interest rate, and any small value loans considered immaterial for valuation as above are measured at the original invoice amount.

Fair value through other comprehensive income and fair value through profit and loss
The Council has one investment which is measured at FVPL and three long term investments which would ordinarily fall to be classed as FVPL but which, as these investments are made

for reasons other than commercial gain, the Council has elected to value these assets as FVOCI.

Financial assets that are measured at fair value are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and they are initially measured and carried at fair value. Subsequent remeasurement gains and losses are, for FVOCI assets, taken to the Financial Instrument Revaluation Reserve (FIRR) and charged to OCI and, for FVPL assets, taken to the Pooled Investment Fund Adjustment Account (PIFAA) and charged to the financing and investment income and expenditure line in SDOPS.

Depending on the market for such assets, fair value might be the quoted market price (where there is one), cost less impairment, or other amount based on valuation techniques. Inputs used in measurement are categorised into three levels: - level 1 (quoted prices in active markets for identical assets); level 2 (other observable inputs); level 3 (unobservable inputs). Measurements rely on inputs drawn from the highest available level.

Any gains or losses on derecognition of an asset are recognised in the CIES along with any gains/losses previously recognised in the FIRR/PIFAA.

Impairment of financial assets
The Council recognises expected credit losses on all financial assets held at amortised cost and fair value. Impairment losses are calculated to reflect the prospect that expected future cash flows might not take place due to default.

If risk has increased significantly between initial recognition and the balance sheet date, impairment is based on expected credit losses from all possible defaults over the expected life of the instrument, otherwise impairment is based on a 12 month expected loss (that is the lifetime expected credit loss multiplied by the probability of the default occurring within the next 12 months).

A simplified approach is applied to trade receivables whereby the loss allowance is measured at an amount equal to lifetime expected credit losses thus avoiding the need to consider annually whether there has been an increase in credit risk. This is based on probability weighted outcomes and other supporting information.

Financial Liabilities
Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. Financial liabilities are initially measured at fair value and are then carried at amortised cost. Annual charges for interest payable are based on the carrying amount of the liability multiplied by the effective interest rate of the instrument. This is the rate that discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. These charges are taken to financing and investment income and expenditure within SDOPS.

For the borrowings which the Council has, this results in the Council’s financial liabilities being included in the Balance Sheet at the outstanding principal repayable, and interest charged is the amount payable for the year according to the loan agreement.

Premium payments and discounts on the repurchase or early settlement of debt are taken in year directly to financing and investment income and expenditure within SDOPS unless, in accordance with certain specific conditions, a repurchase/restructure has taken place and the modification to the financial instrument is not considered substantial. In such cases, the loan debt carrying amount is adjusted rather than being taken directly to SDOPS, and the adjustment is written down to SDOPS over the life of the loan by an adjustment to the effective interest rate.

Government grants and other contributions

All grants and contributions are recognised as income within SDOPS when there is reasonable assurance that the Council will comply with the grant conditions, and the grants or contributions will be received. Conditions are stipulations requiring repayment of the grant if they are not met.

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

Where capital grants are credited to SDOPS, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The Council sometimes acts as Accountable Body for various partnerships and in that role receives grant funding on behalf of the partnership. Where it is considered that the Council determines partner allocations, the grant is recognised as income and allocations as expenditure. Where the Council does not exercise such control, only such grant as may ultimately be awarded to the Accountable Body is recognised as grant receivable.

Heritage Assets

These are assets with historical, artistic, scientific, technological, geophysical or environmental qualities held principally for their contribution to knowledge and culture rather than for any operational reasons (mainly museum exhibits). They are held mainly at insurance value (though some difficult to value items with no comparable market values have not been valued) as permitted under FRS102. Depreciation is not required for those assets with indefinite lives. Valuations are reviewed where there is clear evidence of impairment such as damage or doubts as to provenance. Impairments, and gains and losses on disposal are accounted for in accordance with the policies for impairment, and property, plant and equipment.

Investment property

Investment properties are separately identifiable properties used solely and specifically to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, or are revalued immediately prior to reclassification. They are subsequently measured at fair value, based on the amount that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Investment properties are not depreciated but valuations are assessed annually to ensure they reflect market conditions at the year-end.

After initial recognition, gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in SDOPS. Gains and losses on disposal are included under other operating expenditure. Such charges are not permitted by statutory arrangements to have an impact on the General Fund Balance. Therefore these gains and losses are reversed out of the General Fund Balance in the MIRS, and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Income and expenditure relating to investment properties are also charged to the financing and investment income and expenditure line in SDOPS.

Leases
Arrangements transferring substantially all the risks and rewards of ownership to the Council or away from the Council are treated as finance lease acquisitions or disposals. All other arrangements are treated as operating leases.

Finance leases.
Property, plant and equipment held under finance leases is recognised on the Balance sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower).

The asset recognised is matched by a liability for the obligation to pay the lessor. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Subsequent lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment (applied to write down the lease liability), and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in SDOPS).

The asset is carried at current value and accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

Assets disposed of by way of finance leases are written out of the accounts like any other asset sale. A long term debtor is recognised for the capital receipt from the disposal. Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property, applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in SDOPS).

O*perating leases.*
Rentals paid under operating leases are charged to SDOPS as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even where this may not match the pattern of payments.

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 credits are made to SDOPS on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. where there is a premium paid at the commencement of the lease).

Non current assets held for sale
When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through continued use, the asset is reclassified as Held for Sale. This is when the asset is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets, and when the sale is highly probable (the appropriate level of management must be committed to the sale, and an active programme to locate a buyer for the asset at a fair value must have been initiated with the sale being expected to qualify for recognition as a completed sale within one year).

The asset is revalued immediately before reclassification, and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in SDOPS. Gains in fair value are recognised only up to the amount of any previous losses recognised in SDOPS.

Gains and losses on disposal are included under other operating expenditure, and any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Such charges are not permitted by statutory arrangements to have an impact on the General Fund Balance. Therefore these gains and losses are reversed out of the General Fund Balance in the MIRS, and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for any depreciation or revaluations that would have been recognised had they not been classified as Held for Sale), and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Private Finance Initiative
PFI contracts are agreements with private sector operators to construct or enhance property used to provide public services and to operate and maintain that property for a specified period of time. The operator is paid for its services over the period of the arrangement. Such arrangements are accounted for in line with IFRIC12 Service Concession Arrangements.

IFRIC12 specifies that properties used to provide services under PFI contracts should be recognised as an asset by whichever party exercises control over the property in terms of stipulating the services provided, and any residual interest. As the Council is deemed to control the services that are provided under its 5 school PFI scheme, and as ownership of the property, plant and equipment (other than for schools which convert to academies) will pass to the Council at the end of the contract for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

Assets and liabilities
The school buildings are recognised as assets of the Council together with a liability to pay future rentals. These assets are then treated like any other Council assets in accordance with the accounting policy for property, plant and equipment, i.e. they are subject to annual depreciation and regularly revalued so that the carrying amount included in the Balance Sheet is at current value. The liability is written down annually over the period of the contract by the amount of the unitary charge recognised for this purpose.

Comprehensive Income and Expenditure Statement entries
Each year, the Council pays the operator an agreed unitary charge for occupation of the premises and the service provided. This unitary charge is broken down into 3 parts based on the current value of the property involved and estimated service element costs. The current value of the property is the amount initially recognised on the Balance Sheet together with an offsetting liability. This is accounted for as a finance lease, with part of the unitary charge therefore being recognised as a repayment of the liability, and part being the associated interest cost based on the rate implicit in the lease. The rest of the unitary charge reflects the cost of the services provided.

Service costs are included within the net cost of services figure in SDOPS. Interest costs are included in the financing and investment income and expenditure line. The principal element is applied to write down the liability towards the PFI operator on the Balance Sheet.

In accordance with statutory requirements, revenue provision has to be made towards the reduction of the borrowing requirement relating to this transaction. In line with the Council’s policy for such provision, this charge is based on the asset life and, being written off over this longer period, is different from the amount notionally calculated as the principal repayment of the liability which is based on the (shorter) lease term.

The Council also receives an annual revenue grant towards the above costs. Grant equivalent to the interest charge is recognised as non specific grant income in SDOPS. All remaining grant is included in net cost of services.

Property, plant and equipment
Physical assets that are controlled or held on a continuing basis for use in the provision of services or for administrative purposes are classified as Property, Plant and Equipment (PPE).

Recognition
Expenditure in excess of £10k on the acquisition or creation of, or which adds to an asset 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 for periods in excess of one year, and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement
Capital expenditure is recognised initially at cost, comprising all expenditure that is directly attributable to bringing an asset into working condition for its intended use. All acquired and newly created assets, and assets which have had significant enhancement works completed during the year have been formally revalued. All other capital expenditure has been added to property, plant and equipment at cost until such time as the asset is revalued as part of the 5 year rolling programme.

Assets in major classes are reviewed each year to assess whether there are any indications of material change in value. Increases in valuations are recognised as unrealised gains in the revaluation reserve (or credited to SDOPS where they arise from the reversal of an impairment or revaluation loss previously charged to a service revenue account). Where decreases in value are identified, they are written down against any balance of revaluation gains for the asset in the Revaluation Reserve, and then to the relevant service line(s) in SDOPS.

Assets are assessed at each year-end for indications of material impairment. Where indications exist, impairment losses are recognised and accounted for in the same way as revaluation losses.

Assets are included in the Balance Sheet as follows: -

- Operational property, plant, and equipment have been included in the Balance Sheet at current value – a measurement reflecting the economic environment prevailing for the service or function the asset is supporting at the reporting date. Measurement bases include: -
    - Existing use value for assets providing service potential where an active market exists (e.g. offices)
    - Depreciated replacement cost for specialised properties for which no market evidence exists (e.g. schools and sports facilities);
    - Depreciated historical cost (as a proxy for current cost) for items of plant, vehicles and equipment which are short lived and of relatively low value, and for infrastructure assets (e.g. highways and bridges);
    - Historical cost for assets under construction and community assets (e.g. parks), but these are assessed for impairment and depreciated where appropriate.
    - Fair value for surplus assets. These are assets which are not currently operational, but which do not yet meet the criteria to be classed as held for sale or investment properties. Such assets might, for example, be currently held vacant pending future use. They are valued at highest and best use from a market participant’s perspective.

Depreciation
With the exceptions of land (unless it has a finite life), buildings under construction, and community assets (unless specifically appropriate), all items of property, plant and equipment are depreciated over their useful economic lives. Depreciation is calculated by writing off the valuation of the asset less estimated residual value over the useful life of the asset. Asset lives are provided by the valuers on an individual basis.

Where an item of Property, Plant and Equipment has a major component whose cost is significant in relation to the total cost of the item and whose asset life is significantly different from the life of the asset to which it is attached, the component is separately identified and depreciated.

Depreciation charges are made to service revenue accounts. However, under statute, the charge to be met by council taxpayers for property, plant and equipment is the minimum revenue provision. There are reversing entries within the MIRS taking out depreciation charges and replacing these with the minimum revenue provision. These entries are charged to the Capital Adjustment Account.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost, being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals
On disposal, the net book value of an asset is written off to the Other Operating Expenditure line in SDOPS, and the receipt is credited to the same line. This shows the gain or loss on disposal. Any remaining balances relating to the asset in the revaluation reserve are transferred to the capital adjustment account.

Since the costs of fixed assets have already been provided for under separate capital accounting arrangements, the costs of any write offs are not charges against council tax. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

Receipts in excess of £10k are categorised as capital receipts and are required to be credited to the usable capital receipts reserve. As these are credited in the first instance to SDOPS, receipts are appropriated to the reserve from the General Fund Balance in the MIRS. The usable capital receipts reserve can be used to redeem debt or finance capital expenditure.

The Council’s policy is to pool all capital receipts (unless specific application is made) and to reinvest them in the capital programme. Where the receipt arises from the sale of a revenue earning asset, a specific decision is taken as to whether or not to use that receipt to redeem debt (to minimise the impact of the sale on the revenue account) rather than reinvesting it in the capital programme.

Provisions
Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. Provision is also made where there are many similar obligations which in isolation depend on some future decision or judgment and would not therefore be considered a provision, but for which cumulatively there is evidence to suggest that a proportion of such obligations are likely to be settled and therefore a reliable estimate can be made. Provisions are charged as an expense to an appropriate revenue account or recognised as capital expenditure in the year in which the Council becomes aware of the obligation. All provisions are reviewed annually and adjusted to reflect the best estimate at the balance sheet date of the anticipated expenditure required

to settle the obligation. When expenditure is incurred to which the provision relates, it is charged to the provision carried in the Balance Sheet.

Impairment of assets
Assets are assessed at each year end for evidence of impairment to ensure that they are carried at no more than their recoverable amount. The main asset categories are assessed for impairment in line with the requirements of specific accounting standards for property, plant and equipment, and financial instruments.

- Property, plant and equipment (PPE) assets and heritage assets are assessed in accordance with the policy for accounting for PPE assets. Impairments are written off against any revaluation gains attributable to the relevant assets, with any excess being charged to the relevant service revenue account. Impairments of investment properties and held for sale assets are written off to specific lines within SDOPS.
- Financial assets are assessed annually for impairment in accordance with the policy for accounting for financial assets. Credit losses for anticipated cashflows being less than expected are recognised in the CIES.

Earmarked Reserves
Earmarked reserves are funds set aside at the discretion of either the Council or individual service departments for future policy purposes, contingencies, or to meet future items of revenue or capital expenditure. Reserves are created by appropriating amounts out of General Fund balances in the MIRS and so count against council tax when set aside. Expenditure funded from reserves is charged directly in the year it is incurred to service revenue accounts in SDOPS. The reserve is then appropriated back into the General Fund balance in the MIRS so that there is then no net charge against council tax for the expenditure.

Certain reserves are kept to manage the differences in timing between statutory recognition and the accounting treatment of non-current assets, financial instruments, retirement and employee benefits. These are not usable resources for the Council.

Revenue expenditure financed by capital under statute (REFCUS)
REFCUS is expenditure on assets not owned by the Council but which is allowed to be capitalised under statutory provisions. It does not give rise to assets which can be controlled by the Council. Examples include grants given to third parties for capital purposes, expenditure on private sector housing renewal, or on schools not in Council ownership. There is no on-going controlling benefit to the Council of such expenditure, and so it is charged to the relevant service line in SDOPS within the year.

As this expenditure can be met from capital resources or by borrowing, a transfer in the MIRS from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so that there is no impact on the level of council tax.

Schools
Where the balance of control of maintained schools is adjudged to lie with the Council, the school buildings are deemed to be those of the Council and accounted for like other Council held fixed assets. The Code stipulates that the other assets, liabilities, reserves and cash flows of all maintained schools are recognised not in group accounts but in the Council's single entity accounts, as if they were the transactions, cash flows and balances of the Council.

Value Added Tax
Income and expenditure are reported exclusive of VAT as all VAT collected is payable to HM Revenue and Customs, and all VAT paid is recoverable from them. VAT is therefore only included in service income and expenditure to the extent that it is irrecoverable, or has been recovered retrospectively from amounts paid over in previous years.

The Collection Fund

This account reflects the statutory requirements for billing authorities to maintain a separate collection fund to account for the income from council tax and business rates. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to the Council (including parish councils), the Police and Crime Commissioner for West Yorkshire, the West Yorkshire Fire and Rescue Authority and Central Government**.** The balance on this fund is shared between the Council, the Government and the other preceptors. That element due to the Council is incorporated into the Council's Balance Sheet in the Collection Fund Adjustment Account. The balance due to/from the Government and other preceptors is included in creditors and debtors.

Council Tax £'000	Business Rates £'000	**2018/19 £'000**	**COLLECTION FUND**	**2019/20 £'000**	Council Tax £'000	Business Rates £'000
			INCOME			
104,745		104,745	Billed to Council Taxpayers	110,774	110,774	
		0	Business rates transitional relief received	0		
	58,009	58,009	Non-Domestic Rates income (net of interest on refunds)	57,367		57,367
	1,212	1,212	Contributions towards previous year's collection fund deficit	0		0
104,745	**59,221**	**163,966**	**TOTAL INCOME**	**168,141**	**110,774**	**57,367**
			EXPENDITURE			
			Precepts and Demands			
88,549	53,512	142,061	Calderdale Metropolitan Borough Council	132,248	92,905	39,343
9,918		9,918	Police and Crime Commissioner for West Yorkshire	11,590	11,590	
3,817	540	4,357	West Yorkshire Fire & Rescue Authority	4,536	4,004	532
		156,336		148,374		
			Business Rates			
	0	0	Payment to Government	13,292		13,292
	0	0	Business rates transitional relief paid over	276		276
	209	209	Disregarded business rate income due to renewable energy	720		720
	350	350	Cost of Collection	349		349
		559		14,637		
			Impairment of debts and appeals			
552	-3	549	Write offs of uncollectable amounts	547	547	0
603	846	1,449	Allowance for impairment of collectable amounts	1,724	919	805
	2,332	2,332	Allowance for losses on appeal	-256		-256
		4,330		2,015		
			Contributions			
1,814	0	1,814	From previous year's collection fund surplus	3,884	1,685	2,199
105,253	**57,786**	**163,039**	**TOTAL EXPENDITURE**	**168,910**	**111,650**	**57,260**
-508	1,435	**927**	**MOVEMENT ON FUND BALANCE IN YEAR**	**-769**	-876	107
2,530	1,933	**4,463**	**OPENING FUND SURPLUS / (DEFICIT) AT 1ST APRIL**	**5,390**	2,022	3,368
2,022	3,368	**5,390**	**CLOSING FUND SURPLUS / (DEFICIT) AT 31ST MARCH**	**4,621**	1,146	3,475

Notes to the Collection Fund

1. Business Rates

Income from business rates 2019/20

Under statutory arrangements business rates, based on a rate poundage determined nationally by the Government and applied to rateable values determined by Revenue and Customs, are collected locally by the Council. The rate specified by the Government for 2019/20 was 50.4p (49.1p for small businesses). In 2019/20, the gross amount collectable net of refunds was £57.367m, based on a non domestic rateable value at the 31st March 2020 of £160,952,566.

In 2019/20 the Council, as part of North and West Yorkshire Pool, was selected as a 75% business rates retention pilot. Under the 2019/20 pilot scheme, business rates income is shared between Calderdale (74%), the West Yorkshire Fire and Rescue Authority (1%) and Central Government (25%). The total business rate shares of £53.167m payable in 2019/20 are estimated before the start of the year. The Council shares directly in the risks and benefits of business rate collection. There is a general risk of non-collection for which there is a provision of £5.169m. There are also potential losses on appeal which is estimated at £9.322m for appeals as at 31st March 2020. The Council accounts for its proportionate share (74%) of these balances.

Business Rates surplus as at 31st March 2020

At the year end, the business rates collection fund can be in surplus or deficit dependent on collection rates or the level of revaluations etc. At the 31st March 2020, business rates within the Collection Fund had a surplus of £3.475m. In 2019/20 the Council, as part of a 75% business rates retention pilot, will retain 74% of the business rates surplus for that year. Central Government will retain 25% and the West Yorkshire Fire and Rescue Authority will retain 1%. The surplus will be released from the collection fund in line with Government regulations during 2020/21 with any outstanding balance being released during 2021/22. The Council’s share of the business rates surplus, £2.795m, is included on the Balance Sheet in the collection fund adjustment account.

From 1st April 2020, the Council will be part of a 50% business rates pool meaning that any surplus or deficit relating to 2020/21 will be shared proportionately between the Council (49%), Central Government (50%) and the West Yorkshire Fire and Rescue Authority (1%).

2. Council Tax

Council Tax surplus at 31st March 2020

The Council and the other precepting authorities (Police and Crime Commissioner for West Yorkshire and the West Yorkshire Fire and Rescue Authority) draw on the Collection Fund to finance their net revenue expenditure. At the year end, the Collection Fund can be in surplus or deficit dependent on collection rates or the level of revaluations etc. At the 31st March 2020, the Collection Fund had a surplus of £1.146m. This surplus is shared proportionately between the precepting authorities. The Council’s share of this surplus, £0.981m, is included on the Balance Sheet in the collection fund adjustment account.

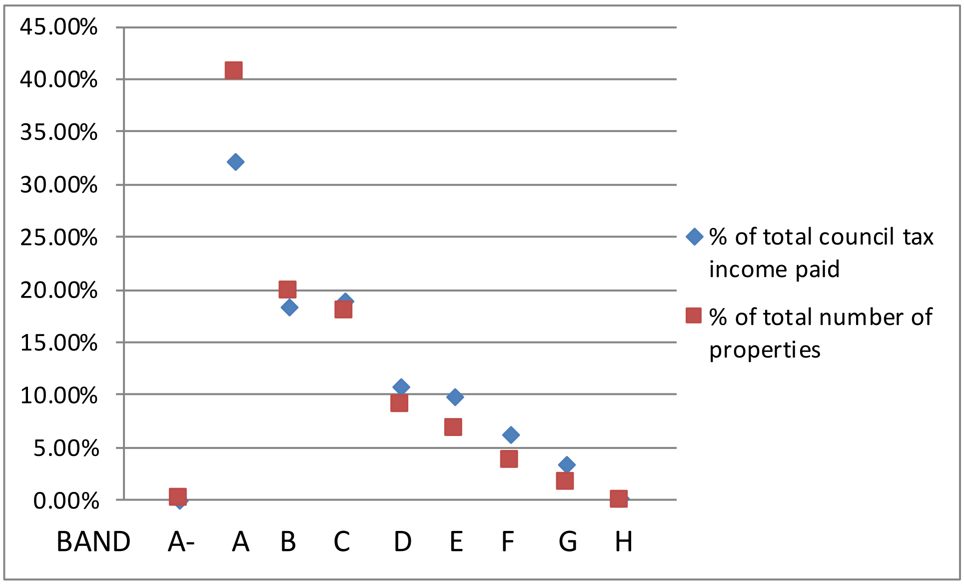
Calculation of Council Tax Base 2019/20

In accordance with Section 67(2) of the Local Government Finance Act 1992, the Council Tax base was approved by the Council on 14th January 2019. The amount calculated as Calderdale's Council Tax base for 2019/20 (allowing for a 98% collection rate), was as follows:-

Council Tax Band	Number of dwellings*	Proportion of band D tax	Band D equivalent
A-	65.50	5/9	36.39
A	30,560.75	6/9	20,373.83
B	14,960.50	7/9	11,635.94
C	13,455.75	8/9	11,960.67
D	6,838.25	9/9	6,838.25
E	5,112.00	11/9	6,248.00
F	2,759.25	13/9	3,985.58
G	1,261.75	15/9	2,102.92
H	38.75	18/9	77.50
	75,052.50		63,259.08
Less allowance for non-collection			-1,265.18
Council tax base - band D equivalent			**61,993.90**

** The number of dwellings adjusted for discounts and exemptions such as single person discount and council tax support.*

The following graph shows the proportion of total properties in each bracket, and the proportion of overall council tax payable by those properties.



The total Council Tax requirement in 2019/20 (including Parishes, Police and Fire Authorities) was £108.499m. The Council Tax at band D equivalent was set at £1,750.15 for 2 adults and £1,312.61 for one adult.

Bad Debts Provision

The total bad debt provision for Council Tax as at 31 March 2020 was £6.797m (£5.878m in 2019).

3. Payments to precepting bodies

The Collection Fund made the following payments during the year:-

Precept 2018/19 £m	Share of surplus / (deficit) £m	Payments made £m	Payments made to Government / precepting bodies	Precept 2019/20 £m	Share of surplus / (deficit) £m	Payments made £m
			Council Tax			
88.549	1.571	90.120	Calderdale MBC	92.905	1.459	94.364
9.918	0.173	10.091	Police and Crime Commissioner for West Yorkshire	11.590	0.163	11.753
3.817	0.070	3.887	West Yorkshire Fire and Rescue Authority	4.004	0.063	4.067
102.284	**1.814**	**104.098**		**108.499**	**1.685**	**110.184**
			Business Rates			
53.512	-0.594	52.918	Calderdale MBC	39.343	0.604	39.947
	-0.606	-0.606	Central Government	13.292	1.573	14.865
0.540	-0.012	0.528	West Yorkshire Fire and Rescue Authority	0.532	0.022	0.554
54.052	**-1.212**	**52.840**		**53.167**	**2.199**	**55.366**

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities.

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets;
- approve the statement of accounts.

The Head of Finance's responsibilities.

The Head of Finance is responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the Code.

In preparing this statement of accounts, the Head of Finance has:

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

The Head of Finance has also:

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

Certification of Accounts:

I certify that the Statement of Accounts presents a true and fair view of the position of Calderdale Metropolitan Borough Council as at the 31st March 2020 and its income and expenditure for the year then ended.

N Broadbent CPFA
Head of Finance

19th November 2020

I confirm that these accounts were approved by the Audit Committee on the 19th November 2020. Signed by the chair of the meeting on behalf of Calderdale Metropolitan Borough Council.

Cllr S Baines
Chair of Audit Committee.

19th November 2020

Independent auditor's report to the members of Calderdale Metropolitan Borough Council

Opinion

We have audited the financial statements of Calderdale Metropolitan Borough Council for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement
- Related notes 1 to 32
- Collection Fund and the related notes 1 to 3

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
In our opinion the financial statements:

- give a true and fair view of the financial position of Calderdale Metropolitan Borough Council as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the [authority/group] in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Head of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Statement of Accounts for the year ended 31 March 2020 set out on pages 3 to 17, other than the financial statements and our auditor's report thereon. The Head of Finance is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of Resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, Calderdale Metropolitan Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the Head of Finance
As explained more fully in the Statement of the Head of Finance's Responsibilities set out on page 87, the Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Head of Finance is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Calderdale Metropolitan Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Calderdale Metropolitan Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Calderdale Metropolitan Borough Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Calderdale Metropolitan Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Calderdale Metropolitan Borough Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hassan Rohimun (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Manchester

31 March 2021

Glossary

Accounting Policies The principles, bases, conventions, rules and practices applied to specify how the effects of transactions and other events are to be reflected in the financial statements through recognising, measuring and presenting assets, liabilities, gains, losses and changes to reserves.

Accruals The concept that income and expenditure is accounted for as earned or incurred, not as money received or paid.

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

a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
b) the actuarial assumptions (financial and demographic) have changed.

Balances The accumulated surplus on the Council's General Fund.

Capital Expenditure Expenditure on the acquisition or creation of a fixed asset, or expenditure which adds to and does not merely maintain the value of an existing asset.

Capital Receipts Proceeds from the sale of capital assets such as land and buildings. Such receipts can be used to repay debt or to finance new capital expenditure.

Cash and cash equivalents Cash, deposits or investments readily convertible to known amounts with no risk of change in value or penalty charge.

Collection Fund A statutory account maintained by the Council to account separately for the collection and distribution of council tax and non domestic rates. The Government, the Police and Crime Commissioner for West Yorkshire, the West Yorkshire Fire and Rescue Authority and the Council's General Fund can all make demands upon this fund to help pay for running their services throughout the year. Any surpluses or deficits on this fund are borne in prescribed shares by the Government and the 3 precepting authorities.

Community Assets These are assets that the Council intends to hold forever and which have an indeterminable useful life. There may be restrictions on their disposal. Examples include parks and cemetery land.

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

Constructive Obligation An obligation that derives from a Council's actions where:

a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the Council has indicated to other parties that it will accept certain responsibilities; and
b) as a result, the Council has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Contingent Liability A condition that exists at the balance sheet date which may arise in the future dependent on the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Council.

Council Tax This is a banded property tax that is levied on domestic properties throughout the Borough. The banding is based on estimated property values as at 1st April 1991.

Creditors An amount owed by the Council for work done, goods received or services rendered, but for which payment has not been made at the end of the year.

Current Service Cost (Pensions) For a defined benefit scheme, the value of the pension benefits earned by active employees in the period, net of the contributions paid by employees in respect of those benefits.

Current Value The basis for valuing operational fixed assets. The valuation recognises service potential and the economic environment prevailing for that service at the measurement date. Current value measurement bases include existing use, depreciated replacement cost and depreciated historical cost.

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

a) termination of employees' services earlier than expected, for example as a result of discontinuing a service activity; and
b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Debtors Sums of money owed to the Council but not received at the end of the year.

Defined Benefit Scheme A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation A charge to service revenue accounts reflecting the wearing out, consumption, or other reduction in the economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Discretionary Benefits Retirement benefits awarded at the discretion of the Council and which there are no legal, contractual or constructive obligations to pay.

Earmarked Reserve A sum set aside for a specific purpose to meet expected future expenditure.

Expected Credit Loss For a financial asset, the prospect that the net present value of expected cashflows will not match the net present value of contractual cashflows. This difference is the lifetime expected credit loss. When multiplied by the probability of the default occurring within the next 12 months, this equals the twelve month expected credit loss. Financial assets are impaired by these amounts as appropriate.

Fair Value The price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date.

Finance Lease A method of acquiring or disposing of fixed assets where under the lease agreement all the risks and rewards of ownership of a fixed asset are substantially transferred to the occupier in return for rental payments to the legal owner of the asset.

Financial Asset A financial instrument such as bank deposits, investments, trade debtors and other receivables.

Financial Instrument A contract giving rise to a financial asset in one entity, and a financial liability or equity instrument in another.

Financial Liability A financial instrument such as borrowings, bank overdraft, financial guarantees, trade creditors and other payables.

General Fund The total services of the Council (except for the Collection Fund), the net cost of which is met by council tax, retained business rates and Government grants.

Government Grants Specific assistance by Government and inter-government agencies and similar bodies in the form of cash or transfers of assets to a Council. Sometimes, there is expected to be compliance with certain conditions relating to the activities of the Council but many grants provided are "general" rather than service specific, and are used to help pay for the net cost of Council services generally.

Gross Book Value For assets valued at current value, the current value determined by the valuer in line with valuation principles excluding any provision made for cumulative depreciation. For assets valued at historical cost, the historical cost of those assets excluding any provision made for cumulative depreciation.

Held for sale assets A held for sale asset is an asset available for immediate sale with an active programme to locate a buyer for the asset, being actively marketed for sale at a reasonable price in relation to its fair value, and for which a sale is highly probable.

Heritage Assets Heritage assets are those assets held for their historical, artistic, scientific, technological, geophysical or environmental qualities and are held and maintained for future generations for their contribution to knowledge and culture rather than for any operational benefit. They include historical buildings, decorative structures, civic regalia, museum collections and works of art.

Impairment A reduction in the value of a fixed asset below its carrying amount on the Balance Sheet.

Infrastructure Assets These are assets such as highways, footpaths, bridges and drainage facilities. Benefit can be obtained only by continued use of the asset created.

Interest on the net defined pension liability For a defined benefit scheme, a charge based on the net liability of the scheme multiplied by the discount rate at the start of the period. It reflects the net effect of the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement, and an amount for interest earned on fund assets.

International Financial Reporting Standards (IFRS) International Financial Reporting Standards are accounting standards developed by the International Accounting Standards Board (IASB) to promote a single set of high quality global accounting standards.

Investment Properties Properties held solely to earn rentals or for capital appreciation, and not used to provide services or for administrative purposes.

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

Liquid Resources Current asset investments that are readily disposable by the Council without disrupting its business and are either of fixed, short term duration readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

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

Minimum Revenue Provision This is the minimum amount chargeable under statutory regulations each year to the Council's revenue account to provide for the repayment of loans used to finance capital expenditure.

Net Book Value The amount at which fixed assets are included in the Balance Sheet, i.e. their current value or historical cost less the cumulative amounts provided for depreciation.

Net Current Replacement Cost The cost of replacing or recreating an asset in its existing condition and in its existing use.

Net Realisable Value The open market value of an asset in its existing use less any expenses incurred in realising the asset.

Non-Domestic Rates These are often referred to as business rates. An NDR poundage is set annually by the Government to be levied on the defined rateable value of business properties determined by the Valuation Agency Office. This is the sum to be collected by local authorities and shared with the fire authority and Central Government after deduction of specific costs. These transactions are accounted for within the Collection Fund. The Council draws down from this fund an amount specified at the start of the year.

Operating Lease An agreement in which the use of an asset is derived in exchange for rental payments, but where the risks and rewards of ownership are not substantially all transferred.

Past Service Cost For a defined benefit 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 changes to, retirement benefits.

Precept The payment demanded from the Collection Fund by the Police and Crime Commissioner for West Yorkshire, the West Yorkshire Fire and Rescue Authority and the Council's General Fund in relation to council tax. It is collected and distributed on behalf of all precepting authorities by the Council. These transactions are accounted for within the Collection Fund.

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

Private Finance Initiative (PFI) A Government initiative which enables authorities to carry out capital projects through partnership with the private sector, which then typically operates and maintains the property for a specified period of time in return for annual "unitary charge" payments.

Projected Unit Method An accrued valuation method in which pension scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to;

a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
b) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Property, Plant and Equipment These are fixed assets such as land, buildings, and vehicles which yield benefits to the Council for more than one year and which are controlled, held, occupied, used or consumed in the direct delivery or administration of those services for which the Council has responsibility.

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

Public Works Loan Board This is a Government agency that provides loans to authorities at favourable rates. The Council can borrow from this source to fund its borrowing requirements.

REFCUS (Revenue Expenditure Funded from Capital Under Statute) Expenditure that is properly capitalised but does not result in, or remain matched with, assets of the Council. Examples of refcus are expenditure on items such as grants for home adaptations or to businesses or other third parties for capital works.

Remeasurement of net defined liability (pensions) The movement in the value of the liabilities and assets of a defined benefit pension scheme due to gains and losses derived by actuarial revision of assumptions, and actual experience differing from previous actuarial assumptions made. These actuarial gains and losses are included in other comprehensive income and expenditure.

Remuneration All sums paid to or receivable by an employee, and sums due by way of expenses allowances (as far as these 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.

Residual Value The net realisable value of an asset at the end of its useful life. Residual values are based on current prices prevailing at the balance sheet date taking into account the expected age and condition at the end of the asset's 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. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue Expenditure The day to day running costs incurred in providing Council services (e.g. employee costs, supplies and services).

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

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

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

Surplus Assets These are assets that are not directly occupied, used or consumed in the delivery of services, or held specifically to earn rental income or for capital appreciation, and which do not meet the criteria to be classed as held for sale or investment properties. Examples include land of indeterminate use.

Useful Life The period over which the Council will derive benefits from the use of a fixed asset.

Vested Rights In relation to a defined benefit scheme, these are: -

a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;
b) for deferred pensioners, their preserved benefits;
c) for pensioners, pensions to which they are entitled.

Vested rights include, where appropriate, the related benefits for spouses or other dependants.