



City of  
**Stoke-on-Trent**

# Statement of Accounts 2020/21

The Statement of Accounts for Stoke-on-Trent City Council for the year ended 31 March 2021 has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (“the Code”) issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Board.

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# 1.1 Narrative Statement

## Welcome to the Statement of Accounts for Stoke-on-Trent City Council for the Financial Year 2020/21.

The accounts provide a true and fair view of the financial performance of the City Council in delivery of services to the citizens of **Stoke-on-Trent**. It also summarises the overall financial position of the City Council for the year ended 31 March 2021. The accounts and accompanying documents are subject to an external independent audit by Ernst & Young LLP and their opinion forms part of this document.

### Background

Stoke-on-Trent is a city and unitary authority area in Staffordshire, England with an area of 36 square miles. The City Council provides key public services to a population of around 256,000 residents. Stoke-on-Trent is polycentric, having been formed by the federation of six towns in 1910. It took its name from **Stoke** where the main centre of government and the principal railway station in the district were located. **Hanley** is the primary commercial centre. The other four towns are **Burslem, Tunstall, Longton** and **Fenton**. Stoke-on-Trent is made up of residential, industrial and commercial land and property. Unusually for a mainly urban area there is a significant amounts of green space.

Affectionately known as '**The Potteries**', Stoke-on-Trent has a proud industrial heritage but along with many towns and cities, the industries on which the wealth of the area was built are changing. Regeneration, both in terms of employment opportunities and physical redevelopment, is recognised as being very important to the future prosperity of the city.

Stoke-on-Trent City Council is a multifunctional and complex organisation. It's policies are directed by the political leadership and implemented by the officers of the council.

### Political Structure

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

The Cabinet is the part of the council which is responsible for decisions made within the constitution approved by Full Council. The Cabinet is made up of the Leader and up to 9 other members appointed by the Leader.

## 1.1 Narrative Statement (continued)

### **Political Structure**

The City Council is comprised of 44 councillors. They are elected in a mixture of single and multi-member wards (31 single member wards, five two member wards and one three member ward).

The political make up of the council at the 31 March 2021 is shown below:

- Conservative Group - 19
- Labour Group - 14
- City Independents - 6
- Independent - 5

### **Management Structure**

Supporting the work of the elected members is the council's most senior level officers. During 2020/21 the team was as follows:

- City Director
- Director - Adult Social Care, Health Integration & Wellbeing
- Director - Children & Family Services
- Director - Housing, Development & Growth
- Director - Strategy & Resources (Section 151 Officer)
- Assistant Director - Governance & Registration

## 1.1 Narrative Statement (continued)

### **Stronger Together - Working together to create a stronger city we can all be proud of**

The Stronger Together Strategic Plan 2020-24 sets out the strategic vision and priorities for Stoke-on-Trent City Council and the wider city. The strategic plan has been shaped by the political ambition of the City Council's leadership, as well as the values and aims of the organisation. As such, it is as much a corporate plan for the council's directorates and teams as it is a strategic blueprint for improving Stoke-on-Trent as a city.

Whilst in the short term the corona virus pandemic has had a significant impact on service delivery, our longer term vision and priorities remain unchanged.

### **Our Vision for our City**

This strategic plan delivers a clear vision up to 2024. For our city and its residents to achieve their full potential, we need to focus on the outcomes that we want to change and how we are going to achieve this crucial transformation. This includes continuing to look for better ways to deliver our services, and considering whether some of the things we do might be better done by others. As a City Council, we will continue to work with local, regional and national partners to get the very best for our city, and to make it a city we can all be proud of.

Our young people are the future of the city; we need to ensure they have the best possible start in life as well as access to every opportunity open to them as they grow. We will continue to invest in children, delivering our improvement plan for children's social care, raising educational attainment levels and ensuring our schools enable all of our young people to achieve their potential. We are also focused on creating and sustaining a successful economy, leading on regeneration, investing in diversification of the housing market and creating the conditions for businesses to grow and thrive. This investment will drive employment growth, push wages up and increase prosperity for our residents and communities.

### **Measuring Success**

Stronger Together is about where Stoke-on-Trent needs to get to as a city, and the route this transformative journey will take. This strategic plan describes the destination that we will arrive at by 2024 and will provide a realistic yet ambitious roadmap to take us there. Outcomes are at the centre of our vision and they will define our progress and provide the focus for our combined efforts over the next four years. The City Council has developed a suite of performance measures to complement the strategic plan. The strategic measures provide vital clarity about where we are going as a council and a city. They demonstrate to our residents, partners and other stakeholders that our city is overcoming its challenges, seizing new opportunities and on the way to becoming stronger than ever.

## 1.1 Narrative Statement (continued)

### Response to COVID-19

The financial year 2020/21 has been unlike any other year. The ongoing COVID-19 pandemic spread to the United Kingdom in early 2020. A public health campaign was immediately launched to help slow the spread of the virus. On 20 March 2020 the government shut all schools and a full lockdown was imposed on 23 March 2020. All non-essential travel and contact with people outside the household was enforced, and many businesses were forced to close.

As the council is a category one responder to the crisis it took immediate steps to trigger contingency plans and, in conjunction with government guidelines, quickly assess which services should be suspended, retained and strengthened.

The Council had to adapt to evolving events as the country moved in and out of lockdown and various tiered restrictions. It required flexibility and adaptability to respond to an ever changing national and local scene. A governance structure was implemented utilising a Gold and Silver Command operating structure, enabling quick responses, decision making and management of the challenges faced. The response required from each of the Councils service areas was different but nonetheless important.

### Adult Social Care

The enablement team have worked tirelessly to keep vulnerable adults safe in their homes including the purchase and distribution of essential food supplies as well as continuing to provide personal care.

Adult social care teams increased their work to up to 15 hours a day, 7 days a week to support hospital discharges and relocations to free up bed space but continue to provide on-going care and support to those that need it. We were pro-active in our work to ensure measures were in place to help prevent the spread of Covid-19 and to ensure personal protective equipment was available.

The Council provided support to all Care Providers, distributing funding for Care Homes from the Infection Control Fund from Government, as well as funding to Care Homes and Domiciliary Care Companies to improve the way that positive residents could be isolated, restrict movement of staff from one Home to another, pay full wages to staff off sick with Covid positive diagnosis and a number of other schemes to reduce infection.

As well as national food parcels and other similar support, the Council created a comprehensive database of vulnerable residents and have maintained contact throughout the pandemic depending on level of need. Some people have been phoned weekly and others less often. In total we have made over 100,000 telephone calls and carried out many welfare visits to check on vulnerable residents.

## 1.1 Narrative Statement (continued)

The government dropped provisions in the Coronavirus Act 2020 that allowed councils to suspend parts of the Care Act 2014 (easement) from 25 March 2021 so our fortnightly considerations on whether we have used easements have ended. Where people have changed their support arrangements during Covid we will be reviewing their needs and working with people and their families on plans moving forwards.

We have been ensuring vaccinations have been supplied to social care frontline staff in line with the government guidelines and almost all eligible frontline social care staff have now received both doses of the vaccination. We have promoted the take up of the vaccination in all eligible cohorts with a clear message that the vaccine remains the best defence against the virus and will help us to return to a sense of normality. However, it is possible that people can still catch and transmit the virus but may be asymptomatic or experience milder symptoms.

There has been intensive work with the wider urgent care system to support the hospital through unprecedented pressures over the last year, with additional staff managing the discharge process seven days a week, 8am to 8pm. This has remained in place as, whilst the number of people with Covid in the hospital has thankfully reduced, the demand on the hospital is rising with non Covid patients requiring support upon discharge.

### **Schools**

Schools reached the end of the Summer Term having opened more widely in line with Government guidelines from 1 June. Strict distancing measures have been used on school sites and the creation of 'bubbles' of pupils has helped contain the potential impact of any outbreak.

By the end of term, over 5,000 pupils were attending schools daily throughout the city, largely in the specified year groups or because they were classified as either vulnerable children or children of key workers. Throughout the response process, the numbers of vulnerable children supported in schools increased.

Additional support continued for vulnerable families, though over the school holidays this was mainly from the community sector. The free school meals scheme continued over the summer school break, with schools having already distributed the six-week vouchers to eligible families.

The new year saw schools continuing to follow strict social distancing measures throughout the school day, from morning drop-offs, during curriculum delivery, access to site visitors, provision of school lunches, to wraparound and close-of-day arrangements. Schools were encouraged to update risk assessments to reflect any changes, particularly as alert levels have been changed. This approach served to maintain access to education provision in the city and schools have largely been able to stay open. The number of cases had started to rise prior to autumn half-term and, following a brief dip after half-term, has now risen to those former levels.

Testing is fully developed in schools and vaccinations have been made available to special school staff whilst all schools have three slots reserved for staff working with extremely clinically vulnerable young people.



## 1.1 Narrative Statement (continued)

The quality of remote learning has improved significantly over the last 12 months with staff and pupils more confident in their use of the technology. This has helped minimise the impact of classes being unable to attend due to COVID. New systems for assessment and measuring levels of engagement are being used. Further work has been started on assessment and transition for September.

### Exams 2021

As previously reported, the Department for Education and Ofqual have published guidance to ensure that students receive GCSEs, AS and A levels based on teacher assessments of the students performance across the whole course.

### Holiday Activity Fund and Summer Schools Programme

The Holiday Activity Fund was successfully trialled during the Easter holidays with over 4,500 children and young people attending sessions. A procurement exercise will be completed by the end of May to identify a partner to help to provide a much higher level of activity in the summer holidays. All schools have received additional funding to run their own sessions for one or two weeks in the summer alongside the HAF programme with a particular focus on Year 6 pupils transferring to secondary schools in September.

### Homelessness

The Council initially supported 152 households in temporary accommodation. Only 17 of these were placed prior to the Coronavirus outbreak and the Government's Everyone In programme.

Following MHCLG's announcement of the Next Steps Accommodation Programme (NSAP) in July and amendments to Homelessness Guidance giving additional priority need to individuals who are clinically vulnerable or suffering from Coronavirus, the Council ended its blanket offer of accommodation under 'Everyone In' for all households on 12 August 2020. Individuals placed under the scheme continued to receive support and by the end of October the vast majority had moved on to long term sustainable accommodation. In total the Council offered accommodation to more than 300 individuals under this scheme, 80% of whom have been supported out of rough sleeping.

The Council continues to provide an offer of accommodation for any individual sleeping rough in the city funded from an "uplift" of Rough Sleeper Initiative funding from MHCLG aimed at ensuring accommodation continues to be provided for at least the first three months of 2021/22.

Strong partnership working between the Council and colleagues in health have resulted in vaccinations being rolled out in homeless settings well in advance of updated guidance from the Department of Health and Social Care. Second vaccines starting being delivered on 4 May, following 158 first vaccinations being delivered to people sleeping rough or in homeless settings.

## 1.1 Narrative Statement (continued)

### Service Continuity

The national lockdown exit plan and the next steps have been produced and approved by Silver Command and the Recovery Co-ordination Group. There is a gradual phased re-opening of services in line with Government guidelines. The plan is fluid, flexible and data driven.

### Grants and Relief

The Small Business and Retail and Hospitality grants administered from March to August 2020 supported over 4,600 businesses across the city and provided funding totalling £52.7m. Further funding has been allocated to local authorities to support businesses over the coming period with four more grants: The total payments for the following grants to February is £16,563,742.72 and has assisted in excess of 9000 businesses:

- Local Restrictions Support Grant (OPEN) – Discretionary scheme in relation to the period the City Council were subject to Tier 2 and Tier 3 restrictions. This is aimed at hospitality, accommodation and leisure businesses. This scheme ceases to apply during Tier 4 or National Restriction periods;
- Local Restrictions Support Grant (CLOSED) – Mandatory scheme for all businesses that have been mandated to close during periods of National Restrictions and also the period the City Council were subject to Tier 3 and Tier 4 restrictions;
- Additional Restrictions Grants (ARG) – Discretionary Scheme – to assist businesses such as those outside of the business rates system, such as those in shared spaces and market traders;
- Local Restrictions Support Grant (Sector) – Mandatory scheme for those businesses that have been unable to open since 23 March 2020, such as nightclubs. This scheme ceases to apply during Tier 4 or National Restriction periods;
- Christmas Support Payment – Mandatory scheme for wet led pubs. This is a one off grant of £1000 to cover the month of December;
- Closed business lockdown payment – mandatory scheme for all businesses mandated to close during the national restriction period which commenced on 5 January 2021.

### Recovery

Where possible staff are continuing to work from home. Where this is not possible and individuals have to work in offices they remain in their existing buildings / locations and work bubbles to prevent the transfer of Covid-19. Every team has been approached to provide staff to support the Stoke-on-Trent Together and the Covid-19 work. If the need arises, staff from the low impact services can be redeployed to support / assist with the high impact services first, followed by the medium impact.

## 1.1 Narrative Statement (continued)

The Recovery Board continues to meet regularly, chaired by the Leader of the Council. As well as the work on service recovery, the focus is on economic and social recovery.

The key areas of work with respect to economic recovery are:

- direct support to businesses
- safely opening up our retail and hospitality sectors
- support for our high streets
- employment and skills requirements
- supporting the restart of events attended by the public
- attracting people to visit the city's many amenities.

The key areas of work with respect to social recovery are:

- addressing hardship and providing welfare
- health and wellbeing, including impact of long Covid and bereavement
- children and young people
- strengthening the voluntary and community sector.

### **Resources**

Dealing with Coronavirus continues to place a significant additional financial burden on the City Council. Based on the provisional outturn the total income and expenditure pressures faced in 2020/21 have been circa £26m. If the impact of the collection fund deficit which will be felt in the following year, in terms of council tax and business rates are factored in, this increases the pressure facing the City Council to approximately £30m.

During 2020/21 the government provided a number of COVID grants to assist the city council throughout the pandemic including: general support; support for sales, fees and charges; and a number of specific grants for example, Test and Trace, Infection Control, and Contain Outbreak Management.

The uncertainty of the future covid impact on resources and associated support from Government continues to pose a risk to council finances in terms of the length of the 'tail' of the pandemic. In order to mitigate this to an extent, the council imposed strict budget management during the year and ensured COVID expenditure was fully identified against specific grants to give the city council a greater flexibility for the future. This successful approach has enabled money to be set aside in an earmarked reserve to cover future risks resulting from uncertainty of covid pressures, in addition to what was considered during the budget development for 2021/22.

## 1.1 Narrative Statement (continued)

### Financial Overview 2020/21

The city council has worked hard to manage its financial position during this period and has endeavoured to make the best use of the resources available in responding to the Covid pandemic and supporting the city and its residents through this difficult period. This has included redeploying staff where required and allocating appropriate expenditure against the various Covid grants received from Government as previously mentioned. This careful management of our resources and coordinated response has resulted in a positive outturn position, which has enabled a number of earmarked strategic reserves to be created that will help to safeguard the city council's financial resilience.

However, whilst this outturn position has been positive, the underlying financial position of the council remains hugely challenging and the city council and wider local government will need to continue to take difficult decisions in relation to these financial challenges. Significant uncertainty remains in relation to the continued response and recovery to pandemic, the impact this will have on the wider economy and local government finances, and our underlying business as usual service pressures that existed pre-Covid.

Despite the financial challenges being faced, risks in the main, continue to be managed and plans will continue to be monitored to ensure the impact on future years is minimised. The Financial Review Group meets on a regular basis to monitor, update forecasts and manage the related financial implications.

<b>Directorate</b>	<b>Budget (gross) £m</b>	<b>Budget (income) £m</b>	<b>Budget (net) £m</b>	<b>Final Outturn £m</b>
Children and Family Services	172.968	(106.105)	66.863	<b>75.781</b>
ASC, Health Intergration and Wellbeing	156.147	(78.065)	78.082	<b>83.838</b>
Housing, Development & Growth	87.807	(62.729)	25.078	<b>31.700</b>
City Director	0.773	(0.108)	0.665	<b>0.645</b>
Strategy & Resources	40.586	(13.312)	27.274	<b>24.639</b>
Non-Departmental	98.878	(69.002)	29.876	<b>26.562</b>
<b>General Fund Services</b>	<b>557.159</b>	<b>(329.321)</b>	<b>227.838</b>	<b>243.165</b>
General Fund Funding	-	(225.679)	(225.679)	<b>(224.923)</b>
Capital Receipts	-	(3.501)	(3.501)	<b>(3.501)</b>
COVID-19 Grant	-	-	-	<b>(32.420)</b>
Budgeted contribution to GF Reserve	1.342	-	1.342	<b>1.342</b>
Transfer to Earmarked Reserves	-	-	-	<b>16.337</b>
<b>General Fund Total</b>	<b>558.501</b>	<b>(558.501)</b>	<b>(0.000)</b>	<b>-</b>
Dedicated Schools Grant	79.559	(79.559)	-	<b>-</b>
Housing Revenue Account	67.021	(67.021)	-	<b>0.668</b>
<b>Total Net Outturn</b>	<b>705.081</b>	<b>(705.081)</b>	<b>(0.000)</b>	<b>0.668</b>

## 1.1 Narrative Statement (continued)

### Financial Overview 2020/21

The General Fund Revenue Account has a net expenditure budget of £229.1 million (gross expenditure £558.5 million; gross income £329.3 million). As at the end of March 2021, there was an underspend of £16.3 million which has been transferred to three strategic earmarked reserves. This is as a result of planned budget management actions taken all year to manage in year pressures and enable carry forward of budget to mitigate against the uncertainties of the ongoing impact of the pandemic, as well as supporting additional investment identified in the Transformation Programme, and a strategic risk reserve at an appropriate level following sensitivity analysis.

The city council continues to undertake further work to understand the longer term financial implications beyond 2020/21 financial year. In addition to the financial impact of the coronavirus pandemic continuing into 2021/22 with pressures being felt in all services, underlying challenges remain in relation to demands in areas such as Children and Adults Social Care and it is important that we take a prudent approach to managing our financial position and ensuring that we can continue to deliver the services that residents want and need into the future.

**Dedicated School Grant** – The Department of Education (DfE) have been working with the city council to determine how the deficit will be brought back in to balance. The revised action plan recently agreed between the Department for Education and Stoke-on-Trent City Council, covers the financial years from 2020-21 to 2023-24, the DfE have recently notified the City Council of their approval to support the reduction in the deficit by way of additional funding of £10 million over a 4 year period.

£3 million of this was received before the end of March 2021 of this £0.4 million relates to capacity funding, this cannot be used to reduce the DSG deficit. In subsequent financial years, subject to compliance and satisfactory progress with the conditions set, the Department will pay DSG sums as follows, in addition to the city council's formulaic allocation: £3 million (including £0.4m capacity funding) in 2021-22, £2 million (including £0.2m capacity funding) in 2022-23 and £2 million in 2023-24.

**Housing Revenue Account** - The Housing Revenue Account (HRA) is showing a overspend of £0.7 million for 2020/21.

The table below reconciles the actual outturn and how these figures are reflected in the financial statements

<b>Reconciliation of the final outturn to the CIES</b>	<b>Note</b>	<b>Net £m</b>
Total Net Outturn		0.668
Budgeted contribution to GF Reserve		(1.342)
Transfers (to)/from Earmarked Reserves	<b>3.3</b>	(40.064)
<b>Expenditure chargeable to HRA and GF balances</b>	<b>4.2.5</b>	<b>(40.738)</b>
Adjustments between funding and accounting basis	<b>3.3</b>	42.648
<b>Deficit on the Provision of Services</b>	<b>3.1</b>	<b>1.910</b>

## 1.1 Narrative Statement (continued)

### Capital Expenditure 2020/21

The Capital Investment Programme has a total planned investment for 2020/21 to 2024/25 of £749.810 million. The outturn for 2020/21 is £122.703 million representing an estimated underspend of £94.833 million in year which is mainly due to slippage as a result of the pandemic and will be carried forward into 2021/22.

<b>Description</b>	<b>Budget 2020/21 £m</b>	<b>Outturn 2020/21 £m</b>	<b>Forecast Variance £m</b>
Town Centre Development	1,202	1,128	(74)
University Station Gateway	881	336	(545)
Green Technologies	4,500	2,197	(6,661)
City Centre Infrastructure	31,157	16,737	(14,420)
Highways Infrastructure	35,211	23,956	(11,255)
Parks & Greenspace	2,015	1,435	(580)
Highways & Fleet	9,876	5,849	(4,027)
Waste Strategy	781	577	(204)
Building Schools for Future	86	73	(13)
Property, Planning & Employment Initiatives	31,619	17,174	(14,445)
New Build Housing	22,835	7,569	(15,266)
Housing (GF)	3,937	2,516	(1,421)
Community Development	750	675	(75)
<b>Housing, Development and Growth</b>	<b>144,850</b>	<b>80,222</b>	<b>(68,986)</b>
Education Service Development	9,782	1,619	(8,163)
Early Years	13	8	(5)
Childrens Social Care	853	12	(841)
<b>Children and Family Services</b>	<b>10,648</b>	<b>1,639</b>	<b>(9,009)</b>
<b>Strategy and Resources</b>	<b>3,162</b>	<b>2,330</b>	<b>(832)</b>
<b>ASC, Health Integration &amp; Wellbeing</b>	<b>2,068</b>	<b>854</b>	<b>(1,214)</b>
<b>Total General Fund Capital Programme</b>	<b>160,728</b>	<b>85,045</b>	<b>(80,041)</b>
<b>Total HRA Capital Programme</b>	<b>52,450</b>	<b>37,658</b>	<b>(14,792)</b>
<b>Total Capital Investment Programme</b>	<b>213,178</b>	<b>122,703</b>	<b>(94,833)</b>

## 1.1 Narrative Statement (continued)

### Financial Health of the Council as at 31st March 2021

#### Assets

Every year the Council undertakes a significant revaluation exercise to reflect the value to the council in delivering services from its assets. As a result of the exercise some asset values have increased while others have decreased resulting in an insignificant movement in overall value. The movements include upward revaluations of £68.5m (Including Council Dwellings £30.5m) and downward revaluations of £48.4m (Including Council Dwellings £14.8m). These valuations do not represent the market value of the asset rather their continued value in use to the Council.

School property and other assets to the value of £25.5m have been transferred from council ownership to academies under the government's academy and free schools initiative and this trend is expected to continue in the foreseeable future. These assets are transferred at nil consideration in compliance with the government initiative.

For additional information see note 4.2.11

#### Capital Investment and Borrowing

The funding of the capital programme is a mixture of council support, leverage from external bodies, grants and reserves. The funding of the programme separates those funding streams to show how that funding is applied to both the HRA and the general fund.

<b>Capital Financing Requirement</b>	<b>£730.5m</b>
<i>Represented by:</i>	
Existing Borrowing	£574.1m
PFI Liability	£76.1m
<i>Internal Borrowing in the form of:</i>	
Usable Reserves/Working Capital	£80.3m
<b>Total</b>	<b>£730.5m</b>

The capital programme between 2021/22 - 2025/26 total £664.936 million. £360.315 million is currently assumed to be funded by borrowing for which £215.848 is the HRA element. This will lead to an increase in the capital financing requirement.

The overall capital investment is financed with the assistance of external support from government and other agencies, as outlined in note 4.2.12b of these accounts. The City Council provides funding by use of one off revenue contributions, section 106 developer contributions and borrowing. The underlying need to borrow for capital purposes, the capital financing requirement, increased by a net £35.9m standing at £730.5m by the end of the year.

## 1.1 Narrative Statement (continued)

<b>Future Capital Programme Funding Requirement</b>	<b>£</b>
Secured External Funding	£85,874m
Unsecured External Funding	£81,976m
Reserves & Ring Fenced Receipts	£124,858m
Borrowing & General Receipts	£372,228m
<b>Total Capital Funding</b>	<b>£664,936m</b>

Internal borrowing represents the unborrowed element of past capital investment. Actual borrowing is predicated on the cash position of the Council at any time. The management of cash held by the council determines the optimum time, duration and level of borrowing required. The capital financing requirement is explained in the glossary in section 8.2.

### Pensions

The Council makes contributions on behalf of its employees to the Staffordshire Local Government Pension Scheme in addition to those made by individual employees. The scheme is funded, which means that money is invested to provide an additional return to help cover both the current and future costs of the scheme. The level of contribution made by the council is determined by the extent to which the current and future costs can be met by these investments.

The fund has seen an increase in its pension liability on the balance sheet since last year. This is because financial assumptions at 31st March 2021 are less favourable than they were at 31st March 2020. This has resulted in an increase of the pensions liability on the City Council's balance sheet of £162.0m (2019/20 decrease of £101.0m) to £540.6m (2019/20 £378.5m). This amount is also reported in the Comprehensive Income and Expenditure Account but, as per statutory guidelines, does not impact on the calculation of the Council Tax charged to tax payers. For additional information see note 4.2.19.

### Reserves - General Fund

The City Council's reserves consist of usable and unusable reserves. The Movement in Reserves Statement (note 3.3 of the accounts) shows the split and movement of those reserves during the year.

The City Council maintains a level of balances and reserves in order to meet any future unforeseen expenditure that may arise and for any planned future expenditure. These balances are held in the form of a general contingency, such as the General Fund reserve, or for a specific purpose in the form of an earmarked reserve.

The City Council's financial strategy is to increase the General Fund Reserve over the next few years. In 2020/21 the General Fund Reserve increased to £11.0m and is considered reasonable and fit for purpose.



## 1.1 Narrative Statement (continued)

	General Reserve £m	Earmarked Reserve £m	Usable Capital Receipts £m	Unapplied Capital Grants £m
<b>General Fund Reserves</b>				
Opening Balance (1st April 2020)	9,659	51,131	14,236	7,900
Contributions/(use) 2020/21	1,343	40,214	(1,754)	11,620
<b>Closing Balance (31st March 2021)</b>	<b>11,002</b>	<b>91,345</b>	<b>12,482</b>	<b>19,520</b>

The city council has considered risks such as the uncertainty of funding from 2022/23, other external factors such as the impact of Brexit and ongoing responses and legacy issues arising from Covid-19, internal risks including increased commercial activity, and the challenges faced by all councils relating to increasing demand for services like social care. In light of the additional risks detailed above, the General Reserve has been increased by £1.4 million from its current level of £9.6 million to £11.0 million at the end of March, and a specific strategic risk reserve has been created.

The City Council also holds £91.8m of earmarked reserves, in the main due to the PFI funding arrangements with central government, COVID-19 grants, balances held for self-insurance purposes, school balances and revenue grants, such as Public Health grant, that are ringfenced. The City Council has also set aside money to support the strategic transformation of the council. All of these help support the financial resilience of the council. The movement during the year is shown in the above table. A further breakdown is shown in note 4.2.9 of these accounts.

The City Council also holds £32.0m in usable capital receipts and capital grants to finance future planned capital expenditure.

### Reserves - HRA

The HRA's financial strategy includes a determination that a prudent level of the HRA reserves is a minimum of circa £4.5m, having regard for the inherent levels of future financial risk and uncertainty. In 2020/21 the balance of the HRA general fund reserves was at £7.1m.

The HRA used the majority of the major repairs reserve during 2020/21, with a balance of £1.1m as at 31st March 2021. HRA reserves are held mainly to cover the cost of the planned major capital investment programme and debt repayment.

	General Reserve £m	Earmarked Reserve £m	Major Repairs Reserve £m
<b>HRA General Fund Reserves</b>			
Opening Balance (1st April 2020)	7,791	819	9,467
Contributions/(use) 2020/21	(668)	(150)	(8,366)
<b>Closing Balance (31st March 2021)</b>	<b>7,123</b>	<b>669</b>	<b>1,101</b>

# 1.1 Narrative Statement (continued)

## Strategic Measures

A new set of strategic measures were agreed by Cabinet in July 2020 for the 2020/21 monitoring year and include both population outcome based measures and process measures.

Some of the population outcome measures are reported in arrears with latest data relating to previous financial years. In addition, the Covid-19 outbreak has had and will continue to have an impact on some of these measures.



The Covid-19 pandemic has continued to impact on the availability and performance of the strategic measures throughout 2020/21.

Although the city's performance remains below the national and regional average, there have been an increase in the percentage of 16-17 years olds in EET during quarter 4, 2020/21.

The number of permanent exclusions continues to track lower than the previous year.

The number of people claiming out of work benefits saw a marginal increase both locally and nationally in line with seasonal trends, however performance continues to be significantly affected by the extension of the Job Retention Scheme.

Latest annual data relating to child obesity shows a small improvement in the percentage of children who are very overweight although performance remains higher than the national and regional average.

**91.1%**  
of 16-17 year olds in  
**Education, Employment  
or Training**



(Statistical Neighbours Average 92.3%)

**13**  
Pupils were permanently  
excluded (Sep 20 – Feb 21)

(35 in 2019/20)



**74.5%**  
of working age  
population in  
**work**

(England Average 76%)



**8.2%** of residents in  
receipt of **Universal Credit**

(England Average 6.6%)

**24.2%**  
of children in year  
6 who are  
**very overweight**



**40.2%**  
of children and  
young people who  
are **physically  
active**

# 1.1 Narrative Statement (continued)

## Strategic Measures



**765** Jobs created/safeguarded in the city in 2020/21

(352 in 2019/20 Financial Year)



**-£40.5m**

reduction in Business Rates liability due to retail relief

(£93.8m 2019/20)



**209** homes brought back into use 2020/21

(203 in 2019/20)



**21%** Planning Appeals lost

(West Midlands Average 32.5%)



**37** Apprentice starts in 2020/21

(93 in 2019/20)

Latest data shows positive performance in terms of jobs created/safeguarded despite the Covid-19 pandemic with 765 jobs this year.

Latest annual data for office completions shows a significant increase in completions in 2019/20 (+288%) totalling 28,729 Sq ft.

A total of 209 homes were brought back into use in the last financial year exceeding the 203 in the previous year.

The reduction in Business Rates liability is as a result of the Retail, Hospitality and Leisure Grant fund where eligible businesses receive 100% retail relief.

Apprentice starts continue to be affected by the pandemic, with 37 total (only about a third of last year's starts) although there are 157 learners on programme.

# 1.1 Narrative Statement (continued)

## Strategic Measures



**Work with our communities to make them healthier, safer and more sustainable**

Quarter 4 saw a slight decrease in the recycling waste to 25% and a significant increase in the amount of non-recyclable waste collected to go beyond target, collecting 87,755 tonnes.

The total miles of highway resurfaced total 64 miles, far exceeding the 31 miles in the previous financial year. This in part is due to promised increased funding of £22 million over 4 years.

Recorded crime is 18% down on the previous year. Reported anti-social behaviour has reduced by 17% across the city, which equates to 2,062 fewer incidents in 20/21 when compared to 19/20.

Housing maintenance and void times remain better than other authorities when benchmarked. Throughout the majority of quarter 1 we operated an Emergency Repair only service. Normal repairs service resumed week commencing 8th June with end to end times increasing slightly in quarter 2 but stabilising through quarter 3 & 4.



**25%**

**Of Waste Recycled in last quarter**

(England Average 43.5%)



**101.4%**

**Target achieved in Waste Collected (non recycling)**

(Annual Target 86,500)



**-18%**

**Reduction in crimes recorded incidents over the last 12 months**



**64**

**Miles of highway resurfaced in last 12 months**

(31 Miles in 2019/20)



**33 days to turn around a council house void property in Q4 2020/21**

Housemark Average 28 Days)

**3.5 days to complete a repair**

Housemark Average 5.6 Days)

# 1.1 Narrative Statement (continued)

## Strategic Measures



**An innovative and commercial council, providing effective leadership to help transform outcomes**

### Council Tax Collection Rate



**95.93%**

+0.69%

(CIPFA Av. 94.72% Full Year)

### Business Rates Collection Rate



**94.51%**

-3.19%

(CIPFA Av. 97.80% Full Year)

### Rent Arrears



**2.79%**

+£0.34%

(2.79% of debit Upper Quartile)

The Covid-19 pandemic continues to affect the performance of a number of measures under this priority. This includes a reduction in the percentage of savings achieved as planned (45.4%) with alternative savings found to achieve a balanced position.

Business rates collection overall is down, despite remaining resilient for the first 3 quarters, whilst rent arrears are slightly up on the same period last year, it is positive to see an improved position on the previous quarter which is attributed to the ongoing work.

Despite the pandemic it is positive to see an increase in Council Tax collection rates (+0.69%).

The increasing trend in online transactions saw an additional 58,000 online forms compared to the previous year.

The 2020/21 financial year saw a total of 422,192 calls handled, which is an increase of 19,107 calls on the previous year. In quarter 4 many services continued to provide critical functions only and many buildings and facilities remained closed in relation to the Covid pandemic. Customer services handled 13,321 additional calls in quarter 4, compared to the same quarter last year and average queue times decreased by 17 seconds to 4 minutes and 54 seconds as customer service staff were utilised from customer service sites that remain closed.



**264,890**

e-forms submitted in 2020/21

(207k submitted in 2019/20 FY)



### Savings

**27.2%**

Of savings forecast to be achieved as planned (Period 11) (91.2% in previous year)



**108,486** calls into Contact Centre in Q4

Av wait **4mins 54 seconds**

(Average wait in 2019/20 FY was 5mins 9 seconds)

# 1.1 Narrative Statement (continued)

## Strategic Measures



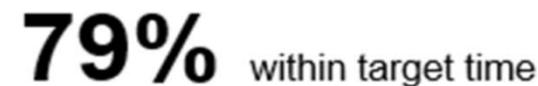
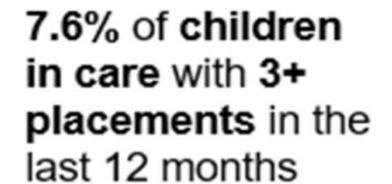
### Support vulnerable people in our communities to live their lives well

Quarter 4 saw positive performance continue in respect of reducing homelessness with 74% of homeless acceptances prevented and a small increase in the use of temporary accommodation due to Covid-19 and the severe weather. The service, together with partners, have successfully worked to assist households to move on from temporary accommodation.

Significant work continues to improve outcomes for children in the city. The number of children in care has increased by 13 on the previous quarter with Covid-19 continuing to impact on discharges.

For the whole of 2020/21, 264 disabled adaptations have been undertaken, of these, 189 met the target, giving an 72% average completion rate.

The average social worker caseload remains at around 18 children and the number of placements in a year saw a further reduction to 7.6% which is better than the national and regional average.





## 1.1 Narrative Statement (continued)

### Comprehensive Income and Expenditure Statement - Group

More detail of the authority Comprehensive Income and Expenditure Statement are shown in Note 7.2.

2019/20 (Restated)				2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
663,897	(398,309)	265,588	<b>Net Cost of Services</b>	656,092	(414,090)	<b>242,002</b>
		1,362	Other Operating Expenditure			1,185
		83,374	Financing and Investment Income and Expenditure			60,413
		(241,779)	Taxation and Non-Specific Grant Income			(296,437)
		<b>108,545</b>	<b>(Surplus)/Deficit on Provision of Services</b>			<b>7,163</b>
		(238,865)	Other Comprehensive Income and Expenditure			97,628
		<b>(130,320)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>104,791</b>



## 1.1 Narrative Statement (continued)

### Balance Sheet

This shows the value of the council's asset and liabilities at the Balance Sheet date. These are matched by reserves which are split into two categories usable and unusable reserves. Unusable reserves are not available to use support services and are in the main used to hold unrealised gains and losses, where the actual gain or loss will only become available once another event has occurred.

More detail of the authority balance sheet and group balance sheet is shown in Note 3.2 and Note 7.3 respectively.

City Council 31 March 2020 £000	Group 31 March 2020 £000		Note	City Council 31 March 2021 £000	Group 31 March 2021 £000
1,416,515	1,412,133	Long Term Assets		1,473,255	1,462,007
103,255	98,317	Current Assets		126,625	123,827
(108,997)	(106,412)	Current Liabilities		(184,349)	(180,610)
(1,021,253)	(1,038,780)	Long Term Liabilities		(1,141,440)	(1,160,604)
<b>389,520</b>	<b>365,258</b>	<b>Net Assets</b>		<b>274,091</b>	<b>244,620</b>
<b>389,520</b>	<b>365,258</b>	<b>Total Reserves</b>		<b>274,092</b>	<b>244,621</b>

## 1.1 Narrative Statement (continued)

### Movement in Reserves Statement - Authority

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' and unusable reserves. The '(Surplus)/deficit on the provision of services' line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The 'Net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

More detail is shown in note 3.3

Authority - Movement in Reserves Statement 2020/21	General Fund Balance £000	General Fund Earmarked Reserves £000	Housing Revenue Account £000	HRA Earmarked Reserves £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2020</b>	<b>9,659</b>	<b>51,131</b>	<b>7,791</b>	<b>819</b>	<b>9,467</b>	<b>14,236</b>	<b>7,900</b>	<b>101,003</b>	<b>288,517</b>	<b>389,520</b>
Increase/(Decrease) in Year	41,557	-	(818)	-	(8,366)	(1,754)	11,620	42,239	(149,744)	<b>(107,505)</b>
Transfers to(from) Earmarked Reserves	(40,214)	40,214	150	(150)	-	-	-	-	-	-
<b>Balance at 31 March 2020</b>	<b>11,001</b>	<b>91,345</b>	<b>7,123</b>	<b>669</b>	<b>1,101</b>	<b>12,482</b>	<b>19,520</b>	<b>143,241</b>	<b>138,773</b>	<b>282,014</b>

## 1.1 Narrative Statement (continued)

### Movement in Reserves Statement - Group

More detail is shown in note 7.4

<b>Group - Movement in Reserves Statement 2020/21</b>	<b>General Fund Balance £000</b>	<b>Housing Revenue Account £000</b>	<b>Major Repairs Reserve £000</b>	<b>Usable Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Total Authority Usable Reserves £000</b>	<b>Total Authority Unusable Reserves £000</b>	<b>Total Authority Reserves £000</b>	<b>Subsidiary Profit and Loss £000</b>	<b>Total Group Reserves £000</b>
<b>Balance at 31 March 2020</b>	<b>39,573</b>	<b>8,610</b>	<b>9,467</b>	<b>14,236</b>	<b>7,900</b>	<b>79,786</b>	<b>309,736</b>	<b>389,522</b>	<b>(24,263)</b>	<b>365,259</b>
<b>Increase/(Decrease) in Year</b>	<b>41,557</b>	<b>(817)</b>	<b>(8,366)</b>	<b>(1,754)</b>	<b>11,620</b>	<b>42,240</b>	<b>(149,744)</b>	<b>(107,504)</b>	<b>2,713</b>	<b>(104,791)</b>
<b>Balance at 31 March 2020</b>	<b>102,347</b>	<b>7,793</b>	<b>1,101</b>	<b>12,482</b>	<b>19,520</b>	<b>143,243</b>	<b>138,775</b>	<b>282,018</b>	<b>(21,550)</b>	<b>260,468</b>

## 1.1 Narrative Statement (continued)

### Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as: operating, investing and financing activities.

- Operating activities are a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.
- Investing activities represent cash outflows that have been made for resources which are intended to contribute to the authority's future service delivery.
- Financing activities are useful in predicting claims on future cash flows by providers of capital to the authority

More detail is shown in Note 3.4

Authority 2019/20 £000	Group 2019/20 £000	Note	Authority 2020/21 £000	Group 2020/21 £000
(105,117)	(108,545)	Net surplus/(deficit) on the provision of services	(1,909)	(7,163)
7,021	8,568	Net Cash Flows from Operating Activities	22,479	23,873
(59,287)	(60,458)	Net Cash Flows from Investing Activities	(57,764)	(59,246)
68,926	68,926	Net Cash Flows from Financing Activities	15,736	15,736
<b>16,660</b>	17,036	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(19,549)</b>	<b>(19,637)</b>
18,401	18,613	Cash and Cash Equivalents at the beginning of the reporting period	35,061	35,649
<b>35,061</b>	<b>35,649</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>15,512</b>	<b>16,012</b>

## 1.1 Narrative Statement (continued)

### Housing Revenue Account

This shows the in-year economic cost of providing housing services in accordance with accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Statement.

More detail is shown in Note 5.1

2019/20 £000	Note	2020/21 £000
(62,731) Total Expenditure		(60,053)
(11,702) Revaluation of assets		(12,021)
66,541 Total Income		65,952
(442) HRA services' share of Corporate and Democratic Core		(442)
<b>(8,334) Net Cost for HRA Services</b>		<b>(6,564)</b>
(4,450) HRA share of the operating Income and Expenditure included in the CIES		(2,426)
<b>(12,784) Surplus or (Deficit) for the year on HRA services</b>		<b>(8,990)</b>

## 1.1 Narrative Statement (continued)

### Collection Fund

The Local Government Finance Act 1988 required the establishment of a Collection Fund from 1st April 1990. The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and business rates. Monies paid into this fund include Council Tax and Business Rates. Payments from the Fund include the General Fund demands of the City Council, demands from precepting authorities and transfer of the locally collected business rates to Central Government.

More detail is shown in Note 6.1

<b>Business Rates</b>	<b>Council Tax</b>	<b>Total</b>		<b>Business Rates</b>	<b>Council Tax</b>	<b>Total</b>
<b>2019/20</b>	<b>2019/20</b>	<b>2019/20</b>		<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Notes</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
91,663	106,732	198,395	Income	50,441	110,478	160,919
(2,190)	(2,054)	(4,244)	Charges to the Collection Fund	(3,444)	(2,429)	(5,873)
<b>89,473</b>	<b>104,678</b>	<b>194,151</b>	<b>Balance due for allocation</b>	<b>46,997</b>	<b>108,049</b>	<b>155,046</b>
(91,423)	(103,653)	(195,076)	Precepts, Demands and Shares	(92,176)	(110,462)	(202,638)
<b>(1,950)</b>	<b>1,025</b>	<b>(925)</b>	<b>Surplus/(Deficit) for the Year</b>	<b>(45,179)</b>	<b>(2,413)</b>	<b>(47,592)</b>
(5,258)	5,967	709	Balance at the Beginning of the Year	(2,921)	4,100	1,179
4,284	(2,891)	1,393	Allocation of Previous Years Surplus	3,623	(3,938)	(315)
<b>(2,924)</b>	<b>4,101</b>	<b>1,177</b>	<b>Balance at the End of the Year</b>	<b>(44,477)</b>	<b>(2,251)</b>	<b>(46,728)</b>

The impact of the pandemic on the Collection Fund has been significant: there has been an increase in Local Council Tax Support (LCTS) claimants; business failures; and some inability to pay. The government has provided grant to local authorities to fund additional reliefs awarded to businesses; grant to offset a proportion of the net deficit; and allowed the remaining deficit to be split over the forthcoming three years.

## 1.1 Narrative Statement (continued)

### Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptional hard work and dedication of staff across the council. I would like to express my gratitude to all colleagues who have assisted in the preparation of this document. I would also like to thank them for all their support and expertise during the financial year.

These accounts, the Annual Governance Statement and sources of financial information are available on the City Council's website at **stoke.gov.uk**. Comments on these accounts are welcomed and can be made through the website or the contact options shown below.



**Nick Edmonds**

**Corporate Director Resources (Section 151)**

**Date 12 December 2024**

Further information about the accounts is available from:

Stoke-on-Trent City Council

Financial Services Division

Civic Centre, Glebe Street

Stoke-on-Trent

ST4 1HH

Telephone: (01782) 236877

E-mail: [finance@stoke.gov.uk](mailto:finance@stoke.gov.uk)

## 2.0 Statements to the Accounts



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOKE-ON-TRENT CITY COUNCIL

## Disclaimer of Opinion

We were engaged to audit the financial statements of Stoke-on-Trent City Council ("the Council") and its subsidiaries (the 'Group') for the year ended 31 March 2021. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement
- the related notes 4.2.1 to 4.2.27 for the Council financial statements and notes 7.6.a to 7.6.f for the Group financial statements.
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes 5.3.1 to 5.3.4.
- Collection Fund and the related notes 6.2.1 to 6.2.2.

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 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Group and the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

## Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13 December 2024. We completed the audit of the 2019/20 financial statements in August 2024 and issued our audit opinion on 15 August 2024.

The backstop date and the wider requirements of the local audit system reset meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2020/21 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

## Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Group and the Council.

We report to you if:

- 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
- 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.

In respect of the following, we have matters to report by exception:

We report to you, if we are not satisfied, that the Authority has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources for the year ended 31 March 2021.

On the basis of our work, having regard to the Code of Audit Practice 2024, and to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Council's arrangements for the year ended 31 March 2021.

Significant weakness in arrangements: Children's Services

Our judgement on the nature of the weakness identified:

Stoke-on-Trent City Council's children's social care services were rated as inadequate by Ofsted following an inspection in February 2019. The Secretary of State for Education (the Secretary of State) then issued a Statutory Direction appointing a Children's Services Commissioner to the Council on 16 May 2019. A further Statutory Direction was issued on 13 March 2020 instructing the Council to work with the Commissioner and to enter a formal partnership arrangement with Leeds City Council.

Ofsted subsequently conducted two monitoring visits and a focused visit to assess children's services between November 2020 and May 2021. The reports from these three visits concluded that there was a lack of progress in improving the quality of social work practice; there continued to be serious weaknesses in Children's services and the service continued to experience significant staffing challenges. The report in May 2021 recognised that there was a clearer understanding of the service within the senior leadership team but that there remained a lot to do.

The evidence on which our view is based:

- Statutory Directions issued by the Secretary of State for Education between 16 May 2019 and 17 August 2021
- Inspection report published by Ofsted on 18 March 2019
- Report of Focused visit to Stoke-on-Trent children's services published on 13 November 2020
- Reports of the Monitoring visit to Stoke-on-Trent children's services published on 23 March 2020 and 26 May 2021
- 'Room to Grow' Children, Young People and Families' Strategy 2020-24

Impact on the local body:

The report by Ofsted identified deficiencies in the arrangements within Stoke-on-Trent City Council Children's services that prevented the Council from delivering services that are efficient and effective to address the needs of children.

Action the body needs to take to address the weakness:

The Council needs to continue to cooperate with the Children's Services Commissioner appointed by the Secretary of State for Education and work with its improvement partner to deliver the improvement actions which have been established in response to the findings of Ofsted and published in its Strategy document, 'Room to Grow' Children, Young People and Families' Strategy 2020-24.

A revised Statutory Direction was issued on 17 August 2021 and remains open. The open direction and the failure of the Council to fully address the findings of Ofsted outlined in multiple reports are evidence of significant weaknesses in arrangements for the delivery of children's services at the Council.

This is evidence of a significant weakness in arrangements for governance, specifically how the Council makes properly informed decisions linked to its failure to implement or achieve progress on recommendations raised by Ofsted.

### **Responsibility of the Section 151 Officer**

As explained more fully in the Statement of the Section 151 Officer's Responsibilities set out on pages 32 and 33, the Section 151 is responsible for the preparation of the Statement of Accounts, which includes the Group, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022) and for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Group and the Council'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 Group and Council either intends to cease operations, or has 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 responsibility is to conduct an audit of the Group and the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Council 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 Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**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 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Stoke-on-Trent City Council had proper arrangements for financial sustainability, governance and improving economic efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Stoke-on-Trent City Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

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, Stoke-on-Trent City 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.

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 Stoke on Trent City 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 Stoke on Trent City 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 Group and the Council'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  
12 December 2024

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 15 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

## 2.2 Statement of Responsibilities for the Statement of Accounts

### **The Authority's Responsibilities**

The Authority 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 authority, that officer is the Section 151 Officer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

### **The Section 151 Officer Responsibilities**

The Section 151 Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Section 151 Officer has:

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

The Section 151 Officer has also:

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

## 2.2 Statement of Responsibilities for the Statement of Accounts (continued)

### Certificate of Section 151 Officer

I certify that this statement of accounts gives a true and fair view of the financial position as at 31 March 2021, financial performance and cash flow of the City Council for the year ended 31 March 2021.



**Nick Edmonds**  
**Corporate Director Resources (Section 151)**  
**Section 151 Officer**  
**Date 12 December 2024**

### Approval of Statement of Accounts

The Statement of Accounts was approved by the Stoke-on-Trent City Council Audit Committee



**Councillor Waseem Akbar**  
**Chair of Audit Committee**  
**Date 12 December 2024**

## 3.0 Core Financial Statements

### 3.1 Comprehensive Income and Expenditure Statement - City Council

2019/20 (Restated)			2020/21			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
169,497	(77,868)	<b>91,629</b>	Children and Family Services	156,501	(80,142)	<b>76,359</b>
142,886	(85,745)	<b>57,141</b>	Social Care, Health Integration and Wellbeing	170,180	(115,678)	<b>54,502</b>
(4,105)	-	<b>(4,105)</b>	- Movement in Asset Value	1,721	-	<b>1,721</b>
105,934	(41,083)	<b>64,851</b>	Housing, Development and Growth	103,720	(36,844)	<b>66,876</b>
9,797	-	<b>9,797</b>	- Movement in Asset Value	5,469	-	<b>5,469</b>
42,383	(7,764)	<b>34,619</b>	Strategy and Resources	35,079	(6,506)	<b>28,573</b>
34,713	(6,246)	<b>28,467</b>	City Director	685	-	<b>685</b>
63,172	(66,541)	<b>(3,369)</b>	Housing Revenue Account	60,495	(65,952)	<b>(5,457)</b>
11,702	-	<b>11,702</b>	- HRA movement in asset value	12,021	-	<b>12,021</b>
59,980	(55,406)	<b>4,574</b>	Schools	43,921	(46,098)	<b>(2,177)</b>
1,218	-	<b>1,218</b>	Civic and Corporate Expenses	1,168	-	<b>1,168</b>
71,447	(70,898)	<b>549</b>	Benefit Payments	67,747	(66,221)	<b>1,526</b>
(50,016)	7,282	<b>(42,734)</b>	Non Departmental Costs	594	(797)	<b>(203)</b>
11,913	-	<b>11,913</b>	- Redundancy/Actuarial Strain	910	-	<b>910</b>
<b>670,521</b>	<b>(404,269)</b>	<b>266,252</b>	<b>Net Cost of Services</b>	<b>660,211</b>	<b>(418,238)</b>	<b>241,973</b>
		1,360	Other Operating Expenditure			1,114
		79,284	Financing and Investment Income and Expenditure			55,259
		(241,779)	Taxation and Non-specific Grant Income			(296,437)
		<b>105,117</b>	<b>(Surplus)/Deficit on Provision of Services</b>			<b>1,909</b>

### 3.1 Comprehensive Income and Expenditure Statement (continued)

2019/20 (Restated)		2020/21	
Net Expenditure £000	<i>Continuing Service Areas</i>	Note	Net Expenditure £000
105,117	<b>(Surplus)/Deficit on Provision of Services</b>		<b>1,909</b>
(32,563)	(Surplus)/deficit on revaluation of non-current assets		(40,042)
349	Impairment losses on non-current assets charged to revaluation reserves		491
5,084	(Surplus)/deficit from investments in equity instruments designated at fair value through other comprehensive income	4.2.10f	7,586
(209,785)	Remeasurements on pension fund (assets) & liabilities	4.2.19c	137,561
<b>(236,915)</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>105,596</b>
<b>(131,798)</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>107,505</b>



### 3.2 Balance Sheet

31 March 2020			31 March 2021	
£000		Note	£000	
1,265,222	Property, Plant and Equipment	4.2.11a	1,300,483	
66,887	Heritage Assets	4.2.11e	65,654	
20,212	Investment Property	4.2.11f	26,752	
3,978	Intangible Assets		4,943	
20,676	Long Term Investments	4.2.14d	15,319	
39,540	Long Term Debtors	4.2.21a	46,920	
-	Pension Contribution Asset	4.2.19e	13,184	
<b>1,416,515</b>	<b>Long Term Assets</b>		<b>1,473,255</b>	
-	Pension Contribution Asset	4.2.19e	12,308	
122	Short Term Investments		54	
224	Assets Held For Sale		1,238	
764	Stocks		716	
67,195	Short Term Debtors	4.2.21b	96,908	
34,950	Cash and Cash Equivalents	4.2.14a	15,401	
<b>103,255</b>	<b>Current Assets</b>		<b>126,625</b>	
(12,472)	Short Term Borrowing	4.2.14b	(54,013)	
(8,977)	Other Short Term Liabilities	4.2.14b	(9,000)	
(74,428)	Short Term Creditors	4.2.21c	(112,476)	
(6,297)	Grants Receipts in Advance	4.2.16b	(4,254)	
(6,823)	Provisions	4.2.15	(4,606)	
<b>(108,997)</b>	<b>Current Liabilities</b>		<b>(184,349)</b>	
(5,873)	Provisions	4.2.15	(5,362)	
(538,120)	Long Term Borrowing	4.2.14b	(526,211)	
(98,729)	Other Long Term Liabilities	4.2.14b	(90,263)	
(378,531)	Net Pensions Liabilities	4.2.19e	(519,604)	
<b>(1,021,253)</b>	<b>Long Term Liabilities</b>		<b>(1,141,440)</b>	
<b>389,520</b>	<b>Net Assets</b>		<b>274,091</b>	

### 3.2 Balance Sheet (continued)

31 March 2020			31 March 2021
£000		Note	£000
9,659	General Fund Balance	3.3	11,001
29,913	Earmarked Reserves - General Fund	4.2.9a	91,345
14,235	Usable Capital Receipts Reserve	4.2.9c	12,482
7,791	Housing Revenue Account Balance	5.2	7,123
819	Earmarked Reserves - HRA	4.2.9b	669
9,467	Major Repairs Reserve	5.3.2a	1,101
7,900	Capital Grants Unapplied	4.2.9d	19,520
<b>79,784</b>	<b>Usable Reserves</b>		<b>143,241</b>
445,089	Capital Adjustment Account	4.2.10a	438,723
233,680	Revaluation Reserve	4.2.10b	256,660
1,431	Collection Fund Adjustment Account	6.1	(23,634)
(378,531)	Pensions Reserve (Deficit)	4.2.10c	(519,604)
(4,263)	Accumulated Absences Account		(4,726)
(2,816)	Financial Instruments Adjustment Account	4.2.10e	(2,642)
9,432	Financial Instruments Revaluation Reserve	4.2.10f	1,846
-	Dedicated Schools Grant Adjustment Account	4.2.10g	(21,202)
5,714	Deferred Capital Receipts Reserve	4.2.10d	5,430
<b>309,736</b>	<b>Unusable Reserves</b>		<b>130,851</b>
<b>389,520</b>	<b>Total Reserves</b>		<b>274,092</b>

These financial statements replace the unaudited accounts certified by Nick Edmonds S151 Officer on 29 July 2021



### 3.3 Movement in Reserves Statement

2020/21	Note	General Fund Balance £000	General Fund Earmarked Reserves £000	Housing Revenue Account £000	HRA Earmarked Reserves £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2020</b>		<b>9,659</b>	<b>29,914</b>	<b>7,791</b>	<b>819</b>	<b>9,467</b>	<b>14,236</b>	<b>7,900</b>	<b>79,786</b>	<b>309,734</b>	<b>389,520</b>
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020	<b>4.2.10g</b>	-	21,217	-	-	-	-	-	<b>21,217</b>	(21,217)	-
<b>Restated balance at 1 April 2020</b>		<b>9,659</b>	<b>51,131</b>	<b>7,791</b>	<b>819</b>	<b>9,467</b>	<b>14,236</b>	<b>7,900</b>	<b>101,003</b>	<b>288,517</b>	<b>389,520</b>
Total Comprehensive Income and Expenditure	<b>3.1</b>	7,081	-	(8,990)	-	-	-	-	<b>(1,909)</b>	(105,596)	<b>(107,505)</b>
Adjustments between accounting basis and funding basis under regulations	<b>4.2.8</b>	34,476	-	8,172	-	(8,366)	(1,754)	11,620	<b>44,148</b>	(44,148)	-
<b>Increase/ (Decrease) in Year</b>		<b>41,557</b>	-	<b>(818)</b>	-	<b>(8,366)</b>	<b>(1,754)</b>	<b>11,620</b>	<b>42,239</b>	<b>(149,744)</b>	<b>(107,505)</b>

### 3.3 Movement in Reserves Statement (continued)

2020/21	Note	General Fund Balance £000	General Fund Earmarked Reserves £000	Housing Revenue Account £000	HRA Earmarked Reserves £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
Increase/ (Decrease) in Year		41,557	-	(818)	-	(8,366)	(1,754)	11,620	42,239	(149,744)	(107,505)
Transfers to/ (from) Earmarked Reserves	4.2.9	(40,214)	40,214	150	(150)	-	-	-	-	-	-
<b>Balance at 31 March 2021</b>		<b>11,001</b>	<b>91,345</b>	<b>7,123</b>	<b>669</b>	<b>1,101</b>	<b>12,482</b>	<b>19,520</b>	<b>143,241</b>	<b>138,773</b>	<b>282,014</b>

### 3.3 Movement in Reserves Statement (continued)

2019/20	Note	General Fund Balance £000	General Fund Earmarked Reserves £000	Housing Revenue Account £000	HRA Earmarked Reserves £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2019</b>		<b>9,658</b>	<b>35,291</b>	<b>7,791</b>	<b>14,827</b>	<b>9,467</b>	<b>12,455</b>	<b>4,484</b>	<b>93,974</b>	<b>163,749</b>	<b>257,723</b>
Total Comprehensive Income and Expenditure	<b>3.1</b>	(92,334)	-	(12,783)	-	-	-	-	<b>(105,117)</b>	236,915	<b>131,798</b>
Adjustments between accounting basis and funding basis under regulations	<b>4.2.8</b>	86,958	-	(1,225)	-	-	1,781	3,416	<b>90,930</b>	(90,930)	-
<b>Increase/ (Decrease) in Year</b>		<b>(5,376)</b>	<b>-</b>	<b>(14,008)</b>	<b>-</b>	<b>-</b>	<b>1,781</b>	<b>3,416</b>	<b>(14,187)</b>	<b>145,985</b>	<b>131,798</b>
Transfers to/ (from) Earmarked Reserves	<b>4.2.9</b>	5,377	(5,377)	14,008	(14,008)				-		-
<b>Balance at 31 March 2020</b>		<b>9,659</b>	<b>29,914</b>	<b>7,791</b>	<b>819</b>	<b>9,467</b>	<b>14,236</b>	<b>7,900</b>	<b>79,786</b>	<b>309,734</b>	<b>389,520</b>

### 3.4 Cash Flow Statement

2019/20 £000		Note	2020/21 £000
<b>(105,117)</b>	<b>Net surplus/(deficit) on the provision of services</b>	<b>3.1</b>	<b>(1,909)</b>
145,804	Adjustments to net surplus or deficit on the provision of services for non-cash movements	<b>4.2.24ai</b>	<b>90,505</b>
(33,666)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<b>4.2.24aii</b>	<b>(66,117)</b>
<b>7,021</b>	<b>Net Cash Flows from Operating Activities</b>		<b>22,479</b>
(59,287)	<b>Net Cash Flows from Investing Activities</b>	<b>4.2.24b</b>	<b>(57,764)</b>
68,926	<b>Net Cash Flows from Financing Activities</b>	<b>4.2.24c</b>	<b>15,736</b>
<b>16,660</b>	<b>Net Increase or decrease in Cash and Cash Equivalents</b>		<b>(19,549)</b>
18,401	Cash and Cash Equivalents at the beginning of the reporting period	<b>4.2.14e</b>	<b>35,061</b>
<b>35,061</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>4.2.14e</b>	<b>15,512</b>

## 4.0 Explanatory Notes

## 4.1 Index of Explanatory Notes to the Core Financial Statements

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## 4.2.1 Accounting standards that have been issued but not yet adopted

The 2020/21 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The code also requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

For adoption in 2021/22 the following accounting standard changes and their impact on the Council are shown below.

Accounting Standard	Change
Definition of a Business: Amendments to IFRS 3 Business Combinations	<p>IFRS 3 has been amended to clarify the definition of a business, with the intention of making it easier to determine whether an acquisition should be accounted for as a business combination or as an acquisition of miscellaneous assets.</p> <p>A business will now be defined as an integrated set of activities and assets that must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create output.</p> <p>As the amendment is wholly prospective from the date of application, it will not entail any restatement of 2020/21 transactions.</p>
Interest Rate Benchmark Reform - Phase 1: Amendments to IFRS 9, IAS 39 and IFRS 7	<p>Pre-IBOR replacement issues.</p> <p>Only relevant where hedge accounting is being applied and IBORs are currently part of a forecast transaction that is currently being treated as highly probable.</p> <p>These amendments are intended to ensure that hedge accounting will not be impacted unduly by the replacement of Inter-Bank Offer Rates (IBORs).</p>
Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<p>Issues arising when an IBOR benchmark is actually replaced.</p> <p>The amendments introduce a practical expedient for modifications of financial assets and liabilities that would arise from IBOR reform, allowing the updating of the effective interest rate.</p> <p>Hedge accounting will not be discontinued solely because of the IBOR reform, Hedging relationships must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk and the amended relationships tested against the qualifying criteria for hedge accounting.</p>

The changes in accounting requirements for 2021/22 are not anticipated to have a material impact on the Council's financial performance or financial position.

## 4.2.2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. Some of the key critical judgements made in the Statement of Accounts are:

### **Going Concern**

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus, that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis. The council's accounts are therefore produced under the Code and assume that the council's services will continue to operate 12 months from the final certification of these statements.

### **Asset Base**

There is a high degree of uncertainty about future levels of funding for local government. The authority reviews its asset base and at the balance sheet date has judged that this uncertainty is not yet sufficient to provide an indication that material assets of the authority might be impaired as a result of a need to permanently close facilities and reduce levels of service provision. Where an asset is no longer judged to be required to provide a service it is declared surplus ultimately resulting in its disposal or transfer.

### **PFI Schemes**

The authority has judged that it controls the services provided under the outsourced agreements to rebuild, maintain, upgrade and provide services to its schools; to provide street lighting services; to provide and maintain a multi-service district centre on the Devonshire Square site in Bentilee; and to provide extra care housing at sites based at Westcliffe, Abbey Hulton and Blurton.

The authority has also concluded that it controls the residual value of assets used in these arrangements at the end of the agreements. The accounting policies for PFI schemes and similar contracts have been applied to these arrangements and the assets are recognised as Property, Plant and Equipment on the authority's balance sheet.

## 4.2.2 Critical Judgements in Applying Accounting Policies (continued)

### Schools

IFRS 10 control criteria in respect of local authority maintained schools specifies that ‘the balance of control lies with local authorities for all maintained schools’. For Voluntary Aided/Controlled schools the authority conducts an annual assessment to ensure that material transactions are recognised and consolidated into the Council’s Single Entity Primary Statement of Accounts.

The City Council’s schools are run under a number of arrangements including Local Authority, Foundation schools and Church Schools. For Foundation and Church Schools as they form part of the PFI contract for which the City Council controls the delivery of services provided; in applying IFRIC 12 Service Concession Arrangements the City Council has judged that assets are used to provide public services in the service concession arrangement and are consequently recognised on the balance sheet.

For Academy Schools it is the City Council’s judgement that the Council has no control over Academy schools, therefore the assets and liabilities are not consolidated into the City Council’s balance sheet. At the point of the Academy transfer notification the non-current assets are derecognised. Where the City Council is the owner, the land, being on a short term lease is retained on the City Council’s balance sheet.

### Asset Valuation

The 2014/15 Code of Practice clarified the requirements for valuing property, plant and equipment and now states explicitly that revaluations must be ‘sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period’. In order to be satisfied that the value of assets in the balance sheet is not materially different from the amount that would be given by a full valuation carried out on 31 March 2021 the council has created sub-groups of assets that are subject to either a formal valuation at the year end or a professional valuation assessment. For assets not valued in the year, the council has judged that their value has not altered materially at the balance sheet date. This judgement is supported by a year-end market review provided by the Council’s qualified valuer that provides assurance that valuation are materially correct at the balance sheet date.

### 4.2.3 Changes to Accounting Policy and Prior Period Adjustments

This section details revisions to previous years reported figures as a result of a change to accounting polciy, the city council changing their accounting method or changes required as a result of International Financial Reporting Standards (IFRS) regulatory changes.

Accounting Standards that come into effect for financial years commencing on or before 1 Janaury of the financial year i.e. on or before 1 Janaury 2020 for 2020/21 are considered for changes to accounting policy that may result in the amendment to previously reported figures, where material

#### **Restatement of CIES 2020/21**

During 2020/21, a number of cost centres moved between directorates and to new directorates as part of the corporate restructure. Income and Expenditure figures for 2019/20 have been restated in the Comprehensive Income and Expenditure Statement and Expenditure and Funding Analysis note because of this.

This has not resulted in any overall change in the Net Cost of Services (Comprehensive Income and Expenditure Statement) but provides a more meaningful comparision of gross income and expenditure for directorates.

#### **Dedicated Schools Grant**

On the 6 November 2020, the secretary of state for Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its schools budget relating to its accounts for a financial year beginning on 1st April 2020, 1st April 2021, or 1st April 2022, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget.

## 4.2.4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

### **Pensions Assets/Liability**

Estimation of the net asset/liability of pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The transactions in the accounts represent the best estimate of pension assets and liabilities reflecting the uncertainty inherent in the estimations and are determined by a firm of professional actuaries engaged to provide the Authority with this information.

The effect of the net pensions liability of changes in individual assumptions can be measured. For instance, all other factors remaining equal, 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £35.114m

### **PFI and Similar Contracts**

As at 31 March 2021 the Authority has committed to making unitary payments of £249.624m over the remaining lives of the PFI and similar contracts schemes (see note 4.2.13). The contract payments are subject to inflationary increases, based on factors such as energy prices and various other contract variations that may arise after this date. In the current economic climate particularly with respect to energy prices, the value of future unitary payments may be higher than currently anticipated.

If inflationary factors were to increase by 0.5% on all PFI schemes, an additional £1.670m would need to be set aside to meet future commitments, If inflationary factors were to decrease by 0.5% on all PFI schemes, future commitments would be £1.652m lower.

### **Arrears**

At 31 March 2021 the Council has gross short term debtor's balance of £102.715m. A review of significant debtor balances has been undertaken and a debtors' impairment figure of £22.261m has been set aside in the accounts. This impairment allowance based on past patterns and future assumptions of collection. Should economic factors mean the impairment allowance is insufficient then any excess debt that proves uncollectable will result in a charge to the CIES. The cost may ultimately fall to the General Fund, HRA Balance or the Collection Fund Adjustment Account, depending on the nature of the debt. Should an additional 5% of debts prove to be uncollectable (above the amount set aside) there would be a cost of £1.113m to the Council.

## 4.2.4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

### **Business Rate Appeals**

The 2020/21 Accounts include estimates of the potential costs that may arise as a result of appeals lodged against non-domestic rate charges by local organisations. A gross provision of £8.310m has been set aside based on details of outstanding claims provided by the valuation office agency, analysis of historical trends in appeal outcomes and local knowledge. The City Council share of this provision is 49% (£4.072m). Should the actual outcomes from these appeals result in higher or lower costs then there would be a corresponding increase or decrease in the collection fund deficit charges to the taxation and non-specific grant income line of the CIES. The deterioration would be recorded against the Collection Fund Adjustment Account for one year before being transferred to the General Fund the next. A 10% increase in cost from appeals would reduce net income by £0.407m.

### **Property Valuations**

The Council revalues its assets with sufficient regularity to ensure the value at the balance sheet date is materially correct. Where there is evidence of such movements, further valuations will be undertaken. The Council bases its valuation on assumptions of asset conditions, useful lives, residual values and market conditions. These judgements are underpinned by the best available information and are made by qualified valuers but are still based on estimates. A 1.0% fluctuation in council dwellings and other land and buildings values would amount to a £9.0m movement in Property, Plant and Equipment balance shown on the balance sheet.

## 4.2.5 Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority for the year has been used in providing services in comparison with those resources consumed. The impact on reserves can be seen at section 3.3.

2020/21	Children and Family Services £000	Social Care, Health, Integration and Wellbeing £000	Housing, Development and Growth £000	Strategy and Resources £000	City Director £000	Housing Revenue Account £000	Schools £000	Non Departmental Costs, Benefits Payments and Civic and Corporate £000	Other Income and Expenditure £000	Expenditure Chargeable to GF/HRA Balances £000	Accounting Adjustments £000	Net Expenditure in the CIES £000
<b>Income</b>												
Fees, charges and service income	(19,682)	(52,575)	(31,759)	(6,362)	-	(69,706)	(2,434)	(79)	-	(182,597)	(62,217)	(244,814)
Interest and investment income	-	-	(3,093)	-	-	(75)	-	(3,430)	-	(6,598)	-	(6,598)
Council tax and business rates	-	-	-	-	-	-	-	-	(169,404)	(169,404)	25,064	(144,340)
Govt' grants and contributions	(60,743)	(171,454)	(7,901)	(1,845)	-	(92)	(39,582)	(66,221)	(65,495)	(413,333)	80,934	(332,399)
<b>Expenditure</b>												-
Employee benefits expenses	48,388	35,581	33,039	25,470	750	13,090	16,399	2,610	-	175,327	44,371	219,698
Other service expenses	123,664	232,271	59,261	11,663	3	38,783	24,349	75,497	-	565,491	(206,737)	358,754
Depn, amortisation and impairment	-	-	-	-	-	22,550	-	2,553	-	25,103	81,870	106,973
Interest payments	-	-	-	-	-	-	-	16,405	-	16,405	6,885	23,290
Precepts and levies	-	-	-	-	-	-	-	77	-	77	664	741
Payments to housing capital receipts pool	-	-	-	-	-	-	-	1,320	-	1,320	-	1,320
Gain or loss on disposal	-	-	-	-	-	(3,732)	-	(2,434)	-	(6,166)	30,996	24,830
Internal recharges	(13,084)	(3,543)	(18,432)	(5,339)	(108)	-	(854)	(5,003)	-	(46,363)	40,817	(5,546)
<b>Expenditure chargeable to the GF and HRA balances</b>	<b>78,543</b>	<b>40,280</b>	<b>31,115</b>	<b>23,587</b>	<b>645</b>	<b>818</b>	<b>(2,122)</b>	<b>21,295</b>	<b>(234,899)</b>	<b>(40,738)</b>	<b>42,647</b>	<b>1,909</b>
Accounting adjustments	(2,184)	15,943	41,230	4,986	40	5,746	(55)	(17,894)	(5,165)	42,647	<b>4.2.6</b>	
<b>(Surplus) or Deficit</b>	<b>76,359</b>	<b>56,223</b>	<b>72,345</b>	<b>28,573</b>	<b>685</b>	<b>6,564</b>	<b>(2,177)</b>	<b>3,401</b>	<b>(240,064)</b>	<b>1,909</b>		<b>3.1</b>

Opening General Fund and HRA Balance at 31 March 2020  
Plus surplus on General Fund and HRA balance in 2020/21

69,400

40,738

**110,138**

## 4.2.5 Expenditure and Funding Analysis (continued)

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority for the year has been used in providing services in comparison with those resources, consumed. The impact on reserves can be seen at section 3.3.

2019/20	Children and Family Services £000	Social Care, Health, Integration and Wellbeing £000	Housing, Development and Growth £000	Strategy and Resources £000	City Director £000	Housing Revenue Account £000	Schools £000	Non Departmental Costs, Benefits Payments and Civic and Corporate £000	Other Income and Expenditure £000	Expenditure Chargeable to GF/HRA Balances £000	Accounting Adjustments £000	Net Expenditure in the CIES £000
<b>Income</b>												
Fees, charges and service income	(23,558)	(43,863)	(36,883)	(7,646)	-	(67,558)	(4,437)	(12,274)	-	<b>(196,219)</b>	(13,537)	<b>(209,756)</b>
Interest and investment income	-	-	(3,446)	-	-	(75)	-	(2,281)	-	<b>(5,802)</b>	(165)	<b>(5,967)</b>
Council tax and business rates	-	-	-	-	-	-	-	-	(186,778)	<b>(186,778)</b>	897	<b>(185,881)</b>
Govt' grants and contributions	(60,120)	(50,039)	(4,138)	(1,630)	-	(75)	(45,457)	(70,898)	(16,128)	<b>(248,485)</b>	(3,192)	<b>(251,677)</b>
<b>Expenditure</b>												
Employee benefits expenses	51,992	31,000	30,522	25,852	1,071	11,358	20,999	13,652	-	<b>186,446</b>	38,902	<b>225,348</b>
Other service expenses	128,666	120,135	66,046	13,572	9	53,615	31,195	74,093	-	<b>487,331</b>	(92,804)	<b>394,527</b>
Deprn, amortisation and impairment	-	-	-	-	-	19,045	-	3,432	-	<b>22,477</b>	82,196	<b>104,673</b>
Interest payments	-	-	-	-	-	-	-	15,328	-	<b>15,328</b>	10,154	<b>25,482</b>
Precepts and levies	-	-	-	-	-	-	-	75	-	<b>75</b>	-	<b>75</b>
Payments to housing capital receipts pool	-	-	-	-	-	-	-	1,320	-	<b>1,320</b>	-	<b>1,320</b>
Gain or loss on disposal	-	-	-	-	-	(2,303)	-	(1,977)	-	<b>(4,280)</b>	15,461	<b>11,181</b>
Internal recharges	(13,762)	(3,135)	(23,089)	(5,858)	(107)	-	(1,068)	(5,011)	-	<b>(52,030)</b>	47,933	<b>(4,097)</b>
<b>Expenditure chargeable to the GF and HRA balances</b>	<b>83,218</b>	<b>54,098</b>	<b>29,012</b>	<b>24,290</b>	<b>973</b>	<b>14,007</b>	<b>1,232</b>	<b>15,459</b>	<b>(202,906)</b>	<b>19,383</b>	<b>85,845</b>	<b>105,228</b>
Accounting adjustments	8,404	88	37,281	10,329	198	(5,674)	3,342	(9,894)	41,771	<b>85,845</b>	<b>4.2.6</b>	
<b>(Surplus) or Deficit</b>	<b>91,622</b>	<b>54,186</b>	<b>66,293</b>	<b>34,619</b>	<b>1,171</b>	<b>8,333</b>	<b>4,574</b>	<b>5,565</b>	<b>(161,135)</b>	<b>105,228</b>		<b>3.1</b>

Opening General Fund and HRA Balance at 31 March 2019

67,567

Plus surplus on General Fund and HRA balance in 2019/20

(19,383)



## 4.2.6 Notes to Income and Expenditure

### a - Note to the Expenditure and Funding Analysis

Breakdown of Adjustments between funding and accounting basis for the General Fund and HRA to add Expenditure or Income not chargeable to Taxation or Rents and remove Items which are only Chargeable under Statute

2019/20						2020/21						
For Capital Purposes	Net change for the Pensions	Other Differences	Amounts not Included in net Cost of Services	Reversal of internal recharges	Total Adjustments	Directorate	For Capital Purposes	Net change for the Pensions	Other Differences	Amounts not Included in net Cost of Services	Reversal of internal recharges	Total Adjustments
£000	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000
2,507	5,442	(65)	2,830	(2,303)	<b>8,411</b>	Children and Family Services	(1,411)	(1,306)	487	(1,310)	1,356	<b>(2,184)</b>
(4,089)	2,949	8	6,986	(5,688)	<b>166</b>	Social Care, Health Integration and Wellbeing	2,163	(1,136)	292	22,662	(8,038)	<b>15,943</b>
30,419	3,587	3,367	(1,846)	3,049	<b>38,576</b>	Housing, Development and Growth	35,611	(1,119)	3,317	62	3,359	<b>41,230</b>
3,257	2,355	(6)	1,493	3,230	<b>10,329</b>	Strategy and Resources	2,739	(863)	37	1,735	1,338	<b>4,986</b>
2,181	1,955	(2)	1,493	3,393	<b>9,020</b>	City Director	-	(27)	-	-	67	<b>40</b>
(2,384)	458	22	(3,770)	-	<b>(5,674)</b>	Housing Revenue Account	7,901	(255)	85	(1,985)	-	<b>5,746</b>
895	2,515	(158)	(970)	1,060	<b>3,342</b>	Schools	448	(412)	(687)	(666)	1,262	<b>(55)</b>
50,379	(10,170)	(2,216)	(55,459)	(2,741)	<b>(20,207)</b>	Non Departmental Costs	18,343	292	(782)	(36,403)	656	<b>(17,894)</b>
<b>83,165</b>	<b>9,091</b>	<b>950</b>	<b>(49,243)</b>	-	<b>43,963</b>	<b>Net Cost of Services</b>	<b>65,794</b>	<b>(4,826)</b>	<b>2,749</b>	<b>(15,905)</b>	-	<b>-</b>
(20,389)	13,541	(624)	49,243	-	<b>41,771</b>	Other Income and Expenditure	(52,002)	8,339	22,594	15,904	-	<b>(5,165)</b>
<b>62,776</b>	<b>22,632</b>	<b>326</b>	<b>-</b>	<b>-</b>	<b>85,734</b>	<b>Total Accounting Adjustments</b>	<b>13,792</b>	<b>3,513</b>	<b>25,343</b>	<b>(1)</b>	<b>-</b>	<b>42,647</b>

## 4.2.7 Exceptional Items in the CIES

### COVID-19

In 2020/21 the Council received additional grant funding and incurred additional expenditure in relation to the COVID-19 pandemic.

In 2020/21, Income and Expenditure related to COVID-19 included within the Net Cost of Services is as follows:

	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Social Care, Health Integration and Wellbeing	3.1	170,180	(115,678)	54,502
- of which is related to COVID-19		23,741	(20,549)	3,192

In 2020/21, Income related to COVID-19 included within Taxation and Non-specific Grant Income is as follows:

	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Taxation and Non-Specific Grant Income	3.1			(296,437)
- of which is related to COVID-19				(24,282)
- of which is NNDR Extended retail discount				(21,148)

Note 4.2.9 Earmarked Reserves shows the amounts that have been transferred to earmarked reserves to fund future expenditure related to COVID-19. This also includes the NNDR Extended retail discount grant (shown in the table above) which will be transferred to the collection fund in 2021/22.

The council also received £103m of funding that was treated as agency income and expenditure. This does not impact on the CIES.

Out of the £103m of funding that was treated as agency income and expenditure, £19.115m was still held by the council as at 31st March. This is included within short term creditors (4.2.21).

## 4.2.8 Adjustments between Accounting basis and funding basis under regulations

2020/21		General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Reserve	Movement in Unusable Reserve
Adjustments Primarily Involving	Notes	£000	£000	£000	£000	£000	£000
<b>Capital Adjustment Account</b>							-
<i>Reversal of items debited or credited to the CIES</i>							-
Depreciation of Non-Current Assets	4.2.11h	(21,405)	(15,042)	-	-	-	36,447
Impairment of Non-Current Assets	4.2.11h	(4,506)	(64)	-	-	-	4,570
Revaluation losses on Property, Plant and Equipment		(7,105)	(12,021)	-	-	-	19,126
Movement in market value of Investment Property	4.2.11f	(823)	-	-	-	-	823
Amortisation of Intangible Assets	4.2.11h	(1,107)	(22)	-	-	-	1,129
Revenue Expenditure Funded from Capital Under Statute		(12,985)	(204)	-	-	-	13,189
Expected credit loss allowance (capital)	4.2.15	21	-	-	-	-	(21)
<b>Carrying Amount of Non-Current Assets:</b>							-
- written off on disposal to the CIES		(2,677)	(2,893)	-	-	-	5,570
- finance leases written off on disposal to the CIES		-	-	-	-	-	-
- written off on derecognition to the CIES		(25,475)	-	-	-	-	25,475
Capital grants and contributions applied		30,292	3,550	-	-	-	(33,842)
Revenue Expenditure Funded from Capital Under Statute - Funding		10,694	-	-	-	-	(10,694)
Service concession deferred income write back		716	-	-	-	-	(716)
<i>Insertion of items not debited or credited to the CIES</i>							-
MRP for Capital financing	4.2.12c	16,232	-	-	-	-	(16,232)
County council principal loan repayment	4.2.24d	1,829	-	-	-	-	(1,829)
HRA repayment of debt		-	-	-	-	-	-
Capital expenditure charged against general fund		455	-	-	-	-	(455)

#### 4.2.8 Adjustments between Accounting basis and funding basis under regulations (continued)

2020/21		General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Reserve	Movement in Unusable Reserve
Adjustments Primarily Involving	Notes	£000	£000	£000	£000	£000	£000
<b>Capital Grants Unapplied</b>							-
Capital grants credited to the CIES which are unapplied	4.2.9d	12,336	-	-	-	(12,336)	-
Transfer to/from revenue reserve		-	-	-	-	-	-
Transfer of grants applied to Capital Adjustment Account	4.2.9d	-	-	-	-	716	(716)
<b>Financial Instruments Adjustment Account</b>		174	-	-	-	-	(174)
<b>Pensions Reserve</b>							-
Reversal of items relating to retirement benefits debited or credited to the Employer's contributions and direct payments made in year to the pension fund	4.2.19c	(38,427)	(2,141)	-	-	-	40,568
		35,101	1,955	-	-	-	(37,056)
<b>Collection Fund Adjustment Account - difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to:</b>							-
- Council Tax	6.1	(5,191)	-	-	-	-	5,191
- Business Rates	6.1	(19,874)	-	-	-	-	19,874

#### 4.2.8 Adjustments between Accounting basis and funding basis under regulations (continued)

2020/21		General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Reserve	Movement in Unusable Reserve
Adjustments Primarily Involving	Notes	£000	£000	£000	£000	£000	£000
<b>Accumulated Absences Account</b>		(378)	(86)	-	-	-	464
<b>Dedicated Schools Grant Adjustment Account</b>	<b>4.2.10g</b>	15	-	-	-	-	(15)
<b>Deferred Capital Receipts Reserve</b>							-
Transfer of deferred capital grants credited to the CIES		-	-	-	-	-	-
<b>Capital Receipts Reserve</b>							-
Transfer of cash sale proceeds credited as part of gain/loss in disposal to the CIES	<b>4.2.9c</b>	2,433	3,732	(6,165)	-	-	-
Transfer of notional sale proceeds credited as part of gain/loss in disposal to the CIES		-	-	-	-	-	-
<b>Contribution from Capital Receipts Reserve to:</b>							-
- disposal costs	<b>4.2.9c</b>	(35)	-	35	-	-	-
- Government Capital Receipts Pool	<b>4.2.9c</b>	(1,320)	-	1,320	-	-	-
Repayment from long term debtors	<b>4.2.9c</b>	-	-	(283)	-	-	283
Use of capital receipts for transformation	<b>4.2.9c</b>	(3,466)	-	3,466	-	-	-
Use of capital receipts to finance capital expenditure	<b>4.2.9c</b>	-	-	3,381	-	-	(3,381)
<b>Major Repairs Reserve</b>							-
Contribution for depreciation	<b>5.3.2a</b>	-	15,064	-	(15,064)	-	-
Voluntary contribution		-	-	-	-	-	-
Use of major repairs allowance to finance capital expenditure	<b>5.3.2a</b>	-	-	-	23,430	-	(23,430)
<b>Total</b>		<b>(34,476)</b>	<b>(8,172)</b>	<b>1,754</b>	<b>8,366</b>	<b>(11,620)</b>	<b>44,148</b>

## 4.2.8 Adjustments between Accounting basis and funding basis under regulations (continued)

19/20		General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Reserve	Movement in Unusable Reserve
Adjustments Primarily Involving	Notes	£000	£000	£000	£000	£000	£000
<b>Capital Adjustment Account</b>							
<i>Reversal of items debited or credited to the CIES</i>							
Depreciation of Non-Current Assets	4.2.11h	(22,878)	(15,703)	-	-	-	38,581
Impairment of Non-Current Assets	4.2.11h	(5,956)	(55)	-	-	-	6,011
Revaluation losses on Property, Plant and Equipment		(7,729)	(11,702)	-	-	-	19,431
Movement in market value of Investment Property	4.2.11f	551	-	-	-	-	(551)
Amortisation of Intangible Assets	4.2.11h	(1,397)	(22)	-	-	-	1,419
Revenue Expenditure Funded from Capital Under Statute		(6,129)	(756)	-	-	-	6,885
Expected credit loss allowance (capital)	4.2.15	(1,312)	-	-	-	-	1,312
Capitalisation of redundancies/actuarial strain		(11,913)	-	-	-	-	11,913
<b>Carrying Amount of Non-Current Assets:</b>							
- written off on disposal to the CIES		(47,286)	(6,096)	-	-	-	53,382
- finance leases written off on disposal to the CIES		-	-	-	-	-	-
- written off on derecognition to the CIES		-	-	-	-	-	-
Capital grants and contributions applied		13,910	260	-	-	-	(14,170)
Revenue Expenditure Funded from Capital Under Statute - Funding		4,341	-	-	-	-	(4,341)
Service concession deferred income write back		1,286	-	-	-	-	(1,286)
<i>Insertion of items not debited or credited to the CIES</i>							
MRP for Capital financing	4.2.12c	18,162	-	-	-	-	(18,162)
County council principal loan repayment	4.2.24d	1,829	-	-	-	-	(1,829)
HRA repayment of debt		-	-	-	-	-	-
Capital expenditure charged against general fund		500	12,333	-	-	-	(12,833)

#### 4.2.8 Adjustments between Accounting basis and funding basis under regulations (continued)

19/20		General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Reserve	Movement in Unusable Reserve
Adjustments Primarily Involving	Notes	£000	£000	£000	£000	£000	£000
<b>Capital Grants Unapplied</b>							
Capital grants credited to the CIES which are unapplied	4.2.9d	3,458	-	-	-	(3,458)	-
Transfer to/from revenue reserve		-	-	-	-	-	-
Transfer of grants applied to Capital Adjustment Account	4.2.9d	-	-	-	-	42	(42)
<b>Financial Instruments Adjustment Account</b>		317	-	-	-	-	(317)
<b>Pensions Reserve</b>							
Reversal of items relating to retirement benefits debited or credited to the	4.2.19c	(49,989)	(2,647)	-	-	-	52,636
Employer's contributions and direct payments made in year to the pension fund		28,497	1,509	-	-	-	(30,006)
<b>Collection Fund Adjustment Account - difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to:</b>							
- Council Tax	6.1	(1,553)	-	-	-	-	1,553
- Business Rates	6.1	656	-	-	-	-	(656)

#### 4.2.8 Adjustments between Accounting basis and funding basis under regulations (continued)

19/20		General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Reserve	Movement in Unusable Reserve
Adjustments Primarily Involving	Notes	£000	£000	£000	£000	£000	£000
<b>Accumulated Absences Account</b>		280	(21)	-	-	-	(259)
<b>Deferred Capital Receipts Reserve</b>							
Transfer of deferred capital grants credited to the CIES		-	-	-	-	-	-
<b>Capital Receipts Reserve</b>							
Transfer of cash sale proceeds credited as part of gain/loss in disposal to the CIES	4.2.9c	3,297	8,400	(11,697)	-	-	-
Transfer of notional sale proceeds credited as part of gain/loss in disposal to the CIES		-	-	-	-	-	-
<b>Contribution from Capital Receipts Reserve to:</b>							
- disposal costs	4.2.9c	(17)	-	17	-	-	-
- Government Capital Receipts Pool	4.2.9c	(1,320)	-	1,320	-	-	-
Repayment from long term debtors	4.2.9c	-	-	(409)	-	-	409
Use of capital receipts for transformation	4.2.9c	(6,561)	-	6,561	-	-	-
Use of capital receipts to finance capital expenditure	4.2.9c	-	-	2,427	-	-	(2,427)
<b>Major Repairs Reserve</b>							
Contribution for depreciation	5.3.2a	-	15,702	-	(15,702)	-	-
Voluntary contribution		-	23	-	(23)	-	-
Use of major repairs allowance to finance capital expenditure	5.3.2a	-	-	-	15,725	-	(15,725)
<b>Total</b>		<b>(86,956)</b>	<b>1,225</b>	<b>(1,781)</b>	<b>-</b>	<b>(3,416)</b>	<b>90,928</b>



## 4.2.9 Usable Reserves

### a - Earmarked Reserves - General Fund

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and

Balance at 1 April 2019 £000	Transfers from £000	Transfers to £000	Balance at 31 March 2020 £000	General Fund	Notes	Balance at 1 April 2020 £000	Transfers from £000	Transfers to £000	Balance at 31 March 2021 £000
869	(714)	-	155	Support one off commitments		155	-	-	155
2,182	(1,381)	22	823	Other Departmental Reserves		823	(243)	4,151	4,731
4,410	(440)	-	3,970	Insurances		3,970	-	440	4,410
506	(78)	94	522	Partnerships		522	(54)	63	531
-	-	-	-	Redundancy Reserve		-	-	64	64
116	(116)	-	-	Legal Reserve		-	-	-	-
689	(689)	-	-	Transformation Challenge Award		-	-	-	-
-	-	10,038	10,038	Covid-19	4.2.7	10,038	(10,038)	30,525	30,525
1,859	(1,158)	1,890	2,591	Other Grants		2,591	(534)	879	2,936
-	-	-	-	Better Care Fund c/fwd		-	-	3,093	3,093
453	(55)	-	398	Development Agreements		398	(14)	1,968	2,352
429	(197)	12	244	Other Reserves and Donations		244	(27)	744	961
4,401	(2,748)	472	2,125	School balances		2,125	(2,581)	2,520	2,064
32,681	(4,256)	63	28,488	Private Finance Initiative		28,488	(2,349)	204	26,343
(14,240)	(6,977)	-	(21,217)	DSG	4.2.16d	-	-	-	-
699	-	421	1,120	Public Health		1,120	-	1,300	2,420
-	-	-	-	Strategic Risk Reserve		-	-	5,400	5,400
-	-	-	-	Investment in Transformation		-	-	4,704	4,704
236	-	420	656	Invest to Save Reserve		656	-	-	656
<b>35,290</b>	<b>(18,809)</b>	<b>13,432</b>	<b>29,913</b>	<b>Total General Fund Earmarked Reserves</b>		<b>51,130</b>	<b>(15,840)</b>	<b>56,055</b>	<b>91,345</b>

## 4.2.9 Usable Reserves (continued)

### b - Earmarked Reserves - HRA

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

Balance at 1 April 2019 £000	Transfers from £000	Transfers to £000	Balance at 31 March 2020 £000	HRA	Notes	Balance at 1 April 2020 £000	Transfers from £000	Transfers to £000	Balance at 31 March 2021 £000
14,610	(14,543)	-	67	Housing Capital Reserve		67	-	-	67
217	(217)	-	-	HRA Equipment		-	-	-	-
-	-	752	752	HRA Rent Reserve		752	(150)	-	602
<b>14,827</b>	<b>(14,760)</b>	<b>752</b>	<b>819</b>	<b>Total HRA Earmarked Reserves</b>		<b>819</b>	<b>(150)</b>	<b>-</b>	<b>669</b>

## 4.2.9 Usable Reserves (continued)

### c - Usable Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

31 March 2020 £000	Notes	31 March 2021 £000
11,697	Amounts receivable in year	6,165
409	Amounts receivable from long term debtors	283
(17)	Disposal costs	(35)
(1,320)	Capital receipts pooling payment to DCLG	(1,320)
(6,561)	Amount applied for revenue transformation	(3,466)
(2,427)	Amounts applied to finance new capital investment	(3,381)
<b>1,781</b>	<b>Total increase/(decrease) in reserve during year</b>	<b>(1,754)</b>
12,455	Balance brought forward at 1 April	14,236
<b>14,236</b>	<b>Balance carried forward at 31 March</b>	<b>12,482</b>

### c - Capital Grants Unapplied Account

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received in advance of the capital projects to which it relates. The grant is not assumed to have any conditions attached to it that would trigger its repayment to the original provider. The terms of the grant may restrict how the grant is applied for example, to a particular scheme and/or the financial year which this can take place.

31 March 2020 £000	Notes	31 March 2021 £000
3,458	Capital grants received in year which have not been applied	12,336
(43)	Applied during the year transferred to capital adjustment account	(716)
-	Transfer (to)/from revenue reserves	-
<b>3,415</b>	<b>Total increase/(decrease) in reserve during year</b>	<b>11,620</b>
4,485	Balance brought forward at 1 April	7,900
<b>7,900</b>	<b>Balance carried forward at 31 March</b>	<b>19,520</b>

## 4.2.10 Unusable Reserves

### a - 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 additions to those assets under statutory provisions.

31 March 2020 £000	Notes	31 March 2021 £000
494,005	<b>Balance at 1st April</b>	445,089
(44,438)	Charges for depreciation and impairment of non current assets	(41,016)
(19,695)	Revaluation movement on property, plant and equipment & non current assets held for sale	(19,948)
(1,420)	Amortisation of intangible assets	(1,130)
(6,885)	Revenue expenditure funded from capital under statute	(13,189)
(10,997)	Amounts of non-current assets written off on disposal or sale as part of gain/loss on disposal	(5,231)
(42,385)	Amounts of non-current assets written off on derecognition or sale as part of gain/loss on disposal	(25,813)
551	Movement in market value of investment properties	-
(11,913)	Capitalisation of redundancies/actuarial strain	-
(1,312)	Expected Credit Allowance	21
18,762	Adjusting amounts written out of Revaluation Reserve	8,646
<b>(119,732)</b>	<b>Net Written out amount of the cost of non-current assets consumed in the year</b>	<b>(97,660)</b>
	<b>Capital Financing applied in the year:</b>	
2,427	Use of capital receipts reserve to finance new capital	3,381
15,725	Use of major repairs reserve to finance new capital	23,430
18,511	Capital grants and contributions credited to the CIES applied to capital financing	44,536
43	Applications of grants to capital financing from capital grants unapplied account	716
19,991	Statutory provisions for the financing of capital investment charged against the General Fund	18,060
1,286	Service Concession deferred income write back	716
500	Capital expenditure charged against the General Fund	455
12,333	Capital expenditure charged against the HRA	-
<b>70,816</b>		<b>91,294</b>
<b>445,089</b>	<b>Balance at 31 March</b>	<b>438,723</b>

## 4.2.10 Unusable Reserves (continued)

### b - Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

31 March 2020 £000	Notes	31 March 2021 £000
<b>212,387</b>	<b>Balance at 1st April</b>	<b>233,680</b>
60,324	Upwards revaluation of assets	56,704
(23,169)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(22,178)
<b>37,155</b>	<b>Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>34,526</b>
(2,985)	Difference between fair value depreciation and historical cost depreciation	(2,671)
(12,877)	Accumulated gains on assets sold or scrapped	(8,875)
(15,862)	Amount written off to the Capital Adjustment Account	(11,546)
<b>233,680</b>	<b>Balance at 31 March</b>	<b>256,660</b>

## 4.2.10 Unusable Reserves (continued)

### c - 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 Authority accounts for post employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays and pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31 March 2020 £000		Notes	31 March 2021 £000
<b>(565,685)</b>	<b>Balance at 1st April</b>		<b>(378,531)</b>
209,785	Remeasurements of the net defined benefit liability/asset	4.2.19c	(137,561)
(52,637)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	4.2.19c	(40,568)
30,006	Employers' pension contributions and direct payments to pensioners payable in the year		37,056
<b>(378,531)</b>	<b>Balance at 31 March</b>		<b>(519,604)</b>

## 4.2.10 Unusable Reserves (continued)

### d - Deferred Capital Receipts Reserve

The Deferred Capital Receipt Reserve holds gains recognised but for which the cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as useable capital receipts until the cash settlement is due. When the deferred cash settlement becomes due, amounts are transferred to the Useable Capital Receipts Reserve.

31 March 2020 £000	Notes	31 March 2021 £000
<b>6,123</b>	<b>Balance at 1st April</b>	<b>5,714</b>
-	New deferred receipts - empty homes	-
-	New deferred receipts - home improvements	-
	<i>Transfers to useable capital receipts reserve upon receipt of cash/assets</i>	
(409)	Repayment of long term debtors	(284)
-	Deferred sale proceeds on non-current assets	-
-	Deferred sale proceeds on non-current assets now realised	-
<b>5,714</b>	<b>Balance at 31 March</b>	<b>5,430</b>
	<i>Of which:</i>	
5,077	Kickstart loans	4,916
388	Cluster loans	275
40	Empty Homes	31
209	Home Improvements	208
<b>5,714</b>	<b>Balance at 31 March</b>	<b>5,430</b>

## 4.2.10 Unusable Reserves (continued)

### e - Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

The difference between effective interest credited or charged to the CIES per accounting requirements and the actual interest received or paid per statutory requirements is managed as a transfer to/from the FIAA.

The Authority uses the Account to manage discount received on the early redemption of a number of loans. Discounts are credited to the CIES

31 March 2020 £000	Notes	31 March 2021 £000
<b>(3,133) Balance at 1st April</b>		<b>(2,816)</b>
152 Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		154
165 Movement in Fair Value		20
<b>(2,816) Balance at 31 March</b>		<b>(2,642)</b>

### f - Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

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

31 March 2020 £000	Notes	31 March 2021 £000
<b>14,516 Balance at 1st April</b>		<b>9,432</b>
- Upwards revaluation of long term investments	<b>4.2.14c</b>	382
(5,084) Downward revaluation of long term investments	<b>4.2.14c</b>	(7,968)
<b>9,432 Balance at 31 March</b>		<b>1,846</b>



## 4.2.10 Unusable Reserves (continued)

### g -Dedicated Schools Grant Adjustment Account

On the 6 November 2020, the secretary of state for Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its schools budget relating to its accounts for a financial year beginning on 1st April 2020, 1st April 2021, or 1st April 2022, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget.

31 March 2020 £000		Notes	31 March 2021 £000
-	Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020		(21,217)
-	DSG Surplus/(Deficit) for the year	4.2.16d	15
-	<b>Balance at 31 March</b>		<b>(21,202)</b>

## 4.2.11 Assets

### a - Property, Plant & Equipment

<b>Movement on Balance 2020/21 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>566,524</b>	<b>391,835</b>	<b>58,897</b>	<b>248,465</b>	<b>36,850</b>	<b>38,643</b>	<b>30,954</b>	<b>1,372,168</b>
Additions	22,639	12,896	6,925	23,664	610	1,752	29,895	98,381
Revaluation Increases/ (decreases) recognised in the:								-
Revaluation Reserve	14,255	(332)	-	-	-	209		14,132
Surplus/Deficit on the Provision of Services	(12,254)	(9,267)	-	-	-	(1,276)		(22,797)
Derecognition through disposal and transfer (non- schools)	-	(584)	(6,302)	(9,974)	-	(3,879)		(20,739)
Derecognition through disposal and transfer (schools)	-	(26,273)	(1,338)	(18)	-	-		(27,629)
Reclassifications within PPE	447	(1,183)	-	932	-	(1,293)	1,097	-
Reclassifications to IP	-	-	-	-	-	-	(3,972)	(3,972)
Assets reclassified (to)/from Held for Sale	(2,811)	(503)	-	-	-	(740)	-	(4,054)
<b>Balance at 31 March</b>	<b>588,800</b>	<b>366,589</b>	<b>58,182</b>	<b>263,069</b>	<b>37,460</b>	<b>33,416</b>	<b>57,974</b>	<b>1,405,490</b>

## 4.2.11 Assets (continued)

### a - Property, Plant & Equipment

<b>Movement on Balance</b>			Vehicles Plant				Assets Under	
<b>2020/21</b>	Council Dwellings	Other Land & Buildings	Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Construction	<b>Total</b>
<b>Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>(893)</b>	<b>(6,176)</b>	<b>(34,481)</b>	<b>(58,731)</b>	<b>(1,001)</b>	<b>(4,189)</b>	<b>(1,475)</b>	<b>(106,946)</b>
Depreciation charge in year	(14,334)	(8,799)	(5,284)	(7,833)	-	(101)	-	(36,351)
Depreciation written out to the:								-
Revaluation Reserve	13,387	5,611	-	-	-	75		19,073
Surplus/Deficit on the Provision of Services	357	2,914	-	-	-	502		3,773
Impairment losses/(reversals) recognised in the:								-
Revaluation Reserve	-	(71)	-	-	-	(420)		(491)
Surplus/Deficit on the Provision of Services	-	(996)	-	(2,991)	(236)	(345)		(4,568)
Derecognition through disposal and transfer (non- schools)	-	322	6,268	9,974	-	2,160		18,724
Derecognition through disposal and transfer (schools)	-	697	1,001	7	-	-		1,705
Reclassifications within PPE	(7)	673	-	(394)	-	(255)	(17)	-
Assets reclassified (to)/from Held for Sale	74	-	-	-	-	-		74
<b>Balance at 31 March</b>	<b>(1,416)</b>	<b>(5,825)</b>	<b>(32,496)</b>	<b>(59,968)</b>	<b>(1,237)</b>	<b>(2,573)</b>	<b>(1,492)</b>	<b>(105,007)</b>
Net Book Value								
<b>At 31 March 2021</b>	<b>587,384</b>	<b>360,764</b>	<b>25,686</b>	<b>203,101</b>	<b>36,223</b>	<b>30,843</b>	<b>56,482</b>	<b>1,300,483</b>
At 31 March 2020	565,631	385,659	24,416	189,734	35,849	34,454	29,479	1,265,222

## 4.2.11 Assets (continued)

### a - Property, Plant & Equipment

<b>Movement on Balance 2019/20 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>539,584</b>	<b>435,110</b>	<b>60,430</b>	<b>241,775</b>	<b>36,585</b>	<b>38,149</b>	<b>20,765</b>	<b>1,372,398</b>
Additions	22,632	12,492	3,938	11,707	442	3,344	15,415	69,970
Revaluation Increases/ (decreases) recognised in the:								-
Revaluation Reserve	21,013	265	-	-	-	(848)	-	20,430
Surplus/Deficit on the Provision of Services	(11,672)	(11,270)	-	-	-	(1,215)	-	(24,157)
Derecognition through disposal and transfer (non- schools)	(561)	(5,900)	(3,138)	(4,951)	(31)	(960)	-	(15,541)
Derecognition through disposal and transfer (schools)	-	(42,652)	(1,970)	(112)	-	-	-	(44,734)
Reclassifications within PPE	1,460	3,790	(363)	46	-	288	(5,226)	(5)
Assets reclassified (to)/from Held for Sale	(5,932)	-	-	-	(146)	(115)	-	(6,193)
<b>Balance at 31 March</b>	<b>566,524</b>	<b>391,835</b>	<b>58,897</b>	<b>248,465</b>	<b>36,850</b>	<b>38,643</b>	<b>30,954</b>	<b>1,372,168</b>

## 4.2.11 Assets (continued)

### a - Property, Plant & Equipment

<b>Movement on Balance</b>			Vehicles Plant				Assets Under	
<b>2019/20</b>	Council	Other Land	Furniture &	Infrastructure	Community	Surplus	Construction	<b>Total</b>
<b>Cost or Valuation</b>	Dwellings	& Buildings	Equipment	Assets	Assets	Assets	£000	£000
	£000	£000	£000	£000	£000	£000		
<b>Balance at 1 April</b>	<b>(1,020)</b>	<b>(8,980)</b>	<b>(32,671)</b>	<b>(53,263)</b>	<b>(894)</b>	<b>(2,179)</b>	<b>(1,475)</b>	<b>(100,482)</b>
Depreciation charge in year	(15,034)	(9,869)	(5,901)	(7,432)	-	(110)	-	(38,346)
Depreciation written out to the:								-
Revaluation Reserve	14,590	4,834	-	-	-	20	-	19,444
Surplus/Deficit on the								
Provision of Services	-	4,407	-	-	-	50	-	4,457
Impairment								
losses/(reversals)								
recognised in the:								-
Revaluation Reserve	-	(210)	-	-	(16)	(124)	-	(350)
Surplus/Deficit on the								
Provision of Services	-	(541)	(128)	(2,981)	(128)	(1,945)	-	(5,723)
Derecognition through								
disposal and transfer (non-								
schools)	561	3,113	2,769	4,951	-	102	-	11,496
Derecognition through								
disposal and transfer								
(schools)	-	1,065	1,244	40	-	-	-	2,349
Reclassifications within PPE	(157)	5	206	(46)	-	(3)	-	5
Assets reclassified (to)/from								
Held for Sale	167	-	-	-	37	-	-	204
<b>Balance at 31 March</b>	<b>(893)</b>	<b>(6,176)</b>	<b>(34,481)</b>	<b>(58,731)</b>	<b>(1,001)</b>	<b>(4,189)</b>	<b>(1,475)</b>	<b>(106,946)</b>
Net Book Value								
<b>At 31 March 2020</b>	<b>565,631</b>	<b>385,659</b>	<b>24,416</b>	<b>189,734</b>	<b>35,849</b>	<b>34,454</b>	<b>29,479</b>	<b>1,265,222</b>
At 31 March 2019	538,564	426,130	27,759	188,512	35,691	35,970	19,290	1,271,916

## 4.2.11 Assets (continued)

### b - Other Land & Buildings by Sub Class

Net Book Value as at 31/03/2020		Net Book Value as at 31/03/2021
£000	Sub Class	£000
35,494	Administrative Buildings	31,975
4,246	Bus Station	4,183
35,466	Civic Amentity Sites	27,141
10,452	Car Parks	6,894
1,658	Cemeteries & Crematorium	2,356
6,401	Children's Centres	5,921
3,880	Community	3,367
1,006	Coroners & Mortuary	507
4,796	Depots	7,227
24,734	Economic Development	24,453
5,525	Garages	5,711
16,901	Libraries & Museums	17,068
1,637	Local Centres	1,314
380	Markets	676
797	Miscellaneous	1,779
4,407	Other Educational Facilities	5,414
915	Public Conveniences	768
44,360	Recreation Facilities	61,187
95,812	Schools	74,337
4,426	Shops	5,001
46,796	Social Care Facilities	46,105
26,824	Theatre	26,459
529	Travellers Site	633
293	Youth Services	288
<b>377,735</b>	<b>Total</b>	<b>360,764</b>

## 4.2.11 Assets (continued)

### c - Surplus Assets

Surplus assets are properties that do not directly support the provisions of services. Within this category are a mixture of assets that are earmarked for strategic regeneration or are held for indeterminable use.

Analysis of surplus assets by type

<b>Net Book Value as at 31/03/2020 £000</b>	<b>Sub Class</b>	<b>Net Book Value as at 31/03/2021 £000</b>
3,791	Strategic regeneration sites	3,489
17,393	Cleared land not currently qualifying as held for sale	16,604
13,133	Vacant premises	10,750
137	Other surplus assets	-
<b>34,454</b>	<b>Total</b>	<b>30,843</b>

## 4.2.11 Assets (continued)

### d - Revaluation of Property Plant & Equipment

The Authority carries out a revaluation programme that ensures all items of Property, Plant and Equipment are revalued at least every 5 years. Where any assets incur a significant level of capital enhancement or where the construction of an asset is completed within the reporting period, these assets are revalued. The effective revaluation date is 31st March.

All formal valuations for the reporting period to 31 March 2021 were completed by external valuers in accordance with the professional standards of the Royal Institute of Chartered Surveyors (RICS) with due regard to IFRS requirements for asset classification and measurement bases.

The outbreak of Covid-19 has impacted in many sectors. Any valuations completed during 2020/21 are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty, and a higher degree of caution, should be attached to valuations than would normally be the case.

Operational housing property subject to secure tenancy is valued on the basis of Existing Use Value for Social Housing (EUV-SH) as defined by the RICS Appraisal and Valuation Standards.

To date EUV-SH has been based on the vacant possession value of the properties, adjusted to reflect the continuing occupation by a secure tenant (Vacant Possession adjustment factor) (The Beacon approach). EUV-SH thus reflects a valuation for a property if it were sold with sitting tenants paying rents at less than market value and tenants' rights including RTB. For 2020/21 there has been no change to this factor.

Buildings and Land used in the delivery of services are carried at current value in relation to their Existing Use Value based on the services provided to the Council. Properties for which there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, have had their current value estimated on a depreciated replacement cost basis.

For individual buildings that are revalued to current value that is greater than £1m, the building valuation is analysed into significant components and each component's remaining useful life is measured to ensure that the carrying value of the asset reflects the economic consumption of the asset's use and depreciated separately.



## 4.2.11 Assets (continued)

### d - Revaluation of Property Plant & Equipment

Surplus assets are properties that are surplus to service needs but do not fully meet the IFRS criteria for Investments or Held for Sale assets. Surplus Assets are carried at a fair value under IFRS 13 defined as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.'

Items of Vehicles, Plant, Furniture and Equipment with short useful lives and/or low values are valued at depreciated historic cost as a proxy for current value.

The table below shows the last valuations date year and the assets net carrying value against each year. The purpose is to ensure that assets are valued within a reasonable time scale to reflect a reasonable fair value at the balance sheet.

	Council Dwellings £000	Other Land & Buildings £000	Vehicles Plant Furniture & Equipment £000	Surplus Assets £000	Total £000
Carried at Historical Value	-	1,329	25,686	-	<b>27,015</b>
Valued at Fair Value as at:					
31/03/2021	587,383	274,352	-	4,019	<b>865,754</b>
31/03/2020	-	61,424	-	4,610	<b>66,034</b>
31/03/2019	-	23,602	-	17,917	<b>41,519</b>
31/03/2018	-	57	-	4,297	<b>4,354</b>
31/03/2017	-	-	-	-	-
	<b>587,383</b>	<b>360,764</b>	<b>25,686</b>	<b>30,843</b>	<b>1,004,676</b>

## 4.2.11 Assets (continued)

### e - Heritage Assets

The City Council's Heritage Assets are at various locations throughout the City but principally at the four main museums

	Buildings £000	Collections £000	Statuary and Horological £000	Spitfire Aircraft £000	Total £000
<b>At 1 April 2019</b>	<b>3,213</b>	<b>61,451</b>	<b>852</b>	<b>768</b>	<b>66,284</b>
Additions	144	-	-	-	144
Depreciation charge	(77)	-	-	-	(77)
Upward revaluation	699	-	-	-	699
Downward revaluation	(163)	-	-	-	(163)
<b>At 1 April 2020</b>	<b>3,816</b>	<b>61,451</b>	<b>852</b>	<b>768</b>	<b>66,887</b>
Additions	52	-	-	-	52
Depreciation charge	(96)	-	-	-	(96)
Upward revaluation	7	-	-	-	7
Downward revaluation	(1,196)	-	-	-	(1,196)
<b>At 31 March 2021</b>	<b>2,583</b>	<b>61,451</b>	<b>852</b>	<b>768</b>	<b>65,654</b>

### Shared Assets

The Staffordshire Hoard is owned and cared for jointly by Stoke-on-Trent City Council and Birmingham City Council on behalf of the nation. The Hoard was acquired by both Councils for the value of £3.285m, 50% of the value is now included in Heritage Assets on the balance sheet of the City Council at a value of £1.642m.

## 4.2.11 Assets (continued)

### f - Investment Properties

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
1,343	Rental income from investment property	1,393
(24)	Direct operating expenses arising from investment property	(188)
<b>1,319</b>	<b>Net gain/(loss)</b>	<b>1,205</b>

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

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
20,402	Balance at 1 April	20,212
9	Additions	3,527
(751)	Disposals	(137)
552	Net gains/losses from fair value adjustments	(822)
-	Transfers to/from property, plant and equipment	3,972
<b>20,212</b>	<b>Balance at 31 March</b>	<b>26,752</b>

## 4.2.11 Assets (continued)

### g - Fair value measurement

The Council measures Investment Properties and Surplus Assets at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses external valuers to provide a valuation of its assets in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

- Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3 - Unobservable inputs for the asset or liability.

#### **Fair Value Hierarchy**

All the Council's Investment Properties and Surplus Assets have been value assessed as Level 2 on the fair value hierarchy for valuation purposes.

#### **Valuation Techniques Use to Determine Level 2 Fair Values for Investment Property and Surplus Assets**

The fair value of Land, Office, Industrial and Retail assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the levels of observable inputs are significant leading to the properties being categorised at Level 2 in the Fair Value Hierarchy.

## 4.2.11 Assets (continued)

### h - Impairment and Depreciation

The Authority recognised depreciation and amortisation charges totalling £37.577m representing an estimate of the value of fixed assets consumed during the financial year for the provision of services.

The Authority also recognised impairment losses resulting in a total charge of £4.568m (General Fund - £4.505m). This consisted of an impairment of £4.063m relating to capital expenditure incurred in year deemed not to add an equivalent value, and impairment losses prior to derecognition of £0.505m in respect of the demolition of old buildings.

Summary of Depreciation and Impairment charged to Comprehensive Income and Expenditure.

The amounts below represents the impairments and depreciation charge to services in the net cost of services.

	Amortisation £000	Depreciation £000	Impairment £000
Property, plant and equipment	-	(36,352)	(4,568)
Intangible assets	(1,130)	-	-
Non current assets held for sale	-	-	-
Investment properties	-	-	-
Heritage assets	-	(95)	-
<b>Total depreciation and impairment charged to services</b>	<b>(1,130)</b>	<b>(36,447)</b>	<b>(4,568)</b>

## 4.2.11 Assets (continued)

### i - Maintained Schools

The Council has the following maintained schools;

During the financial year three primary schools and two special schools have converted to academies.

The treatment of land and buildings is based on the legal framework underlying each type of school. The Council controls the management and running of community and voluntary controlled schools. The land and buildings of voluntary aided and foundation schools are owned by the trustees of the schools or the foundation body. However, as all schools are part of the PFI contract, the buildings are all retained on the Council's Balance Sheet. Land assets relating to Foundation schools are written out once the legal agreement has been entered into.

Capital expenditure on community and voluntary controlled schools is added to the balances for those schools as reported in Property, Plant and Equipment.

Capital expenditure on voluntary aided schools is charged to the CIES within Children and Family services as "REFCUS". Dedicated Schools Grant (DSG) is credited to Schools and Children & Family services within the CIES, based on amounts due from the Department for Education for 2020/21.

Individual schools' balance as 31st March 2021 are included in the Balance Sheet of the Council under the heading Earmarked Reserves—General Fund.

	Community	Voluntary Controlled	Voluntary Aided	Foundation
Number of schools subject to PFI contracts	8	2	2	1
Value of land and buildings at 31st March 2021	£40m	£7m	£8m	£18m

### PFI Schemes

All maintained schools are subject to PFI contracts. All schools buildings are shown on the Council's Balance Sheet as the Council is the party to the contract with the PFI Operator.

The PFI liability is retained on the Council's Balance Sheet and the income from the Academy school is recognised to reduce the overall charge in the

## 4.2.12 Capital

### a - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table across (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

31 March 2020 £000	Notes	31 March 2021 £000
645,216	<b>Opening Capital Financing Requirement</b>	694,808
	<b>Capital Investment</b>	
69,972	Property, Plant & Equipment	98,382
145	Heritage Assets	52
9	Investment Properties	3,527
1,456	Intangible Assets	2,097
1	Assets Held for Sale	-
7,972	Fortior Homes Investment	2,230
18,939	Loans to companies	4,951
6,885	Revenue Expenditure Funded from Capital under Statute	13,189
11,913	Capitalisation of redundancies/actuarial strain	-
	<b>Sources of Finance</b>	
(2,427)	Capital receipts reserve applied to finance capital expenditure	(3,381)
(18,511)	Government grants and contributions received in year and applied	(44,574)
(43)	Government grants and contributions applied from reserves	(716)
(15,725)	Use of Major Repairs Reserve	(23,430)
(500)	Direct Revenue Contributions - General Fund	(416)
(12,333)	Contribution from HRA Reserve	-
(17,719)	Minimum Revenue Provision	(15,916)
(442)	Amount voluntarily set aside to pay off debt	(316)
-	HRA Repayment of debt (principal & leasing)	-
<b>694,808</b>	<b>Closing Capital Financing Requirement</b>	<b>730,487</b>

## 4.2.12 Capital (continued)

### b - Movement in Capital Financing Requirement

31 March 2020 £000	Notes	31 March 2021 £000
66,366	Increase in underlying need to borrow (unsupported by government financial assistance)	50,186
(18,162)	Decrease in underlying need to borrow (MRP and voluntary debt repayment)	(16,233)
48,204	Decrease in underlying need to borrow (HRA voluntary debt repayment)	1,087
1,386	Assets acquired under PFI/PPP contracts	639
<b>49,590</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>35,679</b>

### c - Minimum Revenue Provision

MRP which relates to pre 2008 debt liability will be charged at the rate of 2% straight line (previously 4% reducing balance). Post 2008 MRP reflected within the debt liability at the end of the financial year will be subject to MRP based on Asset Life charged over a period which is reasonably commensurate with the estimated useful life of the asset (or group of assets) as determined by professional judgement. Where the underlying borrowing is by way of a finance lease or service concession arrangement (PFI Scheme), additional revenue provision may be set aside on the capital repayment plan of this agreement.

31 March 2020 £000	Notes	31 March 2021 £000
7,826	Other Services Private Finance Initiative	8,656
4,105	- Schools	4,329
1,680	- Street Lighting	1,663
1,594	- Extra Care	1,289
438	- Bentilee District Centre	295
2,519	- Hanford Waste	-
<b>18,162</b>	<b>Total</b>	<b>16,232</b>



## 4.2.12 Capital (continued)

### d - Capital Commitments

At 31 March 2021, the Authority has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years budgeted to cost £177.7m. Similar commitments at 31 March 2020 were £136.1m.

<b>Capital Scheme</b>	<b>£m</b>
Housing Stock Maintenance	124.7
Fortior - Smithfield Apartments	0.2
District Heat Network	1.2
Longton Primary Care	2.2
Queen Elizabeth 2 Redevelopment	3.4
Smithfield MSCP (City Centre)	13.8
Etruria Valley Link Road	31.4
Hanley Park Heritage Works	0.8
<b>Total</b>	<b>177.7</b>

## 4.2.13 PFI & Similar Contracts

The Authority makes an agreed payment each year, which is adjusted year by year for inflation, variations to the contract and any compensation for failure to meet agreed performance targets. Payments made to the contractor are described as Unitary Payments, they have been calculated to compensate the contractor for the following:

- Fair value of service provided to the authority
- Capital expenditure incurred
- Interest payable on capital expenditure yet to be reimbursed
- Contingent rent
- Payments estimated to fund capital lifecycle replacements

**Schools Estate PFI Scheme** - 2020/21 was the 20th year of a 25 year PFI contract with Transform Schools (Stoke) Limited (TSSL) for rebuilding, maintaining, upgrading and providing services to its schools. Services provided under the contract include utilities, window cleaning, legislative safety testing, buildings maintenance and pest control. The scheme is provided under the Private Finance Initiative and will benefit from government grants of around £53m over its remaining lifetime.

Legal ownership of the assets involved in the scheme is retained by the City Council throughout the contract period and these assets will be returned to the City Council at nil cost at the end of the contract period. The City Council may terminate the contract with TSSL subject to a period of notice and payment of compensation.

**Street Lighting PFI Scheme** - 2020/21 was the 17th year of a 25 year PFI contract with Tay Valley Lighting (TVL) for prioritised replacement, operation and maintenance of all the City's street lights, illuminated signs and bollards, giving illumination of designated public areas to contractually specified performance standards. Changes in energy supply costs passed on to the City Council via the contract are subject to separate provisions for market testing. Following agreement between the council and the PFI contractor to undertake an LED unit replacement programme and light control system, the energy consumption is expected to reduce, generating financial savings and a reduction in carbon emission. The contract will terminate on 31 August 2028.

Legal ownership of the assets involved in the scheme is retained by the City Council throughout the contract period and these assets will be returned to the City Council at nil cost at the end of the contract period. The City Council may terminate the contract at any time , with not less than six and not more than twelve months notice to TVL, subject to payment of compensation.

## 4.2.13 PFI & Similar Contracts

**Bentilee District Centre PFI Scheme** - 2020/21 was the 14th year of a 25 year PFI contract with Bentilee HUB (Project Company) Limited (BHUB) for the provision and maintenance of a multi-service district centre on the Devonshire Square site in Bentilee. Clinical and community services accessed by the public at the district centre include GP, library, youth and advice services, as well as retail units.

Legal ownership of all assets involved in the scheme is retained by the City Council throughout the contract period and all scheme assets will be passed to the City Council at nil cost at the end of the contract period. The City Council may terminate the contract following the provision of six months notice to BHUB, subject to payment of compensation.

**Extra Care Housing PFI** - 2020/21 was the 6th year of a 25 year contract with Sapphire Extra Care Limited (SEC) to carry out and provide extra care housing. Extra care housing combines housing and care support for older people who have access to high quality accommodation with their own front door, with the security of a 24-hour care provider on site to provide reliable and responsive support as needed. The landlord is entitled to charge and retain rents from tenants. SEC shall ensure that the landlord does not charge rents in excess of the agreed rent.

The sites are based as Westcliffe, Abbey Hulton and Blurton. Legal ownership of the apartment blocks is held by SEC. At the end of the contract period the City Council have an option to purchase all the apartment blocks at market value. Termination in advance of the contract expiry date is available to the City Council, subject to payment of compensation.

The contract will terminate on 9 July 2039.

## 4.2.13 PFI & Similar Contracts (continued)

### a - Assets resulting from PFI arrangements

In accordance with the accounting requirements, all PFI assets are shown on the Council's Balance Sheet. The following table shows the value of assets recognised under PFI arrangements and analyses the movement in the value of the assets during the year.

44 of the schools have converted to academy status. It is deemed that such schools bear a significant part of the risks and rewards of ownership of the school assets and therefore such assets have been derecognised from the Council's Balance Sheet.

	Schools £000	Street Lighting £000	Bentilee District Centre £000	Extra Care Housing £000	Total £000
Value as at 31 March 2020	95,811	32,538	3,759	33,091	165,199
Additions	781	-	1	-	782
Additions through PFI	-	674	-	-	674
Revaluations	5,355	-	-	-	5,355
Derecognitions and Reclassifications	(25,464)	-	-	-	(25,464)
Depreciation/Impairment	(2,148)	(1,343)	(66)	(678)	(4,235)
<b>Value as at 31 March 2021</b>	<b>74,335</b>	<b>31,869</b>	<b>3,694</b>	<b>32,413</b>	<b>142,311</b>

## 4.2.13 PFI & Similar Contracts (continued)

### b - Liabilities resulting from PFI arrangements

The following table shows the value of liabilities resulting from PFI arrangements and analyses the movement in the year. The interest shown in the table (£6.323m) has been expensed to the CIES in 2020/21.

The amount included on the Balance Sheet as other long term liabilities does not include any future capital replacement cost as such liabilities are only recognised as the capital replacement expenditure is incurred.

The element of the outstanding liability that is due the paid within the next 12 months is shown within “Short Term Creditors”; the remainder forms part of the balance of “Other Long Term Liabilities”.

The PFI liabilities in respect of all PFI schools remain on the Council’s balance sheet as the Council is party to the contract with the PFI operator.

	Schools £000	Street Lighting £000	Bentilee District Centre £000	Extra Care Housing £000	Total £000
Value as at 31 March 2020	28,208	9,193	4,463	39,452	81,316
New loans raised	-	910	-	-	910
Interest added	2,631	971	642	2,079	6,323
Repayment of interest and liability	(6,960)	(2,609)	(937)	(3,368)	(13,874)
<b>Value as at 31 March 2021</b>	<b>23,879</b>	<b>8,465</b>	<b>4,168</b>	<b>38,163</b>	<b>74,675</b>
of which		Short Term		<b>4.2.14b</b>	6,810
		Long Term		<b>4.2.14b</b>	67,865
					<b>74,675</b>

## 4.2.13 PFI & Similar Contracts (continued)

### c - Future Unitary Payments

Total payments remaining to be paid under each PFI service concession contract as 31st March 2020 (including estimated inflation, contract variations and estimated future capital replacement costs are analysed below in 5 year bandings).

<b>Summary Future Unitary Payments</b>	<b>Repayment of Liability £000</b>	<b>Interest £000</b>	<b>Service Charge £000</b>	<b>Lifecycle Costs £000</b>	<b>Total £000</b>
Within 1 year	6,810	7,620	13,135	4,572	<b>32,137</b>
2 - 5 years	31,699	12,405	50,783	27,425	<b>122,312</b>
6 - 10 years	14,504	10,181	18,605	5,131	<b>48,421</b>
11 - 15 years	11,490	2,988	10,572	3,878	<b>28,928</b>
16 - 20 years	10,172	(522)	6,808	1,368	<b>17,826</b>
	<b>74,675</b>	<b>32,672</b>	<b>99,903</b>	<b>42,374</b>	<b>249,624</b>

The predicted future PFI payments include assumptions around contractual indexation the Council will be prepared to pay. The effects of these assumptions will be monitored closely over the remaining life of the contract and mitigated through reduced energy consumption, contract negotiations and/or increased revenue contributions.

<b>Schools Estate PFI Scheme Future Unitary Payments</b>	<b>Repayment of Liability £000</b>	<b>Interest £000</b>	<b>Service Charge £000</b>	<b>Lifecycle Costs £000</b>	<b>Total £000</b>
Within 1 year	4,197	3,418	9,471	3,515	<b>20,601</b>
2 - 5 years	19,682	(2,718)	35,244	22,022	<b>74,230</b>
	<b>23,879</b>	<b>700</b>	<b>44,715</b>	<b>25,537</b>	<b>94,831</b>

Included in the estimated future unitary payment service charges for the schools PFI is the cost of services and maintenance in respect of schools incorporated into the contract that were built as part of the Building Schools for Future Programme (BSF). We have determined that these schools are service concession assets and accounted for them as such however it is not expected that these assets will produce a liability on the balance sheet. The repayment of the liability and interest in respect of assets replaced by BSF schools are retained as liabilities estimated to be £7.6m and will be repaid over the period of the remaining contract.

## 4.2.13 PFI & Similar Contracts (continued)

### c - Future Unitary Payments

Extra Care PFI Scheme Future Unitary Payments	Repayment of Liability £000	Interest £000	Service Charge £000	Lifecycle Costs £000	Total £000
Within 1 year	1,587	2,322	1,412	125	5,446
2 - 5 years	6,226	8,149	5,971	1,434	21,780
6 - 10 years	9,213	6,964	8,352	2,696	27,225
11 - 15 years	10,965	2,933	9,450	3,878	27,226
16 - 20 years	10,172	(522)	6,808	1,368	17,826
	<b>38,163</b>	<b>19,846</b>	<b>31,993</b>	<b>9,501</b>	<b>99,503</b>

Bentilee District Centre PFI Scheme Future Unitary Payments	Repayment of Liability £000	Interest £000	Service Charge £000	Lifecycle Costs £000	Total £000
Within 1 year	219	561	1,305	-	2,085
2 - 5 years	1,571	2,362	5,534	-	9,467
6 - 10 years	1,853	1,022	7,464	-	10,339
11 - 15 years	525	55	1,122	-	1,702
	<b>4,168</b>	<b>4,000</b>	<b>15,425</b>	<b>-</b>	<b>23,593</b>

Street Lighting PFI Scheme Future Unitary Payments	Repayment of Liability £000	Interest £000	Service Charge £000	Lifecycle Costs £000	Total £000
Within 1 year	807	1,319	947	932	4,005
2 - 5 years	4,220	4,612	4,034	3,969	16,835
6 - 10 years	3,438	2,195	2,789	2,435	10,857
	<b>8,465</b>	<b>8,126</b>	<b>7,770</b>	<b>7,336</b>	<b>31,697</b>

## 4.2.13 PFI & Similar Contracts (continued)

### d - Income and Expenditure

Transactions under the schemes during 20/21	Schools		Extra Care Housing		Bentilee District Centre		Street Lighting	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Fair value of services	14,675	14,892	1,401	1,662	1,009	1,090	1,861	1,920
Finance cost	3,033	2,631	2,159	2,079	705	642	1,043	971
Contingent rent	679	(244)	347	380	99	1	313	394
<b>Revenue Unitary Charge</b>	<b>18,387</b>	<b>17,279</b>	<b>3,907</b>	<b>4,121</b>	<b>1,813</b>	<b>1,733</b>	<b>3,217</b>	<b>3,285</b>
Recharge to academies	(7,558)	(8,737)	-	-	-	-	-	-
Other revenue expenditure	362	313	-	-	-	-	22	-
Depreciation	2,170	3,080	595	678	54	65	2	1,343
<b>Total Expenditure</b>	<b>13,361</b>	<b>11,935</b>	<b>4,502</b>	<b>4,799</b>	<b>1,867</b>	<b>1,798</b>	<b>3,241</b>	<b>4,628</b>
PFI special grant	(8,294)	(8,294)	(4,790)	(4,790)	(1,346)	(1,346)	(1,351)	(1,351)
Other contributions	(3,414)	(2,920)	-	-	(876)	(906)	(8)	(7)
<b>(Surplus)/Deficit in Income and Expenditure</b>	<b>1,653</b>	<b>721</b>	<b>(288)</b>	<b>9</b>	<b>(355)</b>	<b>(454)</b>	<b>1,882</b>	<b>3,270</b>
<b>Movement in Reserves</b>								
Depreciation	(2,170)	(3,080)	(595)	(678)	(54)	(65)	(2)	(1,343)
MRP	4,105	4,329	1,594	1,289	438	295	1,681	1,662
<b>Transfer to/(from) Earmarked Reserves</b>								
Transfer to PFI reserve	-	-	-	-	-	134	-	-
Transfer (from) reserve	(3,587)	(1,970)	(206)	(171)	(104)	(10)	(283)	(154)
<b>Net Charge to General Fund</b>	<b>1</b>	<b>-</b>	<b>505</b>	<b>449</b>	<b>(75)</b>	<b>(100)</b>	<b>3,278</b>	<b>3,435</b>

A number of schools have converted to Academy status and entered into a contractual arrangement with the Council in respect of properties under the PFI scheme. The Council recharges the Unitary Charges on such properties to the schools.



## 4.2.14 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

### a - Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial assets.

The financial assets disclosed in the Balance Sheet are analysed below across the following categories:

Long-Term Assets 2019/20 £000	Current Assets 2019/20 £000		Notes	Long-Term Assets 2020/21 £000	Current Assets 2020/21 £000
		<b>Investments</b>			
20,676	-	Fair value through other comprehensive income	4.2.14d(iv)	15,319	-
<b>20,676</b>	-	<b>Total Investments</b>	-	<b>15,319</b>	-
		<b>Debtors</b>			
9,588	-	Fair value through profit and loss	4.2.14d(iii)	9,987	-
28,257	48,889	Amortised cost	4.2.14d(ii)	34,776	77,308
1,697	18,306	Classes of debtor not recognised as financial instruments		2,157	19,600
<b>39,542</b>	<b>67,195</b>	<b>Total Debtors</b>		<b>46,920</b>	<b>96,908</b>
		<b>Cash and Cash Equivalents</b>			
-	23,900	Fair value through profit and loss	4.2.14e		6,500
-	11,050	Amortised cost	4.2.14e		8,901
-	<b>34,950</b>	<b>Total Cash and Cash Equivalents</b>		-	<b>15,401</b>

## 4.2.14 Financial Instruments (continued)

### b - Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable.

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Long-Term Liabilities 2019/20 £000	Current Liabilities 2019/20 £000		Notes	Long-Term Liabilities 2020/21 £000	Current Liabilities 2020/21 £000
		<b>Borrowings</b>			
538,120	12,472	Amortised cost		526,211	54,013
<b>538,120</b>	<b>12,472</b>	<b>Total Borrowings</b>		<b>526,211</b>	<b>54,013</b>
		<b>Other Liabilities at amortised cost</b>			
9,940	1,829	Liability with Staffordshire County		8,111	1,829
74,675	6,642	PFI liabilities	<b>4.2.13b</b>	67,865	6,810
13,965	-	PFI liabilities - deferred credit		13,249	-
149	506	Finance lease liabilities	<b>4.2.14j</b>	1,038	361
<b>98,729</b>	<b>8,977</b>	<b>Total Other Liabilities</b>		<b>90,263</b>	<b>9,000</b>
		<b>Creditors</b>			
-	54,653	Amortised cost	<b>4.2.4d(i)</b>	-	80,100
-	19,775	Classes of creditor not recognised as financial instruments		-	32,376
-	<b>74,428</b>	<b>Total Creditors</b>	<b>4.2.21c</b>	-	<b>112,476</b>

## 4.2.14 Financial Instruments (continued)

### c - Gains and Losses on Financial Instruments

The gains and losses recognised in the CIES in relation to financial instruments are made up as follows:

31st March 2020					31st March 2021					
Liabilities Measured at amortised cost £000	Assets Measured at amortised cost £000	Fair Value Elected through OCI £000	Fair Value through Profit and Loss £000	Total £000		Liabilities Measured at amortised cost £000	Assets Measured at amortised cost £000	Fair Value Elected through OCI £000	Fair Value through Profit and Loss £000	Total £000
-	(1,919)	-	-	(1,919)	Impairment losses	-	(621)	-	-	(621)
(28,074)	-	-	-	(28,074)	Interest expenses	(25,981)	-	-	-	(25,981)
<b>(28,074)</b>	<b>(1,919)</b>	-	-	<b>(29,993)</b>	<b>Total expenses in surplus or deficit on the provision of services</b>	<b>(25,981)</b>	<b>(621)</b>	-	-	<b>(26,602)</b>
-	-	-	-	-	Impairment loss reversals	-	-	-	-	-
-	1,920	3,426	390	5,736	Interest income and investment income	-	2,070	3,080	630	5,780
-	<b>1,920</b>	<b>3,426</b>	<b>390</b>	<b>5,736</b>	<b>Total Income in surplus or deficit on the provision of services</b>	-	<b>2,070</b>	<b>3,080</b>	<b>630</b>	<b>5,780</b>
-	-	-	-	-	Gains on revaluation	-	-	382	-	382
-	-	(5,084)	-	(5,084)	Losses on revaluation	-	-	(7,968)	-	(7,968)
-	-	(5,084)	-	(5,084)	Impact on other comprehensive income	-	-	(7,586)	-	(7,586)
<b>(28,074)</b>	<b>1</b>	<b>(1,658)</b>	<b>390</b>	<b>(29,341)</b>	<b>Net gain/(loss) for the year</b>	<b>(25,981)</b>	<b>1,449</b>	<b>(4,506)</b>	<b>630</b>	<b>(28,408)</b>

## 4.2.14 Financial Instruments (continued)

### d - Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date.

For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. Where applicable, the fair values of other instruments have been estimated using the following methods and assumptions:

- Certificates of deposit and forward loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity;
- Shares in unlisted companies have been valued from the company's balance sheet net assets.

The fair values for financial assets classified as amortised cost have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2021, using the following methods and assumptions:

- Loans from the PWLB have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of embedded options. Lender's options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity at 31st March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument

The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are shown split by their level in the fair value hierarchy, as prescribed in IFRS 13:

Level 1 - fair value is only derived from quoted prices in active markets for identical assets or liabilities

Level 2 - fair values are calculated from inputs other than quoted prices that are observable for the asset or liability

Level 3 - fair values are determined using unobservable inputs

## 4.2.14 Financial Instruments (continued)

### d (i) - Financial Liabilities carried at Amortised Cost

31 March 2020					31 March 2021				
Carrying Amount Long Term £000	Carrying Amount Short Term £000	Fair Value Long Term £000	Fair Value Short Term £000		Fair Value Level	Carrying Amount Long Term £000	Carrying Amount Short Term £000	Fair Value Long Term £000	Fair Value Short Term £000
498,120	6,910	609,561	6,910	PWLB - maturity	2	482,210	15,910	542,457	69,752
-	5,563	-	5,563	Interest accrued	2	-	6,103	-	6,103
20,000	-	36,346	-	LOBO's	2	20,000	-	34,704	-
20,000	-	20,300	-	Inter-authority loans	2	24,000	32,000	24,975	32,453
149	506	149	506	Finance leases	2	361	1,038	1,116	404
88,639	6,642	105,704	12,683	PFI schemes	2	67,865	6,810	88,128	12,492
9,940	1,829	10,413	2,218	Liability with Staffordshire County	2	8,111	1,829	8,566	2,156
-	54,653	-	54,653	Creditors <sup>1</sup>	2	-	80,100	-	80,100
<b>636,848</b>	<b>76,103</b>	<b>782,473</b>	<b>82,533</b>	<b>Financial liabilities</b>		<b>602,547</b>	<b>143,790</b>	<b>699,946</b>	<b>203,460</b>

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

<sup>1</sup> The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount

## 4.2.14 Financial Instruments (continued)

### d (ii) - Financial Assets carried at Amortised Cost

Carrying Amount £000	Fair Value £000		Note	Fair Value Level	Carrying Amount £000	Fair Value £000
28,257	28,257	Long Term Debtors			34,776	34,776
48,889	48,889	Short Term Debtors <sup>1</sup>			77,308	77,308

Short-term debtors exclude amounts receivable of £19.599m from Statutory debtors, Central Government. and prepayments Long term debtors exclude amounts receivable of £2.157m relating to housing benefits overpayments. These have not arisen from contracts and are therefore not classed as financial instruments and do not fall within the scope of IFRS 9.

<sup>1</sup> The fair value of short-term financial assets including trade receivables is assumed to approximate to the carrying amount

### d (iii) - Financial Assets Held at Fair Value through Profit and Loss

31 March 2020 £000		Note	Fair Value Level	31 March 2021 £000
2,157	Kick Start <sup>1</sup>	4.2.21a	3	2,167
72	Home Improvement Loans <sup>1</sup>	4.2.21a	3	72
7,359	GenR8 Smithfield Hotel Ltd	4.2.21a	3	7,748
<b>9,588</b>	<b>Total</b>			<b>9,987</b>

<sup>1</sup> Consists of soft loans whose cash flows are not solely payments of principal and interest. Soft loans have been valued by discounting the contractual payments at the estimated market rate of interest for a similar loan.

## 4.2.14 Financial Instruments (continued)

### d (iv) - Financial Assets Held at Fair Value through Other Comprehensive Income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance. The City Council's share holdings were valued using the adjusted net asset value in the company's latest balance sheet. Changing unobservable inputs in the measurement of the fair value of level 3 financial assets to reasonably possible alternative assumptions would not have a significant impact on profit for the year or total assets.

31 March 2020 £000		Fair Value Level	31 March 2021 £0002
	<b>Stoke-on-Trent Regeneration Limited</b>		
2,442	19% Shareholding - 19,000 B ordinary shares of £1 each	3	2,824
	<b>Stoke EnergyCo Limited (Dormant)</b>		
-	100% Shareholding - 1 ordinary share of £1	3	-
	<b>Stoke on Trent Futures Ltd (Dormant)</b>		
-	100% Shareholding - 1 ordinary share of £1	3	-
	<b>Rhead Homes Ltd (Dormant)</b>		
-	100% Shareholding - 1 ordinary share of £1	3	-
<b>2,442</b>	<b>Sub-total (Group long term investments)</b>		<b>2,824</b>
	<b>Fortior Homes Limited</b>		
9,640	100% Shareholding - 13,454,524 ordinary shares of £1	3	6,530
	<b>Unitas Stoke-on-Trent Limited</b>		
8,594	100% Shareholding - 1 ordinary share of £1	3	5,965
<b>20,676</b>	<b>Total long term investments (SOTCC)</b>		<b>15,319</b>

## 4.2.14 Financial Instruments (continued)

### e - Cash and Cash Equivalents

Reflects the level of cash and cash equivalents held at the balance sheet date

31 March 2020			31 March 2021	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000	Notes	£000	£000
23,900	23,900	Money market funds	6,500	6,500
<b>23,900</b>	<b>23,900</b>	<b>Financial Assets Held at Fair Value through Profit and Loss</b>	<b>6,500</b>	<b>6,500</b>
-	-	On call accounts	700	700
-	-	Term deposits	-	-
102	-	Cash held by the authority	97	-
10,948	-	Bank current accounts	8,104	-
-	-	Accruals attached to term deposits	-	-
<b>11,050</b>	-	<b>Financial Assets for which fair value is not disclosed</b>	<b>8,901</b>	<b>700</b>
<b>34,950</b>	<b>23,900</b>	<b>Total Cash and Cash Equivalents (SOTCC)</b>	<b>15,401</b>	<b>7,200</b>
484	-	Cash & Cash Equivalents (Unitas)	186	-
102	-	Cash & Cash Equivalents (Fortior)	311	-
<b>35,536</b>	<b>23,900</b>	<b>Total Cash and Cash Equivalents (Group)</b>	<b>15,898</b>	<b>7,200</b>



## 4.2.14 Financial Instruments (continued)

### f - Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet

		31 March 2020			31 March 2021		
		Net position			Net position		
		on the			on the		
		balance			balance		
Gross	(Liabilities)				Gross	(Liabilities)	
Assets	set off			Notes	Assets	set off	
£000	£000	£000			£000	£000	£000
82,801	(71,853)	10,948	Bank accounts in credit		87,525	(79,421)	8,104
<b>82,801</b>	<b>(71,853)</b>	<b>10,948</b>	<b>Total bank current accounts</b>		<b>87,525</b>	<b>(79,421)</b>	<b>8,104</b>

### g - Nature and extent of risks arising from Financial Instruments

The Authority's activities expose it to a variety of financial risk:

- Credit risk - the possibility that other parties might fail to pay amounts due to the authority - **4.2.14h**.
- Market risk - the possibility that the financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements - **4.2.14i**.
- the possibility that the Authority might not have funds available to meet its commitments to make payments - **4.2.14j**.

the Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the city council in the annual Treasury Management Strategy Statement. The council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

## 4.2.14 Financial Instruments (continued)

### h - Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by credit ratings services. Deposit risk is also managed by limiting the level of investments placed with counterparties, but subject to regular review.

The council has made significant efforts to further protect the capital of the Authority and mitigate against this risk in line with its Treasury Management Strategy Statement, including:

- (a) the quarterly reporting of Treasury Management activity to the council's Audit Committee;
- (b) Use of the Debt Management Office (DMO), the Government's investment vehicle, and the most secure place to invest;
- (c) Investments are limited to £10m for the highest rated or government owned institution except in the case of the DMO which has no limit. The use of money market funds to a maximum level as advised by the council's treasury management advisors, calculated as 0.5% of the Money Market Fund size;
- (d) Utilising professional advice from external treasury advisers on the credit worthiness of counterparties;
- (e) Utilising all market and other 'soft' information which officers research through the financial press and independent advice;
- (f) Investing funds only in the UK durations below 12 months until it is safe to do otherwise (in accordance with the Council's Treasury Management Strategy).

The Authority's maximum possible exposure to credit risk in relation to funds held as investments by the council at the Balance Sheet date is £6,500,000. As the deposits rest with several financial institutions the risk of any single institution failing to make interest payments or repay the principle sum will be specific to each individual institution. It is not expected for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2021 that this was likely to crystallise. The figure does not include balances held by Cheque Book Schools.

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

## 4.2.14 Financial Instruments (continued)

### h - Credit Risk

#### Treasury Investments

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

31 March 2020			31 March 2021		
Long-term	Short-term		Long-term	Short-term	
£000	£000		£000	£000	
-	23,900	AAA	-	6,500	
-	-	On-call Account	-	700	

#### Trade Receivables

The City Council operates a Corporate Debt Management Policy which endeavours to keep outstanding debt at a minimum. The policy provides the framework for a consistent and sensitive approach to collecting debt whilst at the same time ensuring the council continues to maximise collection performance. Wherever possible the council will try to distinguish between those who cannot pay with those who will not pay.

The following analysis summarises the Council's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

31 March 2020		31 March 2021	
£000		£000	
38,147	Past due < 3 months	67,589	
5,228	Past due 4 - 12 months	4,816	
11,337	Past due 12+ months	11,977	
<b>54,712</b>	<b>Gross receivables</b>	<b>84,382</b>	
(5,822)	Less: loss allowance	(7,283)	
<b>48,890</b>	<b>Net receivables</b>	<b>77,099</b>	

## 4.2.14 Financial Instruments (continued)

### h - Credit Risk

Loss allowances on trade receivables have been calculated by reference to the Council's experience of default. Receivables for credit risk in the following groupings:

31 March 2020			31 March 2021	
Gross receivable	Loss allowance		Gross receivable	Loss allowance
£000	£000		£000	£000
26,357	(1,989)	GF Sundry Debt	29,728	(2,429)
2,278	(1,268)	HRA Sundry Debt	2,352	(1,382)
3,670	(79)	Housing Rent Arrears	3,150	(907)
2,980	(2,486)	Summons & Distress Costs	3,302	(2,565)
16,822	-	- Other Debtors	45,087	-
2,604	-	- Intercompany Debtors	972	-
<b>54,711</b>	<b>(5,822)</b>	<b>Sub total (financial assets)</b>	<b>84,591</b>	<b>(7,283)</b>
3,546	-	- VAT	5,033	-
13,228	(10,107)	Council Tax	16,143	(12,121)
3,542	(2,834)	Business Rates	3,539	(2,818)
442	(111)	Housing Benefit Overpayment	3,005	(39)
<b>75,469</b>	<b>(18,874)</b>		<b>112,311</b>	<b>(22,261)</b>

## 4.2.14 Financial Instruments (continued)

### h - Credit Risk

#### Loans and Loan Commitments

In furtherance of the Council's service objectives, it has lent money to Fortior Homes Ltd and GenR8 Smithfield Hotel Ltd, with a commitment to lend a further £xx.xxm to Fortior Homes Ltd. The City Council also has a number of smaller loans at below market rate.

The amounts recognised on the balance sheet, and the Council's total expected credit loss allowance credit risk for these instruments are:

31 March 2020			31 March 2021	
Balance Sheet	Expected Credit Loss Allowance		Balance Sheet	Expected Credit Loss Allowance
£000	£000		£000	£000
<b>Loans at Market Rates</b>				
29,678	(1,786)	Fortior Homes Ltd	36,663	(2,114)
7,359		- GenR8 Smithfield Hotel Ltd <sup>1</sup>	7,748	-
336		- Cluster Loans	207	-
7		- Mortgages	6	-
<b>Loans below Market Rates</b>				
2,157		- Kickstart <sup>1</sup>	2,167	-
72		- Home Improvement Loans <sup>1</sup>	72	-
22		- Empty Homes Loans	14	-
<b>Loan Commitment at Market Rates</b>				
-	(1,638)	Fortior Homes Ltd	-	(1,289)
<b>39,631</b>	<b>(3,424)</b>	<b>Total</b>	<b>46,877</b>	<b>(3,403)</b>

<sup>1</sup> Classified as Financial assets held at fair value through profit and loss

The Council manages the credit risk inherent in its loans for service purposes and loan commitments in line with its published investment strategy.

## 4.2.14 Financial Instruments (continued)

### h - Credit Risk

#### Loans and Loan Commitments

For loans classified as held at amortised cost, loss allowances have been calculated with consideration of the probability that a default event will take place within the next 12 months. The risk of default will be monitored on a ongoing basis. Where there is evidence of a significant increase in credit risk, lifetime expected losses will be calculated.

A reconciliation of opening to closing loss allowances on loans for service purposes is as follows:

	12-month expected credit losses £000	Simplified approach for receivables £000	Total loss allowance £000
Opening allowance as at 1st April 2020	1,786	18,874	<b>20,660</b>
New loans made	328	-	<b>328</b>
Movement in trade debtors impairment	-	3,387	<b>3,387</b>
<b>Closing allowance as at 31st March 2021</b>	<b>2,114</b>	<b>22,261</b>	<b>24,375</b>

### i - Market Risk

The Authority does not generally invest in equity shares for the purposes of treasury management. The Council does have shareholdings to the value of £20.676m, which have arisen through the creation of wholly owned subsidiaries and joint working arrangements. The authority is not in a position to limit its exposure to price movements by diversifying its portfolio and is consequently exposed to losses arising from movements in the price of the shares.

The £20.676m shares are all recognised as 'fair value through other comprehensive income and expenditure, meaning that all movements in price will impact on gains and losses in Other Comprehensive Income and Expenditure.

## 4.2.14 Financial Instruments (continued)

### j - Liquidity Risk

The Authority has a comprehensive cash flow management process that seeks to ensure that cash is available as needed. Should unexpected movements happen, the Authority has ready access to short term funding. There is no significant risk that it will not be able to raise finance to meet its commitments under financial instruments. The City Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future, to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The City Council limits how much it will borrow through its Treasury Management Strategy and Prudential Indicators. Which takes account of whether it is prudent to take new loans out and, where it is economic to do so, make early repayments.

### Outstanding Debt Liabilities

The City Council has the following debt liabilities (excluding sundry creditors) on its balance sheet:

31 March 2020 £000	31 March 2020 £000	31 March 2020 £000	Interest Rates %	Source of Loan	Note	Interest Rates %	31 March 2021 £000	31 March 2021 £000	31 March 2021 £000
505,030	-		3.38	Public Works Loan Board		3.40	498,120	-	
40,000	-		2.72	Market Loans		2.18	76,000	-	
81,316	-			PFI	4.2.13a		74,674	-	
655	-		2.97	Finance Lease Liabilities	4.2.14j	2.89	1,399	-	
-	5,563			Interest Accrual			-	6,103	
11,769	-			Transferred Debt			9,940	-	
<b>638,770</b>	<b>5,563</b>			<b>Total</b>			<b>660,133</b>	<b>6,103</b>	
<b>Principal</b>	<b>Interest</b>	<b>Total</b>		<b>Payable as follows:</b>			<b>Principal</b>	<b>Interest</b>	<b>Total</b>
15,638	29,038	44,676		Less than one year			56,910	26,591	83,501
44,813	30,114	74,927		Between one and two years			42,724	23,134	65,858
69,041	75,949	144,990		Between two and five years			68,693	56,322	125,015
89,454	81,172	170,626		Between five and ten years			82,657	80,832	163,489
419,824	235,293	655,117		More than ten years			409,149	212,942	622,091
<b>638,770</b>	<b>451,566</b>	<b>1,090,336</b>		<b>Total</b>			<b>660,133</b>	<b>399,821</b>	<b>1,059,954</b>

## 4.2.14 Financial Instruments (continued)

### j - Liquidity Risk

#### Finance Lease Liabilities

The City Council has 2 current finance leases ranging from 1 to 2 years. Interest payable (£27,275) on the outstanding lease liability at the 1st April 2019 (£0.908m) gave an associated interest rate of 2.97%. The interest due for 2018/19 (£34,663) on the outstanding lease liability at the 1st April 2018 (£1.154m) gives an associated interest rate of 2.95%.

31 March 2020 £000	Interest Rates %	Source of Loan	Note	Interest Rates %	31 March 2021 £000
908		Opening Balance			655
-		New Finance Leases			1,086
(253)		Repayment of Principal			(342)
<b>655</b>		<b>Closing Balance</b>			<b>1,399</b>
		<b>Payable as follows:</b>			
506		Less than one year			361
149		Between one and two years			231
-		Between two and five years			318
-		Between five and ten years			489
-		More than ten years			-
<b>655</b>		<b>Total</b>			<b>1,399</b>



## 4.2.15 Provisions

	Liability Insurance Claim £000	Business Rates Appeals £000	Expected Credit Loss Allowance £000	Other Provisions £000	Total £000
Balance at 1 April 2020	4,195	6,149	1,638	713	<b>12,695</b>
Additional provisions made in 2020/21	938	463	-	43	<b>1,444</b>
Amounts used in 2020/21	(1,099)	(463)	-	(183)	<b>(1,745)</b>
Unused amounts reversed in 2020/21		(2,077)	(21)	-	<b>(2,098)</b>
Transferred to non-current assets		-	(328)	-	<b>(328)</b>
<b>Balance at 31 March 2021</b>	<b>4,034</b>	<b>4,072</b>	<b>1,289</b>	<b>573</b>	<b>9,968</b>
of which:					
- Short term liability	-	4,072	-	534	<b>4,606</b>
- Long term liability	4,034	-	1,289	39	<b>5,362</b>
	<b>4,034</b>	<b>4,072</b>	<b>1,289</b>	<b>573</b>	<b>9,968</b>

### Liability Insurance Claims

These provisions are for settlement of claims for compensation for personal injury, loss or damage to property due to alleged negligence. All claims are dealt with on a legal liability basis and the provision for each claim is assessed by the Council's insurers or legal advisers based on the information available and experience of the type of claims involved and adjusted individually as further information becomes available until either a settlement is made and the claim is closed or the claim is successfully defended. Provisions include associated legal costs. The Council currently self-funds a £100,000 excess for each and every claim with a "stop loss" amount for each insurance year and the provisions are net of amounts payable by insurers.

### Business Rates Appeals

All business ratepayers could appeal their rateable value on the 2010 valuation list during the 2020/21 financial year. Any successful appeal no matter when it is resolved, made in this financial year, can be backdated back into previous financial years up to the start of the 2010 valuation list (1 April 2010). The provision reflects an estimate of the potential loss of income to Stoke-on-Trent City Council which could arise in future years as a result of those appeals still outstanding at 31 March 2021.

### Expected Credit Loss Allowance

The City Council has a contractual commitment to make loans of up to £64.24m to Fortior Homes Ltd, at some point in the future. As at 31st March 2020, £28.1m had been drawn down. Under IFRS 9, a loss allowance is needed to reflect potential defaults if the borrower were to exercise their drawdown rights. The expected credit loss reflects the expectations that the loans will be drawn down in the next year.

## 4.2.16 Grants

### a - Grant Income - Credited to Net Cost of Services

2019/20 £000	Service Area	Type of Funding/Grant	2020/21 £000
39,546	Children and Family Services	Dedicated Schools Grant	45,443
8,294		PFI - Schools	8,294
5,904		Other	5,893
1,346	Housing, Development and Growth	PFI - Bentilee	1,346
1,351		PFI - Street Lighting	1,351
278		Other	3,548
21,993	Social Care, Health and Wellbeing	Public Health Grant	29,150
4,790		PFI - Extra Care	4,790
13,613		BCF Grant	14,945
-		Council Tax Hardship Fund	3,157
5		Other	10,560
1,142	Strategy and Resources	Other	110
103	City Director	Other	-
41,962	Schools	Dedicated Schools Grant	36,553
6,521		Other	5,812
-	Housing Revenue Account	Other	
43,662	Benefit Payments	Rent Allowances	41,364
26,352		Rent Rebates	23,821
884		Other	1,036
<b>217,746</b>	<b>Total</b>		<b>237,173</b>

## 4.2.16 Grants (continued)

### b - Credited to Taxation and Non-specific Grant Income

Capital 2019/20 £000	Revenue 2019/20 £000		Capital 2020/21 £000	Revenue 2020/21 £000
3,558	27,297	Communities & Local Government	11,228	38,849
6,044	5,279	Department for Education	1,477	1,705
399	252	Department of Health and Social Care	-	8,937
-	1,102	Department of Work & Pensions	-	308
337	-	Private Sector Contributions	4,495	-
303	-	Public Sector Contributions	24,072	-
10,497	-	Department for Transport	11,865	-
-	-	Other Grants	15	-
446	-	Homes and Communities Agency	3,561	-
385	-	National Lottery	159	-
-	-	NNDR Extended Retail Discount	-	21,148
-	-	COVID-19 Support Grants	-	24,278
<b>21,969</b>	<b>33,930</b>	<b>Total</b>	<b>56,872</b>	<b>95,225</b>

### c - Grants - Receipts in Advance

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are below:

2019/20 £000		2020/21 £000
	<b>Capital</b>	
230	Department for Education (DfE)	153
-	Department for Transport	396
1,989	Public Sector Contributions	2,587
3,297	Homes and Communities Agency	378
781	<b>Revenue</b>	740
<b>6,297</b>	<b>Total</b>	<b>4,254</b>

All grants, contributions and donations received that have conditions attached which have not been satisfied as at 31st March 2021 are held within current liabilities as they are expected to be recognised as income within the next 12 months.

## 4.2.16 Grants (continued)

### d - Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). An element of the grant is recouped by the DfE to fund academy schools directly.

DSG is ring-fenced and can only be applied to meet expenditure properly included in the School Finance (England) Regulations 2012. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2020/21 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG as issued by the Department in March 2021	32,810	206,092	<b>238,902</b>
Reduction for reallocation to Academies	-	(159,343)	<b>(159,343)</b>
<b>Total DSG after Academy recoupment for 2020/21</b>	<b>32,810</b>	<b>46,749</b>	<b>79,559</b>
Brought forward from 2019/20	(24,011)	2,795	<b>(21,216)</b>
Transfer from ISB to Central Expenditure	-	-	-
Agreed initial budget distribution in 2020/21	8,799	49,544	<b>58,343</b>
In year adjustments	2,436	-	<b>2,436</b>
<b>Final budget distribution for 2020/21</b>	<b>11,235</b>	<b>49,544</b>	<b>60,779</b>
Less Actual central expenditure	(36,332)	-	<b>(36,332)</b>
Less ISB deployed	-	(45,649)	<b>(45,649)</b>
Plus local authority contribution for 2020/21	-	-	-
<b>Carry forward in year to 2020/21</b>	<b>(25,097)</b>	<b>3,895</b>	<b>(21,202)</b>
Carry forward to 2021/22 agreed in advance	-	-	-
<b>Carry forward to 2021/22</b>	<b>(25,097)</b>	<b>3,895</b>	<b>(21,202)</b>

A new ring-fenced unusable reserve, the Dedicated Schools Grant Adjustment Account has been established. The deficit b/f of £21.217m has been transferred to the Dedicated Schools Grant Adjustment Account on 1st April 2020. The surplus for 2020/21 has been transferred to this account, which will be used solely for the purpose of recognising deficits in respect of DSG.

## 4.2.17 Officers Remuneration

### Disclosure of Senior Officers Remuneration

The following table shows senior employees whose salary is greater than £50,000 per year

Salary, Fees and Allowances (£)	Expense Allowances (£)	Compensation for Loss of Office (£)	Pension Contributions (£)	Total (£)	Post title and name	Salary, Fees and Allowances (£)	Expense Allowances (£)	Compensation for Loss of Office (£)	Pension Contributions (£)	Total (£)
<b>Senior employees whose salary is £150,000 pr more per year</b>										
167,071	149	-	20,027	<b>187,247</b>	City Director - David Sidaway	-	-	-	-	-
27,055	-	-	4,221	<b>31,276</b>	City Director - Jon Rouse <sup>1</sup>	172,753	-	-	26,949	<b>199,702</b>
<b>Senior employees whose salary is between £50,000 and £150,000 pr more per year</b>										
22,972	-	-	3,584	<b>26,556</b>	Director - Children & Family Services <sup>2</sup>	143,946	-	-	22,456	<b>166,402</b>
127,393	89	-	19,868	<b>147,350</b>	Director - Housing, Growth & Development <sup>3</sup>	131,768	-	-	20,556	<b>152,324</b>
131,710	106	-	20,530	<b>152,346</b>	Director - Housing & Customer Services <sup>4</sup>	134,262	-	-	18,897	<b>153,159</b>
89,575	36	-	13,974	<b>103,585</b>	Assistant Director - Governance	94,462	-	-	14,736	<b>109,198</b>
100,204	-	-	15,632	<b>115,836</b>	Director - Strategy & Resources (& Section 151 Officer) <sup>5</sup>	108,360	15	-	16,904	<b>125,279</b>
145,576	48	-	8,927	<b>154,551</b>	Director - Social Care, Health Integration & Wellbeing	143,946	-	-	-	<b>143,946</b>

1 - Post holder commenced in post 31/02/2020

2 - Post holder left the Authority on 01/2/2019. Post covered from 31/1/2019 to 31/1/2020 by an interim consultant at a cost of £170,000.

3 - Following restructure on 21/2/2021 the old post of Director of Place, Growth & Prosperity was deleted and the new post of Director of Housing, Development & Growth was created. Both these roles were held by the same encumbant

4 - Following restructure on 21/2/2021 the post of Director of Housing, Development & Growth was deleted and the encumbant left.

5 - As part of new structure, the AD of Finance became the Director of Strategy & Resources (& Section 151) on 21/01/2021

## 4.2.17 Officers Remuneration

Number of employees excluding senior employees receiving total remuneration above £50,000 including expense allowances chargeable to income tax and an estimated value of other benefits byt excluding employer's pension.

	£50,000 - £54,999	£55,000 - £59,999	£60,000 - £64,999	£65,000 - £69,999	£70,000 - £74,999	£75,000 - £79,999	£80,000 - £84,999	£85,000 - £89,999	£90,000 - £94,999	£95,000 - £99,999	£100,000 - £104,999	£105,000 - £109,999	£110,000 - £114,999	£115,000 - £119,999	£120,000 - £124,999	£125,000 - £129,999	£130,000 - £134,999	£135,000 - £139,999	£140,000 - £144,999	£145,000 - £149,999	£150,000 - £154,999	£155,000 - £159,999	£160,000 - £164,999	£165,000 - £169,999	£170,000 - £174,999	£175,000 - £179,999	£180,000 - £184,999	£185,000 - £189,999	£190,000 - £194,999	Total			
<b>2020/21</b>																																	
Teaching staff	15	3	7	3	2	2	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34	
Non-teaching staff	24	8	20	14	5	2	1	-	-	2	2	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	80	
<b>Total employees<sup>1</sup></b>	<b>39</b>	<b>11</b>	<b>27</b>	<b>17</b>	<b>7</b>	<b>4</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114</b>		
Left in year	-	-	1	2	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	5	
<b>2019/20</b>																																	
Teaching staff	11	6	7	4	4	2	1	4	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40	
Non-teaching staff	43	23	23	18	9	6	5	3	5	6	2	1	-	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	147	
<b>Total employees<sup>1</sup></b>	<b>54</b>	<b>29</b>	<b>30</b>	<b>22</b>	<b>13</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>187</b>		
Left in year	16	11	8	3	7	6	4	4	3	4	2	1	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71	

<sup>1</sup> includes (61 - 2019/20) employees in receipt of compensatory payments for redundancy which has moved their remuneration into the >£50k banding

## 4.2.18 Termination Benefits and Exit Packages

The authority terminated the contracts of 62 employees in 2020/21. A total of £639,000 in compensatory payments was incurred (including redundancy costs and post employment notice pay) plus an additional £386,000 re payments to the pension fund in respect of actuarial strain costs. One person has committed to leave in 2021/22 and a total of £168,000 has been included in a provision. £64,000 for compensatory payments has been included as a reserve on the balance sheet for further costs expected in 2021/22.

<b>2020/21 Range</b>	<b>Number of Compulsory Redundancies</b>	<b>Number of Other Departures Agreed</b>	<b>Total Number of Exit Packages Agreed</b>	<b>Compensation for Loss of Office £000</b>	<b>Actuarial Pension Strain £000</b>	<b>Total Cost of Exit Packages £000</b>
£0 - £20,000	6	40	46	209	28	237
£20,001 - £40,000	-	7	7	184	-	184
£40,001 - £60,000	-	5	5	157	56	213
£60,001 - £80,000	-	2	2	40	103	143
£80,001 - £100,000	-	1	1	24	72	96
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	1	1	25	127	152
<b>Total</b>	<b>6</b>	<b>56</b>	<b>62</b>	<b>639</b>	<b>386</b>	<b>1,025</b>
<b>2019/20 Range</b>	<b>Number of Compulsory Redundancies</b>	<b>Number of Other Departures Agreed</b>	<b>Total Number of Exit Packages Agreed</b>	<b>Compensation for Loss of Office £000</b>	<b>Actuarial Pension Strain £000</b>	<b>Total Cost of Exit Packages £000</b>
£0 - £20,000	3	108	111	1,077	49	1,126
£20,001 - £40,000	-	73	73	1,635	450	2,085
£40,001 - £60,000	-	30	30	951	518	1,469
£60,001 - £80,000	-	31	31	1,022	1,159	2,181
£80,001 - £100,000	-	16	16	589	832	1,421
£100,001 - £150,000	-	18	18	748	1,511	2,259
£150,001 - £200,000	-	6	6	306	732	1,038
£200,001 - £250,000	-	1	1	51	167	218
£250,001 - £300,000	-	1	1	100	157	257
<b>Total</b>	<b>3</b>	<b>284</b>	<b>287</b>	<b>6,479</b>	<b>5,575</b>	<b>12,054</b>

## 4.2.19 Pensions

The City Council offers certain retirement benefits to its employees as part of their terms and conditions of employment and participates in the following three scheme:-

### **a - Teachers Pension Scheme & NHS Pension Scheme**

Teachers employed by the City Council are members of the Teachers' Pension Scheme (TPS) administered by the Teachers Pensions Agency (TPA). Public Health staff are members of the NHS pension scheme. Both of these schemes provide members with defined benefits on retirement, and the City Council pays towards the cost by making contributions. Although both schemes are unfunded, they use a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. It is not possible for the Council to identify a share of the underlying liabilities in these two schemes attributable to its own employees. For the purposes of these accounts, they are therefore accounted for as defined contribution plans.

The City Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the schemes. These benefits are accrued within the pension liability. In 20/21 the City Council paid employer's contributions to the TPS of £3,248,079 (2013/20 £3,434,272). Employer contributions in respect of the NHS scheme amounted to £182,887 in 2020/21 (2019/20 £86,164). The employer contribution to the TPS was 23.68% of pensionable pay for 2020/21 (2019/20 20.57%). Employer contributions to the NHS scheme was 14.3% (2019/20 15.1%) of public health staff pay. Total pensionable pay for the year re the TPS, after Academy transfers, was £13,717,838 (2019/20 £16,694,025) & £1,281,158 (2019/20 £569,822) re the NHS scheme.

Employer's contributions for the year to 31 March 2022 will be approximately £2.6m re the TPS, before Academy Transfers which have not yet been formalised. Employer's contributions for the year to 31 March 2022 will be approximately £0.1 re the NHS scheme.

### **b - Local Government Pension Scheme**

The Local Government Pension Scheme, administered locally by Staffordshire County Council and called the Staffordshire Pension Fund, was a funded defined benefit final salary scheme until 31st March 2014 (at which point it became a 'career average'). The City Council and its employees pay contributions into a fund, which provides its members with defined benefits relating to pay and service. Although these benefits will not actually be payable until employees retire, the City Council has a commitment to make the payments (for those benefits) and to account for them at the time that employees earn their future entitlement.

The contributions are based on rates that are determined by Hymans Robertson, the Pension Fund's professionally qualified actuaries, calculated at a level intended to balance the pensions liabilities with investment assets. The contributions are calculated on a triennial basis on full valuations of the fund. The most recent triennial valuation date was at 31 March 2019.



## 4.2.19 Pensions (continued)

The objectives of the scheme are to remove any deficit. The Pension Fund has agreed a strategy with the scheme's actuary to achieve this within the next 20 years. Funding levels are reviewed on an annual basis. The next triennial valuation is due to be completed on 31st March 2022.

In 2020/21 the City Council paid an employer's contribution based on 27.6% (2019/20 – 24.7%) of employees' pensionable pay. This was made up of 15.6% in respect of current service (ie pension earned within the current year), the remainder being in respect of prior years' deficit recovery. Total pensionable pay for the year, after Academy transfers, was £101,293,133 (2019/20 £104,060,336). The Actuary estimates that the Employer's contributions for the year to 31 March 2022 re the LGPS will be approximately £15.6m.

Discretionary retirement benefits awarded constitute an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. Effects of early retirements and unfunded benefits are considered in the Actuarial Assumptions and calculations. However, there are no investment assets built up to meet this type of pension liability and the funds have to be paid by the Council to meet the additional pension payments as they eventually fall due.

During the year ended 31 March 2021, the City Council agreed to allow 10 employees (135 in 2019/20) over the age of 55 to retire prematurely on redundancy grounds. Added years' lump sum payments awarded by the authority in respect of these leavers was £81,396 (2019/20 £1,052,801).

The Staffordshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Staffordshire County Council. The Pensions Committee, which consists of 9 elected members & 6 non-voting representatives (5 from the Consultative Forum and 1 representing retired scheme members), is responsible for : setting overall strategy; monitoring performance; administering the scheme and; approving policy. Policy is determined in accordance with the Pensions Fund Regulations. The Pensions Panel (consisting of 5 elected members), which reports to the Pensions Committee, is responsible for appointing investment managers; monitoring performance and; recommending strategy to the Pensions Committee. In addition, following the new regulations which came into force in April 2015, there is now a Pensions Board consisting of 6 members (of which 3 will be representatives of the Scheme Membership, and 3 will be representatives of the Employers within the Scheme) which will scrutinise the decisions made by the Pensions Committee & the Pension Panel.

In line with the Government's directive for LGPS schemes to pool assets, the Staffordshire Pension fund is now part of a pool known as the LGPS Central Limited. This pool was approved by Central Government in November 2016. LGPS Central Ltd has 9 members, 8 of which have voting rights : Staffordshire Pension Fund; Cheshire Pension fund; Worcestershire County Council; Derbyshire County Council; Leicestershire County Council; Nottinghamshire County Council; Shropshire County Pension Fund &; West Midlands Pension Fund. The 9th member, with no voting rights, is West Midlands ITA which is managed by the West Midlands Pension Fund. There are new Governance structures in place to accommodate this.

## 4.2.19 Pensions (continued)

The principal risks to the City Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated by the statutory requirement to charge to the General Fund and Housing Revenue Account the amounts required by statute that aim to reflect the Actuaries estimate of contributions necessary to balance liabilities & investments.

In addition, any deficit remaining upon insolvency of any employers within the Staffordshire Pension Fund would fall to the other employers within the scheme. In order to minimise this eventuality, there is a risk assessment of all employers which is regularly monitored & kept up-to-date and action strategies in place for each eventuality. For example, an employer whose risk assessment indicates a less strong covenant will generally be required to pay higher contributions.

Included in Other Comprehensive Income and Expenditure is an analysis of the remeasurements of the scheme identified as movements on the Pensions Reserve. Remeasurements are recognised immediately in the period in which they occur.

Any benefits promised under the formal terms of the scheme have been included in the pension scheme liabilities.

The assets of the scheme have been measured at their fair value, which complies with the Code regulations for IAS 19. Scheme liabilities have been deducted.

Definitions of the elements contained in the tables below are shown in the glossary at the end of these accounts.

The weighted average duration of the defined benefit obligation for LGPS Scheme Members is 18.0 years.

## 4.2.19 Pensions (continued)

### c - Comprehensive Income and Expenditure Statement

The cost of post employment/retirement benefits reported in the net cost of services are recognised when they are earned by employees rather than when the benefits are actually paid as pensions. While charged to the net cost of services, this is not a proper charge to the general fund and is reversed out via the movement in reserves statement to the pensions reserve. The proper charge to the general fund is represented by the cash paid in the year to the superannuation fund representing employer contributions.

	LGPS 2019/20 £000	LGPS 2020/21 £000	TPS 2019/20 £000	TPS 2020/21 £000	Total 2019/20 £000	Total 2020/21 £000
<b>Comprehensive Income and Expenditure Statement</b>						
- current service cost	46,012	34,190	-	-	46,012	34,190
- past service costs incl curtailments	2,283	225	-	-	2,283	225
- settlements	(9,199)	(2,186)	-	-	(9,199)	(2,186)
<b>Within Net Cost of Services:</b>	<b>39,096</b>	<b>32,229</b>	<b>-</b>	<b>-</b>	<b>39,096</b>	<b>32,229</b>
- net interest expense	12,763	7,705	778	634	13,541	8,339
<b>Within Financing and Investment Income and Expenditure</b>	<b>12,763</b>	<b>7,705</b>	<b>778</b>	<b>634</b>	<b>13,541</b>	<b>8,339</b>
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>51,859</b>	<b>39,934</b>	<b>778</b>	<b>634</b>	<b>52,637</b>	<b>40,568</b>
Remeasurement of the net defined benefit liability comprising:						
- return on plan assets (excluding the amount included in the net interest expense)	101,436	(244,797)	-	-	101,436	(244,797)
- changes in demographic assumptions	(57,475)	21,865	(1,112)	335	(58,587)	22,200
- changes in financial assumptions	(131,446)	368,165	(1,501)	3,729	(132,947)	371,894
- other experience	(118,585)	(11,150)	(1,102)	(586)	(119,687)	(11,736)
<b>Within Other Comprehensive Income and Expenditure</b>	<b>(206,070)</b>	<b>134,083</b>	<b>(3,715)</b>	<b>3,478</b>	<b>(209,785)</b>	<b>137,561</b>
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(154,211)</b>	<b>174,017</b>	<b>(2,937)</b>	<b>4,112</b>	<b>(157,148)</b>	<b>178,129</b>

## 4.2.19 Pensions (continued)

### d - Movement in Reserves Statement

	LGPS 2019/20 £000	LGPS 2020/21 £000	TPS 2019/20 £000	TPS 2020/21 £000	Total 2019/20 £000	Total 2020/21 £000
<b>Movement in Reserves Statement</b>						
- reversal of net charges against the General Fund Balance for the Provision of Services	(51,859)	(39,934)	(778)	(634)	(52,637)	(40,568)
- employers' contributions payable to the pension scheme	18,794	60,668	1,928	1,880	20,722	62,548
<b>Movement in Pension Reserve</b>	<b>173,005</b>	<b>(113,349)</b>	<b>4,865</b>	<b>(2,232)</b>	<b>177,870</b>	<b>(115,581)</b>

### e - Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the City Council's obligation in respect of its defined benefit plans is shown in the table below. As can be seen, the balance sheet has deteriorated from last year. This is mainly a result of a lower discount rate applied, in line with regulations.

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Present value of liabilities: All Pension Schemes	(1,161,054)	(1,385,305)	(1,395,968)	(1,576,196)	(1,311,193)	(1,722,672)
Present value of liabilities: Discretionary Benefits	(52,382)	(57,255)	(53,560)	(53,754)	(45,824)	(48,823)
	<b>(1,213,436)</b>	<b>(1,442,560)</b>	<b>(1,449,528)</b>	<b>(1,629,950)</b>	<b>(1,357,017)</b>	<b>(1,771,495)</b>
Fair value of assets in the LGPS	815,246	966,932	1,002,559	1,073,549	978,486	1,277,383
<b>Net pension asset/(liability) on the balance sheet</b>	<b>(398,190)</b>	<b>(475,628)</b>	<b>(446,969)</b>	<b>(556,401)</b>	<b>(378,531)</b>	<b>(494,112)</b>

Figures shown include the Pension contribution asset of £25,492,000 (£nil - 2019/20). This represents the cash payment made in advance, to be recognised over the next two years.

There is a net liability on the balance sheet of £519,603,528 in respect of post employment (retirement) benefits. This liability has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, the financial position of the Authority remains positive because of statutory arrangements for funding the deficit which permit:

- the deficit on the local government scheme to be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

## 4.2.19 Pensions (continued)

### f - Pensions Assets and Liabilities Recognised in the Balance Sheet

This table shows a reconciliation of the present value of the scheme assets and liabilities and the reason why they have changed from the previous year. In other words, it summarises the effect of all of the factors responsible for the movement in the assets and liabilities over the last year.

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)	LGPS	LGPS	TPS	TPS	Total	Total
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	(1,596,565)	(1,328,497)	(33,385)	(28,520)	(1,629,950)	(1,357,017)
Current service cost	(46,012)	(34,190)	-	-	(46,012)	(34,190)
Interest cost	(38,305)	(30,587)	(778)	(634)	(39,083)	(31,221)
Contributions by scheme participants	(6,619)	(6,453)	-	-	(6,619)	(6,453)
Remeasurement (gains) and losses :						
- changes in demographic assumptions	57,475	(21,865)	1,112	(335)	58,587	(22,200)
- changes in financial assumptions	131,446	(368,165)	1,501	(3,729)	132,947	(371,894)
- changes in experience	118,585	11,150	1,102	586	119,687	11,736
Benefits paid	36,104	35,194	1,928	1,880	38,032	37,074
Past service costs (including curtailments)	(2,283)	(225)	-	-	(2,283)	(225)
Settlements	17,677	8,731	-	-	17,677	8,731
Effect of Business Combinations & Disposals	-	(5,836)	-	-	-	(5,836)
<b>Closing balance at 31 March</b>	<b>(1,328,497)</b>	<b>(1,740,743)</b>	<b>(28,520)</b>	<b>(30,752)</b>	<b>(1,357,017)</b>	<b>(1,771,495)</b>

## 4.2.19 Pensions (continued)

### f - Pensions Assets and Liabilities Recognised in the Balance Sheet

	LGPS 2019/20 £000	LGPS 2020/21 £000	TPS 2019/20 £000	TPS 2020/21 £000	Total 2019/20 £000	Total 2020/21 £000
<b>Reconciliation of Present Value of Scheme (plan) Assets</b>						
Opening balance at 1 April	1,073,549	978,486			1,073,549	978,486
Interest income	25,542	22,882			25,542	22,882
Remeasurement gains and (losses) :						
- the return on plan assets, excluding the amount included in the net interest expense.	(101,436)	244,797			(101,436)	244,797
Employer contributions	20,722	61,044			20,722	61,044
Contributions by scheme participants	6,619	6,453			6,619	6,453
Benefits paid	(38,032)	(37,074)			(38,032)	(37,074)
Settlements	(8,478)	(6,545)			(8,478)	(6,545)
Effect of Business Combinations & Disposals	-	7,340			-	7,340
<b>Closing balance at 31 March</b>	<b>978,486</b>	<b>1,277,383</b>			<b>978,486</b>	<b>1,277,383</b>
<b>Net Pension (Asset)/Liability</b>	<b>(350,011)</b>	<b>(463,360)</b>	<b>(28,520)</b>	<b>(30,752)</b>	<b>(378,531)</b>	<b>(494,112)</b>

## 4.2.19 Pensions (continued)

### h - Local Government Pension Scheme Assets

The Schemes assets consist of the following categories, by proportion and value of the total assets held:

	Quoted prices in active markets 2019/20 £000	Quoted prices not in active markets 2019/20 £000	Total 2019/20 £000	Percentage of total assets 2019/20 %	Quoted prices in active markets 2020/21 £000	Quoted prices not in active markets 2020/21 £000	Total 2020/21 £000	Percentage of total assets 2020/21 %
Equity Securities:								
- consumer	36,078	-	36,078	4%	49,672	-	49,672	4%
- manufacturing	38,971	-	38,971	4%	53,305	-	53,305	4%
- energy & utilities	13,004	-	13,004	1%	14,125	-	14,125	1%
- financial institutions	34,402	-	34,402	4%	45,085	-	45,085	4%
- health & care	30,435	-	30,435	3%	32,123	-	32,123	3%
- information technology	23,710	-	23,710	2%	54,659	-	54,659	4%
- Other	840	-	840	0%	1,383	-	1,383	0%
Debt Securities								
- corporate bonds (investment grade)	78,292	-	78,292	8%	88,218	-	88,218	7%
Private equity	-	41,197	41,197	4%	-	55,350	55,350	4%
Real Estate: Uk Property	-	95,895	95,895	10%	-	97,831	97,831	8%
Investment Funds & Unit Trusts:								
- equities	414,969	-	414,969	43%	613,654	-	613,654	48%
- bonds	81,774	-	81,774	8%	85,014	-	85,014	7%
- hedge funds	-	17,317	17,317	2%	-	4,835	4,835	0%
- other	-	50,308	50,308	5%	-	61,297	61,297	5%
Derivatives:								
Cash & cash equivalents	16,447	-	16,447	2%	20,822	-	20,822	2%
<b>Total assets</b>	<b>768,922</b>	<b>204,717</b>	<b>973,639</b>	<b>100%</b>	<b>1,058,060</b>	<b>219,313</b>	<b>1,277,373</b>	<b>100%</b>

## 4.2.19 Pensions (continued)

### h - Local Government Pension Scheme Assets

As is required by the pensions and (where relevant) investment regulations, the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range.

The return on the Fund in market value terms for the year to 31 March 2021, estimated based on actual Fund returns as provided by the Actuary and index returns where necessary, is :

- Actual Return for the period from 01 April 2020 to 31st December 2020	23.5 (5.9 previously)
- Estimated return for the period from 01 April 2020 to 31 March 2021	25.0 (5.9 previously)

### i - Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method of valuation. An estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates, salary levels etc. The Pension scheme has been assessed by Hymans Robertson.

The principal assumptions used by the actuary have been:

	2019/20	2020/21
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	22.1 years	21.4 years
- Women	23.6 years	24.0 years
Longevity at 65 for future pensioners:		
- Men	22.1 years	22.5 years
- Women	25.0 years	25.7 years
Rate of increase in salaries	2.3	3.3
Rate of increase in pensions	1.9	2.9
Rate for discounting scheme liabilities	2.3	2.0
Real discount rate for discounting scheme liabilities	0.4	(0.9)
Proportion of employees taking up commutation option		
- pre-April 2008 service	50.0	50.0
- post-April 2008 service	75.0	75.0



## 4.2.19 Pensions (continued)

### j - Sensitivity Analysis

The estimation of the defined benefit liability is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes whilst all the other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumptions at year ended 31 Mar 2021</b>	<b>%</b>	<b>£000</b>
0.1% decrease in real discount Rate	2	35,114
1 year increase in member life expectancy	4	70,860
0.1% increase in the Salary Increase Rate	0	3,392
0.1% increase in the Pension Increase Rate	2	31,335

The estimation of the defined benefit liability is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes whilst all the other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

The principal demographic assumption is the longevity assumption (ie member life expectancy). For sensitivity purposes, it is estimated that a one year increase in life expectancy would approximately increase the employer's defined benefit obligation by around 3 to 5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption ie if improvements to survival rates predominantly apply at younger or older ages.

## 4.2.20 Pooled Budgets and Other Arrangements

### a - Pooled Budgets

Stoke-on-Trent City Council has pooled budget arrangements with external bodies, as follows:

- Mental Health Section 75 Pooled Budget - For the provision of mental health services for younger adults. Partners with North Staffordshire Combined Healthcare Trust.
- Youth Offending Services Pooled Budget - For the provision of Youth Offending Services. Partners with the Youth Justice Board, the Police, the Probation Service and the Stoke-on-Trent Clinical Commissioning Group (CCG).

At 31st March, the net position arising on each of the pooled budget was as follows:

31 March 2020 £000	31 March 2021 £000
- Mental Health Section 75 Pooled Budget	-
(227) Youth Offending Services Pooled Budget	(221)

Any (surplus)/deficit on the pooled budget for Mental Health Section 75 is managed through a carry forward agreement. The (surplus)/deficit on the Youth Offending Service Pooled Budgets are funded from reserves.

### b - Better Care Fund

The Better Care Fund (BCF) programme spans both the NHS and local government. The programme has been created to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them with 'wraparound' fully integrated health and social care to deliver a better quality of life.

In 2017/18 Stoke on Trent City Council and Stoke on Trent Clinical Commissioning Group (CCG) entered into a Section 75 Framework Agreement of the National Health Service Act 2006 Pooled fund arrangement, known as Better Care Fund. This agreement was for a two year period covering both the 2017/18 and 2018/19 financial years. Following this, another agreement was entered into covering the financial year 2019/20 and 2020/21. The table below does not represent the full costs of support as the council and CCG also incur costs that are outside the pooling arrangement.

The agreed approach was that funding was identified to the BCF with the support services delivered by either the Council or CCG as appropriate. These arrangements are judged to lie solely with the respective public body and as such no joint control is exercised with the exception of the funding made available for the Integrated Community Equipment Service (ICES) which is a pooled budget as at the end of each financial year the ICES Board agrees on the use and sharing of any surplus or deficit, it is therefore judged to be a joint operation.

## 4.2.20 Pooled Budgets and Other Arrangements (continued)

### b - Better Care Fund

	Cost met by Authority £000	CCG Funded ASC delivered by NHS £000	CCG Contribution to Adults Social Care £000	Cost Incurred by CCG £000	Total £000
Enhanced Primary & Community Support	2,995	-	984	3,444	7,423
Ensuring Sustainability of Adult Social Care	-	-	9,803	13,613	23,416
Admission Avoidance/Discharge to Access	213	9,918	70	-	10,201
<b>Total 2020/21</b>	<b>3,208</b>	<b>9,918</b>	<b>10,857</b>	<b>17,057</b>	<b>41,040</b>

	c/f 19/20 £000	Pooled Funding Provided by Authority £000	Pooled Funding Provided by CCG £000	Cost met from the Pool £000	(Surplus)/deficit on the pool £000
Integrated Community Equipment Service	(21,245)	(372,320)	(1,101,448)	1,953,950	458,937

## 4.2.21 Debtors and Creditors

### a - Long Term Debtors

31 March 2020		Note	31 March 2021
£000			£000
2,157	Kickstart	4.2.14d(iii)	2,167
336	Cluster Loans		207
7,359	Smithfield Hotel Loan	4.2.14d(iii)	7,748
72	Home Improvement Loans	4.2.14d(iii)	72
22	Empty Homes Loans		14
1,697	Housing Benefit Overpayment		2,157
7	Other		7
<b>11,650</b>	<b>Sub-total (Group Long Term Debtors)</b>		<b>12,372</b>
27,892	Fortior Homes Loan		34,548
<b>39,542</b>	<b>Total City Council Long Term Debtors</b>		<b>46,920</b>

### b - Short Term Debtors

31 March 2020		Note	31 March 2021
£000			£000
7,151	Central Government Bodies		30,137
3,775	Academies		4,338
6,113	Other Local Authorities		13,937
7,486	NHS Bodies		9,792
42,670	Other Entities and Individuals		38,704
<b>67,195</b>	<b>Total</b>		<b>96,908</b>

### c - Short Term Creditors

31 March 2020		Note	31 March 2021
£000			£000
13,561	Central Government Bodies		46,681
3,949	Other Local Authorities		2,942
1,389	NHS Bodies		1,938
55,529	Other Entities and Individuals		60,915
<b>74,428</b>	<b>Total</b>		<b>112,476</b>

## 4.2.22 Related Party Transactions

The Authority is required to disclose material transactions with related parties, in words, bodies or individuals that have the potential to control or influence the City Council or to be controlled or influenced by the City Council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

### Central Government

Central government has effective control over the general operations of the Authority, as it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (such as those relating to council tax bills and housing benefits). Grants received from government departments are set out in the subjective analysis in Note 4.2.5. A breakdown of grants received by funder in 2020/21 is shown in Note 4.2.16.

### Members

Members of the City Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2020/21 is shown in Note 4.2.23. During 2020/21, no members declared interests in related party companies which as 31st March 2021 had outstanding loans with the Authority. Details of all members' interests are available within the Members' Registers of Interest on the City Council website, [stoke.gov.uk](http://stoke.gov.uk).

### Officers

During 2020/21, no council officers declared material interests in related parties.

### Other Public Bodies

Stoke-on-Trent City Council has a pooled budget arrangement with North Staffordshire Combined Healthcare Trust for the provision of mental health services and with Stoke-on-Trent Clinical Commissioning Group for the provision of Integrated Community Equipment Services (ICES). The Authority has a further pooled budget arrangement for the provision of Youth Offending Services. The other bodies involved in this include the Youth Justice Board, the Probation Service, Stoke-on-Trent Clinical Commissioning Group and Staffordshire Police Authority.

In 2015/16 Stoke on Trent City Council and Stoke on Trent Clinical Commissioning Group (CCG) entered into a Section 75 Framework Agreement of the National Health Service Act 2006 Pooled fund arrangement, known as Better Care Fund.

The year end balances for all of these arrangements are detailed in Note 4.2.20.

## 4.2.22 Related Party Transactions (continued)

### Interest in Other Companies

The City Council has a minority interest in Stoke-on-Trent Regeneration Limited. During 2020/21, the following members were on the board of these companies, and various related party transactions were made to the companies:

Stoke-on-Trent City Council has a 19.0% share in Stoke-on-Trent Regeneration Limited and holds 19,000 B Ordinary Shares of £1 each. In order to represent that share holding, several council members sit on the board of the company. The City Director, Jon Rouse, was appointed as director on 24/03/2021.

### Entities Controlled or Significantly Influenced by the Authority

**Fortior Homes Limited** - This company is wholly owned by Stoke-on-Trent City Council in order to deal with housing development. In 2020/21 Fortior Homes Limited issued and allotted shares to the value of £2.230m (£7.972m in 2019/20). Details of shareholdings can be found in note 4.2.14d.

#### Transactions and Balances

The City Council raised invoices against Fortior Homes Limited during 2020/21 of £0.274m (£0.210m in 2019/20) for charges incurred on behalf of the company during its establishment period and service charges. No amounts were outstanding at the year end for 2019/20 and 2020/21.

The City Council also disposed of assets to Fortior Homes Limited during 2020/21 for £0.072m (£0.305m in 2019/20).

As at 31 March 2021, included within short term debtors there is an intercompany balance of £0.972m (£1.128m in 2019/20) which the City Council owes to Fortior Homes Limited.

In 2020/21, the City Council made loans to Fortior Homes Limited of £4.951m (£17.483m in 2019/20). Interest on the loans for the year is £2.033m (£1.345m in 2019/20).

#### Related Party Officers/Members

For the Financial year of 2020/21, Councillor Abi Brown was a director of Fortior Homes Limited. Two officers of the Council were also board members: Carl Brazier and Phillip Cresswell. Carl Brazier, a former Director of the Council was also a board member until February 2021.

## 4.2.22 Related Party Transactions (continued)

### Entities Controlled or Significantly Influenced by the Authority

Unitas Stoke-on-Trent Limited - This company is wholly owned by Stoke-on-Trent City Council in order to provide housing maintenance. Details of shareholdings can be found in note 4.2.14d

#### Transactions and Balances

The City Council raised invoices against Unitas Stoke-on-Trent Limited during 2020/21 of £6.58m (£6.58m in 2018/19) for charges incurred on behalf of the company during its establishment period and service charges. As at 31st March 2021 £1.214m (£0.569m - 2019/20) was outstanding.

Unitas Stoke-on-Trent Limited raised invoices against the City Council during 2020/21 of £53.60m (£56.11m in 2019/20) for repairs and maintenance of housing stock and public buildings. As at 31st March 2021 £7.022m (£9.226m - 2019/20) was outstanding.

As at 31 March 2021, included within short term creditors (debtors) is an intercompany balance of £2.7m (£1.5m in 2019/20) which the City Council owes to Unitas Stoke-on-Trent Limited.

#### Related Party Officers/Members

For the Financial year of 2020/21, Councillor Joanne Powell-Beckett and Councillor Ann James were directors of Unitas Stoke-on-Trent Limited until October 2020. In November 2020 Councillor Carl Edwards and Councillor James Smith were appointed as directors. Carl Brazier, a former Director of the Council was also a board member until February 2021.

**Stoke Energyco Limited (Dormant)** - This company is wholly owned by Stoke-on-Trent City Council in order to deal with green energy initiatives. In 2020/21 no transactions took place.

**Rhead Homes Limited (Dormant)** - This company is wholly owned by Stoke-on-Trent City Council for the renting and operating of housing association real estate. In 2020/21 no transactions took place.

**Stoke on Trent Futures Limited (Dormant)** - This company is wholly owned by Stoke-on-Trent City Council for the letting and operating of own or leased real estate. In 2020/21 no transactions took place.

Details of all shareholdings can be found in note 4.2.14d.

## 4.2.23 Members Allowances and Expenses/External Audit Costs

### a - Members Allowances and Expenses

2019/20 £000	Note	2020/21 £000
774	Allowances	733
24	Expenses	22
<b>798</b>	<b>Total</b>	<b>755</b>

### b - External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and non-audit services provided by the Authority's external auditors.

2019/20 £000	Note	2020/21 £000
144	Fees Payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	144
22	Fees payable to external auditors for the certification of grant claims and returns for the year	32
-	Fees payable to external auditors for other assurance work	-
<b>166</b>	<b>Total</b>	<b>176</b>



## 4.2.24 Notes to the Cash Flow Statement

### a - Operating Activities

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

2019/20 £000	Note	2020/21 £000
(38,425) Depreciation	4.2.11h	(36,444)
(25,708) Impairment & Downward Valuations		(23,695)
(1,420) Amortisations	4.2.11h	(1,130)
1,146 Increase/(decrease) in impairment for bad debts		(3,386)
(14,257) (Increase)/decrease in creditors		(43,585)
15,965 Increase/(Decrease) in debtors		23,130
(14) (Increase)/decrease in revaluation of stock (write offs)		(48)
(31,918) Movement in pension liability		21,980
(53,383) Net carrying amount of non-current assets sold		(31,045)
2,210 Other non-cash items charges to the net Surplus or Deficit on the Provision of Services		3,718
<b>(145,804)</b>		<b>(90,505)</b>

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

2019/20 £000	Note	2020/21 £000
11,697 Proceeds for the sale of PPE, investment property & intangible assets	4.2.8	6,165
21,969 Any other items for which the cash effects are investing or financing activities		59,952
<b>33,666</b>		<b>66,117</b>

iii - Included in Net Cash Flows from operating activities

2019/20 £000	Note	2020/21 £000
(169) Interest received		(77)
14,350 Interest paid		15,454
(4,104) Dividends received		(3,474)

## 4.2.24 Notes to the Cash Flow Statement (continued)

### b - Investing Activities

2019/20 £000		Note	2020/21 £000
70,494	Purchase of property, plant & equipment, investment property & intangible assets		103,968
26,913	Purchase of short term and long term investments		7,181
(12,060)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(6,466)
(90)	Proceeds from short term and long term investments		(3,757)
(25,970)	Other receipts from investing activities		(43,162)
<b>59,287</b>	<b>Net cash flows from investing activities</b>		<b>57,764</b>

### c - Financing Activities

2019/20 £000		Note	2020/21 £000
10,452	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		7,624
314	Other payments from financing activities		23,017
8,739	Repayments of short and long-term borrowing	<b>4.2.24d</b>	8,739
(3,431)	Other receipts from financing activities		(19,116)
(85,000)	Cash receipts of long-term borrowing	<b>4.2.24d</b>	(36,000)
<b>(68,926)</b>	<b>Net cash flows from financing activities</b>		<b>(15,736)</b>

## 4.2.24 Notes to the Cash Flow Statement (continued)

### d - Reconciliation of Liabilities arising from Financing Activities

1 April 2019 £000	Financing Cash Flows £000	Non Financing Cash Flows £000	31 March 2020 £000		Note	1 April 2020 £000	Financing Cash Flows £000	Non Financing Cash Flows £000	31 March 2021 £000
460,030	85,000	(6,910)	<b>538,120</b>	Long-term borrowings		538,120	36,000	(47,910)	<b>526,210</b>
6,910	(6,910)	6,910	<b>6,910</b>	Short-term borrowings		6,910	(6,910)	47,910	<b>47,910</b>
908	(253)	-	<b>655</b>	Lease Liabilities	<b>4.2.14j</b>	655	(342)	1,086	<b>1,399</b>
90,199	(10,270)	1,386	<b>81,315</b>	PFI Liabilities	<b>4.2.13b</b>	81,315	(7,551)	910	<b>74,674</b>
13,598	(1,829)	-	<b>11,769</b>	Transferred Debt		11,769	(1,829)	-	<b>9,940</b>
<b>571,645</b>	<b>65,738</b>	<b>1,386</b>	<b>638,769</b>	<b>Total Liabilities from Financing Activities</b>		<b>638,769</b>	<b>19,368</b>	<b>1,996</b>	<b>660,133</b>

## 4.2.25 Contingent Assets and Liabilities

### Contingent Liabilities

a In 1992, Municipal Mutual Insurance (MMI) ceased to trade and now exists solely to discharge its responsibilities under policies that it had previously issued. These responsibilities relate mainly to legal liability claims, which will take many years to materialise and finalise. In the event of MMI's insolvency local authority policyholders had agreed to enter into a 'scheme of arrangement' under which there are claw-back provisions on claims payments made by MMI after the implementation of the scheme.

The scheme of administration has been triggered. In response to an initial levy of 15% the City Council has paid £177,005 to MMI from 01/01/2014 to 31/03/2016. In April 2016 the levy increased to 25% incurring a further charge of £118,003 with a maximum liability of £897,630. There is no indication at this stage as to whether a further levy will be applied but the scheme administrators have not ruled it out. The Council is uncertain as to whether further monies will be required to be set aside.

b Potential liabilities exist regarding liability claims that pre date Local Government Reorganisation in 1974 when a number of services transferred to Staffordshire County Council including Education and Social Services. Potential liabilities also exist for other periods where the City Council does not hold verifiable evidence of Insurance cover. Any proven claims arising from these periods would have a financial consequence for the City Council that could exceed any insurance provisions that are currently held. The City Council is unable to estimate the value or timing of any obligations, hence, no amounts are recognised in the accounts in respect of this.

c The City Council would be responsible for any pollution arising from closed landfill sites in any restored areas where it holds the relevant licence. Whether any pollution will arise is unknown as is the cost that would arise from such an incident. Hence, no monies have been set aside for such events as the risk is considered to be contingent at this time.

d Claims under Part 1 of the Land Compensation Act 1973 may be made in respect of any public works undertaken by the City Council, between 1 year after opening of the works and 6 years after opening. Claims are for any depreciation in the value of an interest in land or property which is attributable to the use of public works. It is not possible in advance of the opening of a highway scheme, to value the likely scale or number of such claims.

e The City Council has provided a guarantee for the pension liability relating to Unitas Stoke-on-Trent membership of the Local Government Pension Scheme (LGPS) and is responsible for any LGPS deficit relating to the Transferring Employees' membership of the LGPS referable to service up to and including the Relevant Transfer Date and, without limit of time, shall compensate Unitas in full on demand for costs, claims and liabilities of any kind in connection with any amount by which the assets of the LGPS attributable to it are less than the liabilities attributable to it at the Relevant Transfer Date. The value of the pension liability for Unitas as at 31st March 2021 is £19.164m.

f It is possible that the City Council will not be able to fulfil the full terms of the original agreement with respect to the Community Energy Scheme. This is in part due to the impact of the pandemic. The risk is being managed and kept under review. It is expected that the resolution to this issue will not involve the exchange of monies. Therefore a provision has not been recognised.

## 4.2.26 Events after the Balance Sheet Date

### Schools Conversions to Academies

The following schools have converted or are in the process of converting to an Academy in 2021/22:

As a result of the above school transfers to academy status, the school as an entity will need to be derecognised in the Council's accounts for 2020/21 by writing off the net assets of the school to the Comprehensive Income and Expenditure Statement (CIES). The gain or loss on transfer will be recognised within then Financing and Investment Income and Expenditure line on the CIES.

School Name	Proposed Conversion Date	NBV of OLB, VPE and infrastructure as at 1st April 2021
Holden Lane Primary School	Autumn 2021	£5,071,790
St Paul's CofE © Primary School	Autumn 2021	£2,492,155

## 4.2.27 Going Concern

The council has undertaken cash flow modelling through to December 2025 which demonstrates the council's ability to work within its Capital Financing Requirement and cash management framework. Current cash and cash-equivalents as at the balance sheet date have been modelled, using reasonable assumptions regarding service costs, staff costs and income.

As the cash flow modelling and medium term financial strategy 2024/25 demonstrates that the Council will continue to have liquidity and resources for the next 12 months from the balance sheet date, to support the continuation of service assumption, management are satisfied that there is no material uncertainty relating to going concern.

## 5.0 Housing Revenue



## 5.2 Statement of Movement in the Housing Revenue Account

31 March 2020 £000	Note	31 March 2021 £000
7,791 <b>Opening balance</b>		<b>7,791</b>
(12,784) Surplus of (deficit) for the year on the HRA Income and Expenditure Statement	5.1	(8,990)
(1,224) Adjustments between accounting basis and funding basis under statute	5.3.2d	8,172
<b>(14,008) Net increase or (decrease) before transfers to or from reserves</b>		<b>(818)</b>
14,008 Transfers (to) or from reserves	4.2.9b	150
- <b>Increase or (decrease) in year on the HRA</b>		<b>(668)</b>
<b>7,791 Closing balance</b>		<b>7,123</b>



## 5.3.1 Notes to the HRA - PPE

### a - Valuation of Housing Assets

The vacant possession value of dwellings within the Housing Revenue Account as at 1 April 2020 was £1,414,072,500. The balance sheet value of dwellings within the Housing Revenue Account shows the economic cost to Government of providing council housing at less than open market rents.

<b>Movement on Balance 2020/21 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>566,524</b>	<b>9,678</b>	<b>4,887</b>	<b>15,988</b>	<b>135</b>	<b>2,701</b>	<b>12,118</b>	<b>612,031</b>
Additions	22,639	219	-	1,186	-	564	12,846	37,454
Revaluation Increases/ (decreases) recognised in the:								
Revaluation Reserve	14,255	649	-	-	-	(2)	-	14,902
Surplus/Deficit on the Provision of Services	(12,254)	(121)	-	-	-	(3)	-	(12,378)
Derecognition through disposal and transfer	-	(73)	(3)	-	-	-	-	(76)
Reclassifications within PPE	447	(284)	-	-	-	-	-	163
Assets reclassified (to)/from Held for Sale	(2,811)	-	-	-	-	(37)	-	(2,848)
<b>Balance at 31 March</b>	<b>588,800</b>	<b>10,068</b>	<b>4,884</b>	<b>17,174</b>	<b>135</b>	<b>3,223</b>	<b>24,964</b>	<b>649,248</b>

### 5.3.1 Notes to the HRA - PPE (continued)

#### a - Valuation of Housing Assets

Movement on Balance 2020/21 Cost or Valuation	Council Dwellings £000	Other Land & Buildings £000	Vehicles Plant Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
<b>Balance at 1 April</b>	<b>(893)</b>	<b>(23)</b>	<b>(2,615)</b>	<b>(3,991)</b>	-	<b>(1,330)</b>	<b>(1,472)</b>	<b>(10,324)</b>
Depreciation charge in year	(14,334)	(170)	(101)	(435)	-	-	-	(15,040)
Depreciation written out to the:								
Revaluation Reserve	13,387	128	-	-	-	-	-	13,515
Surplus/Deficit on the Provision of Services	357	-	-	-	-	-	-	357
Impairment losses/(reversals) recognised in the:								
Revaluation Reserve	-	(8)	-	-	-	-	-	(8)
Surplus/Deficit on the Provision of Services	-	(64)	-	-	-	-	-	(64)
Derecognition through disposal and transfer	-	73	-	-	-	-	-	73
Reclassifications within PPE	(7)	-	3	-	-	-	-	(4)
Assets reclassified (to)/from Held for Sale	74	-	-	-	-	-	-	74
<b>Balance at 31 March</b>	<b>(1,416)</b>	<b>(64)</b>	<b>(2,713)</b>	<b>(4,426)</b>	-	<b>(1,330)</b>	<b>(1,472)</b>	<b>(11,421)</b>
Net Book Value								
<b>At 31 March 2021</b>	<b>587,384</b>	<b>10,004</b>	<b>2,171</b>	<b>12,748</b>	<b>135</b>	<b>1,893</b>	<b>23,492</b>	<b>637,827</b>
At 31 March 2020	565,631	9,655	2,272	11,997	135	1,371	10,646	601,707

### 5.3.1 Notes to the HRA - PPE (continued)

#### a - Valuation of Housing Assets

The vacant possession value of dwellings within the Housing Revenue Account as at 1 April 2020 was £1,414,072,500. The balance sheet value of dwellings within the Housing Revenue Account shows the economic cost to Government of providing council housing at less than open market rents.

<b>Movement on Balance 2019/20 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>539,584</b>	<b>9,933</b>	<b>5,166</b>	<b>14,368</b>	<b>135</b>	<b>2,435</b>	<b>7,554</b>	<b>579,175</b>
Additions	22,632	342	-	1,345	-	29	5,467	29,815
Revaluation Increases/ (decreases) recognised in the:								-
Revaluation Reserve	21,013	(357)	-	-	-	(17)	-	20,639
Surplus/Deficit on the Provision of Services	(11,672)	(58)	-	-	-	24	-	(11,706)
Derecognition through disposal and transfer	(561)	(97)	269	275	-	-	-	(114)
Reclassifications within PPE	1,460	(85)	(548)	-	-	230	(903)	154
Assets reclassified (to)/from Held for Sale	(5,932)	-	-	-	-	-	-	(5,932)
<b>Balance at 31 March</b>	<b>566,524</b>	<b>9,678</b>	<b>4,887</b>	<b>15,988</b>	<b>135</b>	<b>2,701</b>	<b>12,118</b>	<b>612,031</b>

### 5.3.1 Notes to the HRA - PPE (continued)

#### a - Valuation of Housing Assets

<b>Movement on Balance</b>	Council	Other Land	Vehicles	Infrastructure	Community	Surplus	Assets	<b>Total</b>
<b>2019/20</b>	Dwellings	& Buildings	Plant	Assets	Assets	Assets	Under	
<b>Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	Furniture & Equipment	<b>£000</b>	<b>£000</b>	<b>£000</b>	Construction	<b>£000</b>
<b>Balance at 1 April</b>	<b>(1,020)</b>	<b>(55)</b>	<b>(2,397)</b>	<b>(3,326)</b>	-	<b>(1,298)</b>	<b>(1,472)</b>	<b>(9,568)</b>
Depreciation charge in year	(15,034)	(175)	(103)	(390)	-	-	-	(15,702)
Depreciation written out to the:								
Revaluation Reserve	14,590	195	-	-	-	-	-	14,785
Surplus/Deficit on the Provision of Services	-	5	-	-	-	-	-	5
Impairment losses/(reversals) recognised in the:								
Revaluation Reserve	-	-	-	-	-	-	-	-
Surplus/Deficit on the Provision of Services	-	(26)	-	-	-	(29)	-	(55)
Derecognition through disposal and transfer	561	28	(275)	(275)	-	-	-	39
Reclassifications within PPE	(157)	5	160	-	-	(3)	-	5
Assets reclassified (to)/from Held for Sale	167	-	-	-	-	-	-	167
<b>Balance at 31 March</b>	<b>(893)</b>	<b>(23)</b>	<b>(2,615)</b>	<b>(3,991)</b>	-	<b>(1,330)</b>	<b>(1,472)</b>	<b>(10,324)</b>
Net Book Value								
<b>At 31 March 2020</b>	<b>565,631</b>	<b>9,655</b>	<b>2,272</b>	<b>11,997</b>	<b>135</b>	<b>1,371</b>	<b>10,646</b>	<b>601,707</b>
At 31 March 2019	538,564	9,878	2,769	11,042	135	1,137	6,082	569,607

## 5.3.2 Notes to the HRA - Usable Reserves

### a - Major Repairs Reserve

2019/20 £000	Notes	2020/21 £000
9,467	Opening Balance	9,467
15,702	Depreciation on HRA assets	15,042
23	Voluntary debt repayment	22
(15,725)	Reserve applied	(23,430)
<b>9,467</b>	<b>Closing balance</b>	<b>1,101</b>

### b - HRA Capital Receipts Reserve

2019/20 £000	Notes	2020/21 £000
10,724	Opening Balance	11,629
	<b>Value of Receipts</b>	
55	- Land	-
8,272	- Houses	3,732
1	- Mortgage Repayments	-
72	- Repayments of discount	-
-	- Notional receipts for end of lease	-
	<b>Use of receipts</b>	
(1,320)	- Capital receipts pooling payment to DCLG	(1,319)
(2,253)	- Usable receipts applied to finance HRA capital expenditure	(3,174)
(3,921)	- Usable receipts applied to finance regeneration capital expenditure	(1,506)
(1)	- Funding of disposal costs	-
<b>11,629</b>	<b>Closing balance</b>	<b>9,362</b>

### 5.3.3 Notes to the HRA - Capital

#### a - Summary of Capital Expenditure

2019/20 £000	Notes	2020/21 £000
<b>Expenditure:</b>		
29,866 Additions		37,454
706 REFCUS - Payment of Capital Grants		204
<b>30,572</b>		<b>37,658</b>
<b>Financed by:</b>		
- Borrowing		7,505
12,333 Revenue contribution from earmarked reserves		-
15,726 Major repairs reserves	5.3.2a	23,430
2,253 Usable capital receipts reserve		3,174
260 Grants and contributions		6,549
<b>30,572</b>		<b>40,658</b>

#### b - Capital Asset Charges and Adjustments

Capital asset charges are made to the HRA, by way of Item 8 Credit and Debit charges as specific by central government, to reflect the cost of managing the HRA's share of the Authority's debt portfolio.

In addition to the depreciation and impairment charges detailed above, the following charges are made:

2019/20 £000	Notes	2020/21 £000
<b>Item 8 Credit included within income</b>		
75 Interest receivable		75
- Discounts received		-
<b>75</b>		<b>75</b>
<b>Item 8 Debit included within expenditure</b>		
25 Debt management costs		28
6,481 Interest payable and similar charges		6,541
<b>6,506</b>		<b>6,569</b>

## 5.3.4 Notes to the HRA - Other

### a - Explanation of the HRA Share of Contributions to/from Pension Reserve

Included within the HRA balance is £1.8m relating to the current service cost of HRA funded employees who participate in the Local Government Pension Scheme. The total defined benefit cost recognised (£1.955m) represents the value of pension benefits earned during the year by the relevant employees and is charged to the HRA Income and Expenditure account in place of the value of cash payments made by the Council to the pension fund. This accords with IAS 19 (Retirement Benefits) and ensures that the HRA Income and Expenditure account meets the requirement that benefit retirements should be accounted for when earned even if the actual giving of pension benefits may be in the future.

In addition, a proportionate share of the net pension interest cost and expected return on pension assets (£0.440m) is credited to the overall surplus or deficit on HRA services.

Information regarding the City Council's pension position as a contributing employer, for Balance Sheet and disclosure purposes, is supplied on an annual basis by Hymans Robertson for pension fund actuary. More detailed information regarding the overall position of the fund can be found within note 4.2.19.

### b - Rent Arrears

2019/20 £000	Notes	2020/21 £000
<b>Arrears at year end</b>		
1,291 Current tenants		1,836
2,379 Former tenants		2,732
<b>3,670 Total arrears at year end</b>		<b>4,568</b>
(79) Provision in respect of uncollectable debts		(2,289)
<b>3,591 Net arrears at year end</b>		<b>2,279</b>

### c - Housing Stock

2019/20	Notes	2020/21
17,944 <b>Number of dwellings at the beginning of the year</b>		17,723
29 Purchases		28
(194) Dwellings sold under Right to buy		(83)
(56) Awaiting demolition or unavailable for rent		(96)
- Other		133
<b>17,723 Number of dwellings at the end of the year</b>		<b>17,705</b>
14,899 Houses/bungalows		14,860
2,824 Flats		2,845

### 5.3.4 Notes to the HRA - Other (continued)

#### d - Adjustments between accounting basis and funding basis under regulation

2019/20 £000	Notes	2020/21 £000
<b>Adjustments primarily involving the:</b>		
<b>Capital Adjustment Account</b>		
(15,703) Depreciation of non-current assets		(15,042)
(55) Impairment of non-current assets		(63)
(11,702) Revaluation losses on property, plant and equipment		(12,021)
(22) Amortisation of intangible assets		(23)
(756) Revenue expenditure funded from capital under statute		(204)
(6,096) Carrying amount of non-current assets written off on disposal to the CIES		(2,893)
260 Capital grants and contributions applied		3,550
- Revenue expenditure funded from capital under statute - funding		-
12,333 Capital expenditure charged against the general fund		-
<b>Pensions Reserve</b>		
(2,648) Reversal of itmes relating to retirement benefits debited or credited to the CIES		(2,142)
1,509 Employer's contributions and direct payments madfe in year to the pension fund		1,955
(21) <b>Accumulated Absences Account</b>		(86)
<b>Capital Receipts Reserve</b>		
8,400 Transfer of cash sale proceeds credited as part of gain/loss in disposal to the CIES		3,732
<b>Major Repairs Reserve</b>		
15,702 Contribution for depreciation		15,042
23 Voluntary contribution		23
<b>1,224 Total</b>		<b>(8,172)</b>



## 6.0 Collection Fund

## 6.1 Collection Fund Statement

Business Rates 2019/20 £000	Council Tax 2019/20 £000	Total 2019/20 £000		Notes	Business Rates 2020/21 £000	Council Tax 2020/21 £000	Total 2020/21 £000
<b>Income</b>							
91,663	-	<b>91,663</b>	Business ratepayers	<b>6.2.1</b>	50,441	-	50,441
-	124,457	<b>124,457</b>	Council tax		-	131,819	131,819
-	(17,725)	<b>(17,725)</b>	Less council tax local support	<b>6.2.2</b>	-	(21,341)	(21,341)
<b>91,663</b>	<b>106,732</b>	<b>198,395</b>			<b>50,441</b>	<b>110,478</b>	<b>160,919</b>
<b>Charges to the Collection Fund</b>							
(2,029)	(1,784)	<b>(3,813)</b>	Write (offs)/backs of uncollectable amounts		-	21	21
1,400	(270)	<b>1,130</b>	Impairment for uncollectable amounts		(1,920)	(2,450)	(4,370)
(953)	-	<b>(953)</b>	Provision for appeals		(944)	-	(944)
953	-	<b>953</b>	Use of previous years provision		944	-	944
(475)	-	<b>(475)</b>	Disregard amounts (Transitional Protection Payments)		(669)	-	(669)
(727)	-	<b>(727)</b>	Disregard amounts (Enterprise Zones)		(503)	-	(503)
(359)	-	<b>(359)</b>	Costs of collection		(352)	-	(352)
<b>(2,190)</b>	<b>(2,054)</b>	<b>(4,244)</b>			<b>(3,444)</b>	<b>(2,429)</b>	<b>(5,873)</b>
<b>89,473</b>	<b>104,678</b>	<b>194,151</b>	<b>Balance due for allocation</b>		<b>46,997</b>	<b>108,049</b>	<b>155,046</b>
<b>Precepts, Demands and Shares</b>							
(22,812)	-	<b>(22,812)</b>	Central Government		(45,913)	-	(45,913)
-	(14,048)	<b>(14,048)</b>	The Office of the PCC Staffordshire		-	(14,978)	(14,978)
(914)	(4,912)	<b>(5,826)</b>	Stoke-on-Trent and Staffordshire Fire and Rescue Authority		(925)	(5,140)	(6,065)
(67,697)	(84,693)	<b>(152,390)</b>	Stoke-on-Trent City Council		(45,338)	(90,344)	(135,682)
<b>(91,423)</b>	<b>(103,653)</b>	<b>(195,076)</b>			<b>(92,176)</b>	<b>(110,462)</b>	<b>(202,638)</b>
<b>(1,950)</b>	<b>1,025</b>	<b>(925)</b>			<b>(45,179)</b>	<b>(2,413)</b>	<b>(47,592)</b>

## 6.1 Collection Fund Statement (continued)

Business Rates 2019/20 £000	Council Tax 2019/20 £000	Total 2019/20 £000		Business Rates 2020/21 £000	Council Tax 2020/21 £000	Total 2020/21 £000
			Notes			
			<b>Collection Fund Balance</b>			
(5,258)	5,967	<b>709</b>	Balance at the beginning of the year	(2,921)	4,100	<b>1,179</b>
			<b>Previous year's estimated (surplus)/deficit paid in</b>			
			<b>- current year</b>			<b>-</b>
2,142	-	<b>2,142</b>	Central Government	1,149	-	<b>1,149</b>
-	(363)	<b>(363)</b>	The Office of the PCC Staffordshire	-	(534)	<b>(534)</b>
43	(138)	<b>(95)</b>	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	36	(187)	<b>(151)</b>
2,099	(2,390)	<b>(291)</b>	Stoke-on-Trent City Council	2,438	(3,217)	<b>(779)</b>
<b>4,284</b>	<b>(2,891)</b>	<b>1,393</b>		<b>3,623</b>	<b>(3,938)</b>	<b>(315)</b>
			<b>Allocation of Surplus/(Deficit) in Year</b>			
(483)	-	<b>(483)</b>	Central Government	(22,589)	-	<b>(22,589)</b>
-	139	<b>139</b>	The Office of the PCC Staffordshire	-	(327)	<b>(327)</b>
(20)	48	<b>28</b>	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	(452)	(113)	<b>(565)</b>
(1,444)	837	<b>(607)</b>	Stoke-on-Trent City Council	(22,138)	(1,973)	<b>(24,111)</b>
(1,947)	1,024	<b>(923)</b>		(45,179)	(2,413)	<b>(47,592)</b>
<b>(2,921)</b>	<b>4,100</b>	<b>1,179</b>	<b>Balance at the End of the Year</b>	<b>(44,477)</b>	<b>(2,251)</b>	<b>(46,728)</b>
			<b>Allocation of collection fund balance to:</b>			
(973)	-	<b>(973)</b>	Central Government	(22,239)	-	<b>(22,239)</b>
-	556	<b>556</b>	The Office of the PCC Staffordshire	-	(305)	<b>(305)</b>
(29)	194	<b>165</b>	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	(445)	(105)	<b>(550)</b>
(1,919)	3,350	<b>1,431</b>	Stoke-on-Trent City Council	(21,793)	(1,841)	<b>(23,634)</b>
<b>(2,921)</b>	<b>4,100</b>	<b>1,179</b>		<b>(44,477)</b>	<b>(2,251)</b>	<b>(46,728)</b>

## 6.2.1 Business Rates

The City Council collects business rates in its area based on non domestic rateable values multiplied by a uniform rate. From 1 April 2005 the Government introduced the small business rate relief scheme, those eligible pay a lesser rate.

'From 1 April 2013, the City Council retained 49% of the total amount collected, less certain reliefs and deductions, paying 1% to Stoke-on-Trent and Staffordshire Fire and Rescue Authority and 50% to Government. In 2019/20 The City became part of the pilot scheme whereby shares were 74% to the City, 25% to Government & 1% to Staffordshire Fire and Rescue Authority and then reverted back to the original shares (49/1/50) in 2020/21. In 2020/21 the City Council's share amounted to £45,338k plus a proportion of the year end deficit of £21,662k (see note 6.1). In addition £30,858k was received as non-domestic rates top up.

2019/20	Note	2020/21
50.4p Business rate multiplier		51.2p
49.1p Small business rate relief multiplier		49.9p
<b>£ 235,443,272 Non-domestic rateable value at year-end</b>		<b>235,417,632</b>

2019/20 £000	Note	2020/21 £000
112,493 NDR gross charge		115,191
475 Transitional relief		669
(15,358) Mandatory relief		(17,067)
(2,411) Discretionary relief		(44,342)
(3,536) Other		(4,010)
<b>91,663</b>	<b>6.1</b>	<b>50,441</b>
2,029 Amounts written (off)/on	<b>6.1</b>	-
<b>93,692</b>		<b>50,441</b>

## 6.2.2 Council Tax

Council Tax income is derived from charges raised according to the value of the residential properties that have been classified into eight valuation bands for this purpose. The amounts credited to the collection fund are calculated as follows:

2019/20 £000	Note	2020/21 £000
139,889 Council tax gross charge		146,217
(3,476) Exemptions		(3,775)
(11,861) Discounts		(12,364)
(95) Disabled allowances		(88)
<b>124,457</b>		<b>129,990</b>
(1,784) Amounts written (off)/on		21
<b>122,673</b>		<b>130,011</b>
(17,725) Council tax local support	6.1	(21,341)
<b>104,948</b>		<b>108,670</b>

The following authorities made a demand or precept on the Collection Fund

2019/20 (£)	Note	2020/21 (£)
84,693,089 Stoke-on-Trent City Council	6.1	90,344,332
14,047,835 The Office of the Police and Crime Commissioner Staffordshire	6.1	14,977,871
4,912,461 Stoke-on-Trent and Staffordshire Fire and Rescue Authority	6.1	5,139,681
<b>103,653,385</b>	<b>6.1</b>	<b>110,461,884</b>

2019/20 Derivation of the Band D Council Tax	Note	2020/21
£84.693m Council Tax Requirement	6.1	£90.344m
64,888 Tax Base		66,542
<b>£ 1,305.62 City Council Band D</b>		<b>£ 1,357.71</b>
£ 216.56 The Office of the Police and Crime Commissioner Staffordshire		£ 225.09
£ 75.73 Stoke-on-Trent and Staffordshire Fire and Rescue Authority		£ 77.24
<b>£ 1,597.91 Combined Band D Council Tax</b>		<b>£ 1,660.04</b>

## 6.2.2 Council Tax (continued)

The Council Tax Base is calculated by considering the number of dwellings in each band (after allowing for discounts) and expressing these in terms of Band D property equivalents. The bands are based on the open market capital values at 1 April 1991.

Valuation Band	Value Range	Number of Dwellings	Dwellings after discounts & exemptions	Ratio to Band D	Band D Equivalents
<b>A (entitled to Disabled Reduction)</b>		-	116	5/9	64.3
<b>A</b>	Up to £40,000	70,160	61,347	6/9	40,897.9
<b>B</b>	£40,001 - £52,000	24,871	22,535	7/9	17,526.8
<b>C</b>	£52,001 - £68,000	15,549	14,289	8/9	12,701.3
<b>D</b>	£68,001 - £88,000	5,048	4,897	1	4,897.5
<b>E</b>	£88,001 - £120,000	1,820	1,720	11/9	2,102.2
<b>F</b>	£120,001 - £160,000	508	485	13/9	700.2
<b>G</b>	£160,001 - £320,000	172	155	15/9	257.5
<b>H</b>	Over £320,000	44	29	18/9	58.0
					<b>79,205.7</b>
Local council tax support scheme: Estimated level of discounts to be awarded					(11,290.4)
Care Leavers					(15.6)
					<b>67,899.7</b>
Adjustments for collection rates					(1,358.0)
<b>Council Tax Base for 2020/21</b>					<b>66,541.7</b>

## 6.2.2 Council Tax (continued)

The overall Council Tax requirement of £84.693m then translates into individual Council Tax bills as shown below. The City Council also collects Council Tax on behalf of the Office of the Police and Crime Commissioner Staffordshire and the Stoke-on-Trent and Staffordshire Fire and Rescue.

The level at which Council Tax was set in 2020/21 was:

2019/20 £	Valuation Band	Stoke-on-Trent City Council	The Office of the Police and Crime Commissioner	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	2020/21 £
1,065.27	<b>A</b>	905.14	150.06	51.49	1106.69
1,242.82	<b>B</b>	1055.99	175.07	60.08	1291.14
1,420.36	<b>C</b>	1206.85	200.08	68.66	1475.59
1,597.91	<b>D</b>	1357.71	225.09	77.24	1660.04
1,953.00	<b>E</b>	1659.43	275.11	99.40	2033.94
2,308.09	<b>F</b>	1961.14	325.13	111.57	2397.84
2,663.18	<b>G</b>	2262.85	375.15	128.73	2766.73
3,195.82	<b>H</b>	2715.42	450.18	154.48	3320.08

# 7.0 Group Accounts



## 7.1 Group Accounts Introduction

The purpose of the Group Accounts is to provide a picture of Stoke-on-Trent City Council and the group of companies and other entities, which are either controlled or are significantly influenced by the Council. The Group accounts show the full extent of the Authority's wider assets and liabilities. While the Group Accounts are not primary statements, they provide transparency and enable comparison with other entities that have different corporate entities.

The City Council has interests in a number of companies that are classified as a subsidiary, all of which have been considered for consolidation. Two of these, Fortior Homes Limited and Unitas Stoke-on-Trent Limited are considered to be material to the financial statements. Details of all subsidiary companies can be found in note **4.2.22**

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Fortior Homes Limited and Unitas Stoke-on-Trent Limited. Copies of the individual audited accounts are available from Companies House.

During 2020/21, Fortior Homes Limited set up a subsidiary company, Fortior Homes (Rental) Limited.

The subsidiaries have been consolidated into the Group Accounts on a line by line basis, incorporating their income and expenditure fully in the relevant service revenue accounts.

The overall impact of the companies on the financial performance, financial position and cash flows of the group is relatively low. Compared to the single entity Stoke-on-Trent City Council accounts the overall deficit on the CIES increased (decreased) by £5.254m (£4.322m - 2019/20), the net assets decreased by £21.546m (£23.959m - 2019/20) and the net decrease (increase) in cash increased by £0.089m (£0.586m - 2019/20).

The purpose of each of the core statements is explained in the relevant sections of the single entity accounts. No amendments have been necessary to the accounts of the group entities as a result of material differences arising from the variation in accounting policies.

The Group Accounts should be read in conjunction with Stoke City Council single entity accounts on pages 36 to 134. Only notes to the accounts that are materially different from the single entity accounts are produced for the group accounts.

## 7.1 Group Accounts Introduction (continued)

### **Fortior Homes Limited Support**

The Directors of Fortior Homes Ltd have received confirmation from the parent entity that it will continue to support the company in meeting its liabilities as they fall due for a period to 31 March 2027. Acknowledging this support and having reviewed the company's forecasts and rental projections, the Directors have a reasonable expectation that the company has adequate resources to continue in operation for at least 12 months from the date the financial statements are signed.

The company has therefore adopted the going concern basis in preparing its financial statement for 2020/21.

Fortior Homes has a loan covenant with the Council. This covenant has been breached.

During the period of the loan agreement and repayment period i.e. to the end of 31 March 2027, the Council is not intending to recall any loans or remove financial support for the company in its activities.

## 7.2 Comprehensive Income and Expenditure Statement - Group

2019/20 (Restated)				2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
			Note			
169,497	(77,868)	<b>91,629</b>	Children and Family Services	156,501	(80,142)	<b>76,359</b>
138,781	(85,745)	<b>53,036</b>	Social Care, Health Integration and Wellbeing	171,901	(115,678)	<b>56,223</b>
115,930	(34,798)	<b>81,132</b>	Housing, Development and Growth	113,109	(32,587)	<b>80,522</b>
42,383	(7,561)	<b>34,822</b>	Strategy and Resources	35,079	(6,496)	<b>28,583</b>
34,713	(6,214)	<b>28,499</b>	City Director	685	-	<b>685</b>
68,051	(66,897)	<b>1,154</b>	Housing Revenue Account	64,477	(66,071)	<b>(1,594)</b>
59,980	(55,406)	<b>4,574</b>	Schools	43,921	(46,098)	<b>(2,177)</b>
1,218	-	<b>1,218</b>	Civic and Corporate Expenses	1,168	-	<b>1,168</b>
71,447	(70,898)	<b>549</b>	Benefit Payments	67,747	(66,221)	<b>1,526</b>
(50,016)	7,078	<b>(42,938)</b>	Non Departmental Costs	594	(797)	<b>-</b>
11,913	-	<b>11,913</b>	- Redundancy/Actuarial Strain	910	-	<b>910</b>
<b>663,897</b>	<b>(398,309)</b>	<b>265,588</b>	<b>Net Cost of Services</b>	<b>656,092</b>	<b>(414,090)</b>	<b>242,002</b>
		1,362	Other Operating Expenditure			1,185
		83,374	Financing and Investment Income and Expenditure			60,413
		(241,779)	Taxation and Non-specific Grant Income	<b>4.2.6d</b>		(296,437)
		<b>108,545</b>	<b>(Surplus)/Deficit on Provision of Services</b>			<b>7,163</b>

## 7.2 Comprehensive Income and Expenditure Statement - Group (continued)

2019/20	2020/21
Net Expenditure £000	Net Expenditure £000
<b>108,545</b>	<b>7,163</b>
(32,563)	(40,042)
349	491
2,677	(382)
(209,328)	137,561
<b>(238,865)</b>	<b>97,628</b>
<b>(130,320)</b>	<b>104,791</b>

## 7.3 Balance Sheet - Group

31 March 2020			31 March 2021	
£000		Note	£000	
1,296,153	Property, Plant and Equipment	7.6b	1,302,072	
66,887	Heritage Assets	4.2.11e	65,654	
30,976	Investment Property	7.6c	60,808	
4,025	Intangible Assets		5,093	
2,442	Long Term Investments	4.2.14d	2,824	
11,650	Long Term Debtors	4.2.21a	12,372	
-	Pension Contribution Asset	4.2.19e	13,184	
<b>1,412,133</b>	<b>Long Term Assets</b>		<b>1,462,007</b>	
-	Pension Contribution Asset	4.2.19e	12,308	
122	Short Term Investments		54	
224	Assets Held For Sale		1,238	
1,290	Stocks		2,430	
61,145	Short Term Debtors	7.6d	91,899	
35,536	Cash and Cash Equivalents	4.2.14e	15,898	
<b>98,317</b>	<b>Current Assets</b>		<b>123,827</b>	
(12,472)	Short Term Borrowing	4.2.14b	(54,013)	
(8,977)	Other Short Term Liabilities	4.2.14b	(9,000)	
(71,843)	Short Term Creditors	7.6e	(110,026)	
(6,297)	Grants Receipts in Advance	4.2.16b	(4,254)	
(6,823)	Provisions		(3,317)	
<b>(106,412)</b>	<b>Current Liabilities</b>		<b>(180,610)</b>	
(4,236)	Provisions	4.2.15	(5,362)	
(538,120)	Long Term Borrowing	4.2.14b	(526,211)	
(98,729)	Other Long Term Liabilities	4.2.14b	(90,263)	
(397,695)	Net Pensions Liabilities		(538,768)	
<b>(1,038,780)</b>	<b>Long Term Liabilities</b>		<b>(1,160,604)</b>	
<b>365,258</b>	<b>Net Assets</b>		<b>244,620</b>	

## 7.3 Balance Sheet - Group (continued)

31 March 2020			31 March 2021
£000		Note	£000
9,659	General Fund Balance	<b>3.3</b>	11,001
29,914	Earmarked Reserves - General Fund	<b>4.2.9a</b>	91,345
14,236	Usable Capital Receipts Reserve	<b>4.2.9c</b>	12,482
7,791	Housing Revenue Account Balance	<b>5.2</b>	7,123
819	Earmarked Reserves - HRA	<b>4.2.9b</b>	669
9,467	Major Repairs Reserve	<b>5.3.2a</b>	1,101
7,900	Capital Grants Unapplied	<b>4.2.9d</b>	19,520
(20,678)	Subsidiary Profit & Loss		(27,063)
<b>59,108</b>	<b>Usable Reserves</b>		<b>116,178</b>
445,088	Capital Adjustment Account		435,356
233,680	Revaluation Reserve	<b>4.2.10b</b>	256,660
1,431	Collection Fund Adjustment Account	<b>6.1</b>	(23,634)
(378,531)	Pensions Reserve (Deficit)	<b>4.2.10c</b>	(519,604)
(4,262)	Accumulated Absences Account		(4,726)
(2,816)	Financial Instruments Adjustment Account	<b>4.2.10e</b>	(2,642)
9,432	Financial Instruments Revaluation Reserve		2,805
-	Dedicated Schools Grant Adjustment Account	<b>4.2.10g</b>	(21,202)
5,714	Deferred Capital Receipts Reserve	<b>4.2.10d</b>	5,430
<b>309,736</b>	<b>Unusable Reserves</b>		<b>128,443</b>
<b>(3,586)</b>	Share of group reserves		
<b>365,258</b>	<b>Total Reserves</b>		<b>244,621</b>

## 7.4 Movement in Reserves Statement - Group

2020/21	Note	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Authority Usable Reserves £000	Total Authority Unusable Reserves £000	Total Authority Reserves £000	Subsidiary Profit and Loss & group share of reserves £000	Total Group Reserves £000
<b>Balance at 31 March 2020</b>		<b>39,573</b>	<b>8,610</b>	<b>9,467</b>	<b>14,236</b>	<b>7,900</b>	<b>79,786</b>	<b>309,736</b>	<b>389,522</b>	<b>(24,263)</b>	<b>365,259</b>
Reporting of Schools Budget Deficit to new Account at 1 April 2020	<b>4.2.10g</b>	21,217	-	-	-	-	<b>21,217</b>	(21,217)	-	-	-
<b>Restated balance at 1 April 2020</b>		<b>60,790</b>	<b>8,610</b>	<b>9,467</b>	<b>14,236</b>	<b>7,900</b>	<b>101,003</b>	<b>288,519</b>	<b>389,522</b>	<b>(24,263)</b>	<b>365,259</b>
Group Surplus/Deficit Other	<b>7.2</b>	(3,344)	49,559	-	-	-	<b>46,215</b>	-	<b>46,215</b>	(53,378)	<b>(7,163)</b>
Comprehensive Income and Expenditure Adjustments between group accounts and authority accounts	<b>7.2</b>	-	-	-	-	-	-	(97,628)	<b>(97,628)</b>	-	<b>(97,628)</b>
	<b>7.6f</b>	10,425	(58,548)	-	-	-	<b>(48,123)</b>	(7,968)	<b>(56,091)</b>	56,091	-
<b>Net increase of decrease before transfers</b>		<b>7,081</b>	<b>(8,989)</b>	-	-	-	<b>(1,908)</b>	<b>(105,596)</b>	<b>(107,504)</b>	<b>2,713</b>	<b>(104,791)</b>

## 7.4 Movement in Reserves Statement - Group (continued)

2020/21	Note	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Authority Usable Reserves £000	Total Authority Unusable Reserves £000	Total Authority Reserves £000	Subsidiary Profit and Loss & group share of reserves £000	Total Group Reserves £000
<b>Net increase of decrease before transfers</b>		7,081	(8,989)	-	-	-	(1,908)	(105,596)	(107,504)	2,713	(104,791)
Adjustments between accounting basis and funding basis under statutory provisions	4.2.8	34,476	8,172	(8,366)	(1,754)	11,620	44,148	(44,148)	-	-	-
<b>Increase of decrease in year</b>		41,557	(817)	(8,366)	(1,754)	11,620	42,240	(149,744)	(107,504)	2,713	(104,791)
<b>Balance at 31 March 2021</b>		102,347	7,793	1,101	12,482	19,520	143,243	138,775	282,018	(21,550)	260,468



## 7.4 Movement in Reserves Statement - Group (continued)

2019/20	Note	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Authority Usable Reserves £000	Total Authority Unusable Reserves £000	Total Authority Reserves £000	Subsidiary Profit and Loss & group share of reserves £000	Total Group Reserves £000
<b>Balance at 31 March 2019</b>		<b>44,948</b>	<b>22,618</b>	<b>9,467</b>	<b>12,455</b>	<b>4,484</b>	<b>93,972</b>	<b>163,749</b>	<b>257,721</b>	<b>(22,780)</b>	<b>234,941</b>
Group Surplus/Deficit	<b>7.2</b>	(102,579)	49,697	-	-	-	<b>(52,882)</b>	-	<b>(52,882)</b>	(55,663)	<b>(108,545)</b>
Other Comprehensive Income and Expenditure	<b>7.2</b>	-	-	-	-	-	-	239,322	<b>239,322</b>	(457)	<b>238,865</b>
Adjustments between group accounts and authority accounts	<b>7.6f</b>	10,248	(62,480)	-	-	-	<b>(52,232)</b>	(2,405)	<b>(54,637)</b>	54,637	-
<b>Net increase of decrease before transfers</b>		<b>(92,331)</b>	<b>(12,783)</b>	-	-	-	<b>(105,114)</b>	<b>236,917</b>	<b>131,801</b>	<b>(1,483)</b>	<b>130,320</b>

## 7.4 Movement in Reserves Statement - Group (continued)

2019/20	Note	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Authority Usable Reserves £000	Total Authority Unusable Reserves £000	Total Authority Reserves £000	Subsidiary Profit and Loss & group share of reserves £000	Total Group Reserves £000
<b>Net increase of decrease before transfers</b>		<b>(92,331)</b>	<b>(12,783)</b>	-	-	-	<b>(105,114)</b>	<b>236,917</b>	<b>131,801</b>	<b>(1,483)</b>	<b>130,320</b>
Adjustments between accounting basis and funding basis under statutory provisions		86,956	(1,225)	-	1,781	3,416	<b>90,930</b>	(90,930)	-	-	-
<b>Increase of decrease in year</b>		<b>(5,375)</b>	<b>(14,008)</b>	-	<b>1,781</b>	<b>3,416</b>	<b>(14,184)</b>	<b>145,987</b>	<b>131,801</b>	<b>(1,483)</b>	<b>130,320</b>
<b>Balance at 31 March 2020</b>		<b>39,573</b>	<b>8,610</b>	<b>9,467</b>	<b>14,236</b>	<b>7,900</b>	<b>79,788</b>	<b>309,736</b>	<b>389,522</b>	<b>(24,263)</b>	<b>365,261</b>

## 7.5 Cash Flow Statement - Group

2019/20 £000	Note	2020/21 £000
<b>(108,545) Net surplus/(deficit) on the provision of services</b>	<b>7.2</b>	<b>(7,163)</b>
151,083 Adjustments to net surplus or deficit on the provision of services for non-cash movements		<b>93,981</b>
(33,970) Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		<b>(62,945)</b>
<b>8,568 Net Cash Flows from Operating Activities</b>		<b>23,873</b>
(60,458) <b>Net Cash Flows from Investing Activities</b>		<b>(59,246)</b>
68,926 <b>Net Cash Flows from Financing Activities</b>	<b>4.2.24c</b>	<b>15,736</b>
<b>17,036 Net Increase or decrease in Cash and Cash Equivalents</b>		<b>(19,637)</b>
18,613 Cash and Cash Equivalents at the beginning of the reporting period	<b>7.3</b>	<b>35,649</b>
<b>35,649 Cash and Cash Equivalents at the end of the reporting period</b>	<b>7.3</b>	<b>16,012</b>

## 7.6 Notes to the Group Accounts

### a - Accounting Policies for the Group

In preparing the Group Accounts the council has aligned the accounting policies of the company with those of the council and made consolidation adjustments where necessary.

The Council has consolidated its interests in all the entities over which it exercises control or significant influence. The results of entities have been consolidated on a line by line basis as subsidiaries. Consolidation has been based on:

- For 2020/21 - the draft accounts of Fortior Homes Limited and Unitas Stoke-on-Trent Limited for the period ended 31 March 2021.
- For 2019/20 - the final accounts of Fortior Homes Limited and Unitas Stoke-on-Trent Limited for the period ended 31 March 2020.

Where group entities use different accounting policies to the Council, their accounts have been restated to re-align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Intra-group transactions have been eliminated before consolidation on a line by line basis.

## 7.6 Notes to the Group Accounts

### b - Property, Plant & Equipment

<b>Movement on Balance</b>			Vehicles Plant				Assets Under	
<b>2020/21</b>	Council Dwellings	Other Land & Buildings	Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Construction	<b>Total</b>
<b>Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>566,524</b>	<b>391,835</b>	<b>59,213</b>	<b>248,465</b>	<b>36,850</b>	<b>38,642</b>	<b>61,608</b>	<b>1,403,137</b>
Additions	22,639	12,896	6,942	23,664	610	1,752	35,272	103,775
Revaluation Increases/ (decreases) recognised in the:								
Revaluation Reserve	14,255	(8,256)	-	-	-	209	-	6,208
Surplus/Deficit on the Provision of Services	(12,254)	(9,267)	-	-	-	(1,276)	-	(22,797)
Derecognition through disposal and transfer (non- schools)	-	(584)	(6,302)	(9,974)	-	(3,879)	-	(20,739)
Derecognition through disposal and transfer (schools)	-	(26,273)	(1,338)	(18)	-	-	-	(27,629)
Reclassifications within PPE	447	(1,183)	-	932	-	(1,293)	1,097	-
Reclassifications to IP	-	-	-	-	-	-	(30,783)	(30,783)
Assets reclassified (to)/from Held for Sale	(2,811)	(503)	-	-	-	(740)	-	(4,054)
<b>Balance at 31 March</b>	<b>588,800</b>	<b>358,665</b>	<b>58,515</b>	<b>263,069</b>	<b>37,460</b>	<b>33,415</b>	<b>67,194</b>	<b>1,407,118</b>

## 7.6 Notes to the Group Accounts (continued)

### b - Property, Plant & Equipment

			Vehicles Plant						
<b>Movement on Balance</b>	Council	Other Land	Furniture &	Infrastructure	Community	Surplus	Assets		
<b>2020/21</b>	Dwellings	& Buildings	Equipment	Assets	Assets	Assets	Under		<b>Total</b>
<b>Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	Construction	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>(893)</b>	<b>(6,176)</b>	<b>(34,519)</b>	<b>(58,731)</b>	<b>(1,001)</b>	<b>(4,189)</b>	<b>(1,475)</b>		<b>(106,984)</b>
Depreciation charge in year	(14,334)	(8,799)	(5,284)	(7,833)	-	(101)	-		(36,351)
Depreciation written out to the	-	-	-	-	-	-	-		-
Revaluation Reserve	13,387	5,611	-	-	-	75	-		19,073
Surplus/Deficit on the									
Provision of Services	357	2,914	-	-	-	502	-		3,773
Impairment									
losses/(reversals)									
recognised in the:	-	-	-	-	-	-	-		-
Revaluation Reserve	-	(71)	-	-	-	(420)	-		(491)
Surplus/Deficit on the									
Provision of Services	-	(996)	-	(2,991)	(236)	(345)	-		(4,568)
Derecognition through									
disposal and transfer (non-									
schools)	-	322	6,268	9,974	-	2,160	-		
Derecognition through									
disposal and transfer									
(schools)	-	697	1,001	7	-	-	-		1,705
Reclassifications within PPE	(7)	673	-	(394)	-	(255)	(17)		-
Assets reclassified (to)/from									
Held for Sale	74	-	-	-	-	-	-		74
<b>Balance at 31 March</b>	<b>(1,416)</b>	<b>(5,825)</b>	<b>(32,534)</b>	<b>(59,968)</b>	<b>(1,237)</b>	<b>(2,573)</b>	<b>(1,492)</b>		<b>(105,045)</b>
Net Book Value									
<b>At 31 March 2021</b>	<b>587,384</b>	<b>352,840</b>	<b>25,981</b>	<b>203,101</b>	<b>36,223</b>	<b>30,842</b>	<b>65,702</b>		<b>1,302,072</b>
At 31 March 2020	565,631	385,659	24,694	189,734	35,849	34,453	60,133		1,296,153

## 7.6 Notes to the Group Accounts (continued)

### b - Property, Plant & Equipment

<b>Movement on Balance 2019/20 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>539,584</b>	<b>435,110</b>	<b>60,494</b>	<b>241,775</b>	<b>36,585</b>	<b>38,148</b>	<b>33,253</b>	<b>1,384,949</b>
Additions	22,632	12,492	4,190	11,707	442	3,344	33,930	88,737
Revaluation Increases/ (decreases) recognised in the:								-
Revaluation Reserve	21,013	265	-	-	-	(848)	-	20,430
Surplus/Deficit on the Provision of Services	(11,672)	(11,270)	-	-	-	(1,215)	-	(24,157)
Derecognition through disposal and transfer:								-
Non-schools	(561)	(5,900)	(3,138)	(4,951)	(31)	(960)	-	(15,541)
Schools	-	(42,652)	(1,970)	(112)	-	-	-	(44,734)
Reclassifications	1,460	3,790	(363)	46	-	288	(5,575)	(354)
Assets reclassified (to)/from Held for Sale	(5,932)	-	-	-	(146)	(115)	-	(6,193)
<b>Balance at 31 March</b>	<b>566,524</b>	<b>391,835</b>	<b>59,213</b>	<b>248,465</b>	<b>36,850</b>	<b>38,642</b>	<b>61,608</b>	<b>1,403,137</b>

## 7.6 Notes to the Group Accounts (continued)

### b - Property, Plant & Equipment

<b>Movement on Balance</b>			Vehicles Plant				Assets Under	
<b>2019/20</b>	Council	Other Land	Furniture &	Infrastructure	Community	Surplus	Construction	<b>Total</b>
<b>Cost or Valuation</b>	Dwellings	& Buildings	Equipment	Assets	Assets	Assets	£000	£000
	£000	£000	£000	£000	£000	£000		
<b>Balance at 1 April</b>	<b>(1,020)</b>	<b>(8,980)</b>	<b>(32,671)</b>	<b>(53,263)</b>	<b>(894)</b>	<b>(2,181)</b>	<b>(1,475)</b>	<b>(100,484)</b>
Depreciation charge in year	(15,034)	(9,869)	(5,939)	(7,432)	-	(108)	-	(38,382)
Depreciation written out to the:								-
Revaluation Reserve	14,590	4,834	-	-	-	20	-	19,444
Surplus/Deficit on the								
Provision of Services	-	4,407	-	-	-	50	-	4,457
Impairment								
losses/(reversals)								
recognised in the:								-
Revaluation Reserve	-	(210)	-	-	(16)	(124)	-	(350)
Surplus/Deficit on the								
Provision of Services	-	(541)	(128)	(2,981)	(128)	(1,945)	-	(5,723)
Derecognition through								
disposal and transfer:								
Non-schools	561	3,113	2,769	4,951	-	102	-	11,496
Schools	-	1,065	1,244	40	-	-	-	2,349
Reclassifications within PPE	(157)	5	206	(46)	-	(3)	-	5
Assets reclassified (to)/from								
Held for Sale	167	-	-	-	37	-	-	204
<b>Balance at 31 March</b>	<b>(893)</b>	<b>(6,176)</b>	<b>(34,519)</b>	<b>(58,731)</b>	<b>(1,001)</b>	<b>(4,189)</b>	<b>(1,475)</b>	<b>(106,984)</b>
Net Book Value								
<b>At 31 March 2020</b>	<b>565,631</b>	<b>385,659</b>	<b>24,694</b>	<b>189,734</b>	<b>35,849</b>	<b>34,453</b>	<b>60,133</b>	<b>1,296,153</b>
At 31 March 2019	538,564	426,130	27,823	188,512	35,691	35,967	31,778	1,284,465



## 7.6 Notes to the Group Accounts (continued)

### c - Group Investment Property

Note	City Council £000	Fortior Homes Ltd £000	Total Assets £000
<b>At 1 April 2019</b>	<b>20,403</b>	<b>5,196</b>	<b>25,599</b>
Additions	9	5,429	5,438
Upward revaluation	648	391	1,039
Downward revaluation	(97)	(601)	(698)
Disposals	(751)	-	(751)
Reclassification to/(from) investment property	-	349	349
<b>At 31 March 2020</b>	<b>20,212</b>	<b>10,764</b>	<b>30,976</b>
Additions	3,527	-	3,527
Upward revaluation	334	400	734
Downward revaluation	(1,157)	(3,918)	(5,075)
Disposals	(137)	-	(137)
Reclassification to/(from) investment property	3,972	26,811	30,783
<b>At 31 March 2021</b>	<b>26,751</b>	<b>34,057</b>	<b>60,808</b>

## 7.6 Notes to the Group Accounts (continued)

### d - Short Term Debtors

31 March 2020 £000		Note	31 March 2021 £000
7,151	Central government bodies	4.2.21b	30,137
3,775	Academies	4.2.21b	4,338
6,113	Other local authorities	4.2.21b	13,937
7,486	NHS bodies	4.2.21b	9,792
36,620	Other entities and individuals		33,695
<b>61,145</b>			<b>91,899</b>

### e - Short Term Creditors

31 March 2020 £000		Note	31 March 2021 £000
13,561	Central government bodies	4.2.21c	46,681
3,949	Other local authorities	4.2.21c	2,942
1,389	NHS bodies	4.2.21c	1,938
52,944	Other entities and individuals		58,465
<b>71,843</b>			<b>110,026</b>

## 7.6 Notes to the Group Accounts (continued)

### f - Adjustments between Group Accounts and Authority Accounts in the Group Movement in Reserves Statement

2020/21	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Authority Usable Reserves £000	Total Authority Unusable Reserves £000	Total Authority Reserves £000	Subsidiary Profit and Loss £000	Total Group Reserves £000
Sale of goods and services to subsidiaries	5,271	-	-	-	-	5,271	-	5,271	(5,271)	-
Purchases of goods and services from subsidiaries	-	(58,548)	-	-	-	(58,548)	-	(58,548)	58,548	-
Elimination of interest on loans	2,033	-	-	-	-	2,033	-	2,033	(2,033)	-
Surplus reallocation	3,100	-	-	-	-	3,100	-	3,100	(3,100)	-
Share valuation movement	-	-	-	-	-	-	(7,968)	(7,968)	7,968	-
Expected credit loss on long term loan	21	-	-	-	-	21	-	21	(21)	-
<b>Adjustments between group accounts and authority accounts</b>	<b>10,425</b>	<b>(58,548)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(48,123)</b>	<b>(7,968)</b>	<b>(56,091)</b>	<b>56,091</b>	<b>-</b>

## 7.6 Notes to the Group Accounts (continued)

### f - Adjustments between Group Accounts and Authority Accounts in the Group Movement in Reserves Statement

2019/20	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Authority Usable Reserves £000	Total Authority Unusable Reserves £000	Total Authority Reserves £000	Subsidiary Profit and Loss £000	Total Group Reserves £000
Sale of goods and services to subsidiaries	6,789	-	-	-	-	6,789	-	6,789	(6,793)	(4)
Purchases of goods and services from subsidiaries	-	(62,480)	-	-	-	(62,480)	-	(62,480)	62,480	-
Elimination of interest on loans	1,345	-	-	-	-	1,345	-	1,345	(1,345)	-
Surplus reallocation	3,426	-	-	-	-	3,426	-	3,426	(3,426)	-
Share valuation movement	-	-	-	-	-	-	(2,405)	(2,405)	2,405	-
Expected credit loss on long term loan	(1,312)	-	-	-	-	(1,312)	-	(1,312)	1,312	-
<b>Adjustments between group accounts and authority accounts</b>	<b>10,248</b>	<b>(62,480)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52,232)</b>	<b>(2,405)</b>	<b>(54,640)</b>	<b>54,636</b>	<b>(4)</b>

## 8.0 Other Statements

## 8.1 Statement of Accounting Policies

### Purpose

Accounting policies are the specific principles, conventions, rules and practices applied by a local authority in preparing and presenting its financial statements. They:

- set out the basis for accounting i.e. confirm (or otherwise) that the authority complies with the Accounting Code and relevant statutory reporting requirements
- highlight any changes in accounting policies or other information compared to previous years
- set out how any discretion on accounting policy choices permitted by the Accounting Code have been exercised
- identify new accounting policies which have been adopted, for example, on the implementation of a new reporting standard.

Accounting policies focus on recognition, measurement and presentation

The Statement of Accounts summarises the Council's transactions for the financial year as published and its position at the year-end of 31 March of that financial year. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2014, which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis; that is that there is the assumption that the functions of the Council will continue in operational existence.

### Accrued Revenue 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.
- 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.

## 8.1 Statement of Accounting Policies (continued)

### Basis of Charges for Capital

All interest charges and expenses arising on loans raised to fund capital expenditure are recharged on an accruals basis to the Housing Revenue Account and the General Fund as appropriate.

### Cash and Cash Equivalents

Cash is represented as cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

### Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following to record the service cost of using non-current assets during the year;

- depreciation
- revaluation and impairment losses
- amortisation of intangible assets

For General Fund the Council is not required to raise council tax to finance depreciation, revaluation and impairment losses or amortisation. These are replaced by a Minimum Revenue Provision charged to the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

For the Housing Revenue Account, the Council is not required to charge a Minimum Revenue Provision but instead sets aside resources to finance the principal of any amount borrowed.

### Contingent Liabilities

A contingent liability is a possible financial obligation that arises from past events which will only crystallise if certain events take place. The obligation cannot be measured sufficiently reliably and is disclosed as such.

## 8.1 Statement of Accounting Policies (continued)

### Council Tax and Non-Domestic Rates

The collection of council tax and non-domestic rates is an agency arrangement for the council, as billing authority, other preceptors and central government. The income in respect of the council from council tax and non-domestic rates is included in the Comprehensive Income and Expenditure Statement for the year on an accruals basis. The cash collected belongs proportionately to the City Council, the preceptors and central government. The City Council recognises its share of any outstanding council tax and non-domestic rates arrears, receipts in advance adjusted by an impairment allowance and an allowance for appeals made by non-domestic rates payers in its balance sheet.

Regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included in the Movement in Reserves statement.

### Employee Benefits

#### Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period. This charge is reversed through the Movement in Reserves Statement to unusable reserves.

#### Termination Benefits

When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective Service line in the Comprehensive Income and Expenditure Statement. Where those benefits involve the enhancement of pensions the amount payable is charged to the General Fund Balance.

#### Post-employment Benefits

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

- The Teachers' Pension Scheme, administered on behalf of the Department for Education (DfE),
- The National Health Service (NHS) Pension scheme,
- The Local Government Pension Scheme (LGPS).



## 8.1 Statement of Accounting Policies (continued)

### Employee Benefits (continued)

Each scheme provides defined benefits to members (retirement lump sums and pensions), earned whilst employees are working for the Council. However, the centralised arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits recognised in the Balance Sheet. The Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme and the NHS Pension Scheme in the year.

The Local Government Pension Scheme is accounted for as a defined benefits scheme. The liabilities of the Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and forecasts of projected earnings for current employees). The increase in the liability arising from pensionable service earned during the year is recognised within the net cost of services.

The assets of the Pension Fund attributable to the Council are included in the Balance Sheet at their fair value. The change in the net pension liability is analysed into its components:

- Current Service Cost:

The increase in liabilities as a result of years of service earned this year is allocated in the Comprehensive Income and Expenditure Statement to the service areas for which the employees worked.

- Past service cost;

Is the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-distributed Costs. The Council also recognise a gain or loss on settlement when the settlement occurs. The settlement is deemed to occur when the authority enters into a transaction which eliminates all further obligations for part or all of the benefits provided under the LGPS defined benefit plan.

- Net interest on the net defined benefit liability:

The expected increase in the present value of liabilities during the year as they move one year closer to being paid offset by the interest on assets which is the interest on assets held at the start of the year and cash flows occurring during the period. The result is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Remeasurements:

These comprise the return on plan assets excluding amounts included in net interest and actuarial gains and losses. The latter is the changes in the net pension liability which arise because actuaries have updated their assumptions. These are charged to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

- Contributions paid to the Pension Fund:

Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

## 8.1 Statement of Accounting Policies (continued)

### Employee Benefits (continued)

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts that are payable but remain unpaid at the year end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The figures that are used to account for the scheme are commissioned annually from the Staffordshire County Council Pension Fund actuary.

#### Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period (31 March) and the date when the Statement of Accounts is authorised for issue. Two types of events can occur:

#### Adjusting Events

Those events that provide evidence that conditions existed at the end of the reporting period that would require accounting for – the Statement of Accounts is adjusted to reflect such events.

#### Non-adjusting Events

Those events that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts however the S.151 officer will advise the auditor in writing of any material events.

## 8.1 Statement of Accounting Policies (continued)

### Financial Instruments

Financial Instruments are defined as any contract that gives rise to a financial asset of one body and a financial liability of another. Many assets and liabilities are collectively financial instruments even where separately identified on the balance sheet.

#### Financial Assets

The City Council has a number of investments that are financial assets which are classified on the basis of the authority's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The three main classes of financial assets are:

- Amortised Cost
- Fair Value through Profit or Loss (FVPL), and
- Fair Value through Other Comprehensive Income (FVOCI)

#### Amortised Cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are subsequently carried at their amortised cost except for short-term receivables with no stated interest rate which are measured at invoiced cost. Annual credits to the Financing and Investment Income and Expenditure line in Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for that instrument.

Where the City Council loans to organisations at less than market rates (soft loans) that are not material they are disclosed in a note to the financial statements, but no entries have been made in the Comprehensive Income and Expenditure Statement. Where a loan is material and has been treated as a soft loan and carried at fair value in the accounts. Any loss is debited to the appropriate service in the Comprehensive Income and Expenditure Statement with 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. The basis for the percentage rate used is a combination of the base rate at the time the loan was granted and an allowance for the risk that the loan may not be repaid.

## 8.1 Statement of Accounting Policies (continued)

Any gains and losses that arise on the de-recognition of the asset, are credited / debited to the Comprehensive Income and Expenditure Statement.

### Financial Instruments (continued)

#### Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Values are based on the following principles:

- instruments with quoted market prices - the market price
- other instruments with fixed and determinable payments - discounted cash flow analysis
- equity shares with no quoted market prices – professional estimate

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

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

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

#### Fair Value through Other Comprehensive Income

The Council has elected to designate investments in equity instruments to FVOCI where they are not held for trading. Movements in fair value will be accumulated in the Financial Instruments Revaluation Reserve until the asset is derecognised, at which point the net gain or loss would be transferred to the General Fund.

## 8.1 Statement of Accounting Policies (continued)

### Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost, and where relevant FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place borrower could default on their obligations. Where the credit risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### Financial Instruments (continued)

The Council will assess losses for the portfolio on a collective basis where a significant number of small loans are made at less than market rates to individuals and it does not have reasonable and supportable information available without undue cost or effort to support the measurement of lifetime expected losses on an individual basis.

Where the authority has a commitment to make loans at some point in the future, this commitment is not reflected in any accounting entries until the lender actually draws down some or all of the facility. A provision might be required to reflect potential defaults if the borrower were to exercise their drawdown rights.

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. These financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the City Council has, this means that the amount presented in the balance sheet is the outstanding principal repayable plus accrued interest. Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year for that loan agreement.

The City Council may pay off or replace loans earlier than originally planned as part of its debt management strategy, dependent upon prevailing market conditions, risk and financial benefits that may accrue to the Council.

One of the mechanisms for managing long term loans is the restructuring of the debt portfolio. This may be carried out in order to achieve a more balanced debt profile, to change the volatility of existing debt, to amend cash flows or to reduce financing costs. Debt rescheduling may give rise to a payment to the lender (a premium) or a payment to the borrower (a discount).

## 8.1 Statement of Accounting Policies (continued)

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

### Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of entitlement to the grant / contribution, and there is reasonable assurance that the monies will be received. Where conditions are outstanding, the amounts are treated as either capital or revenue receipts in advance, forming part of short or long term creditors.

Service specific revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) form part of Taxation and Non-Specific Grant Income at the foot of the Comprehensive Income and Expenditure Statement.

### Heritage Assets

The City Council's heritage assets are situated at various locations throughout the city but principally at the four main museums.

- Potteries Museum and Art Gallery – containing nationally important ceramics, the Staffordshire Hoard; the largest and most valuable Anglo-Saxon treasure ever found and a WWII Spitfire.
- Gladstone Pottery Museum – the only complete Victorian pottery factory from the days when coal-burning ovens made the world's finest bone china.
- Etruria Industrial Museum - the last steam powered potters' mill in Britain.
- Ford Green Hall - a 17th century timber-framed farmhouse furnished with an outstanding collection of textiles, ceramics and furniture.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the City Council's accounting policies on property, plant and equipment, as amended and include intangible heritage assets. A level of £10,000 has been established for assets to be valued. Any assets less than this level are valued in line with the average increase in assets above £10,000.

The City Council's collections of heritage assets are reported in the balance sheet at valuations where the cost of obtaining professional valuations has not been prohibitive.

## 8.1 Statement of Accounting Policies (continued)

### Ceramics, Porcelain and Fine Arts

The ceramics and porcelain artefacts and fine art collection, which includes paintings (both oil and watercolour), prints, sculptures and sketches are deemed to have indeterminate useful lives and a high residual value therefore depreciation is not charged.

Acquisitions are initially recognised at cost and donations are recognised using a valuation provided by an external valuer.

### Heritage Assets (continued)

#### Machinery, Equipment and other Artefacts from the Pottery Industry

The City Council considers that obtaining valuations for the vast majority of machinery, equipment and other artefacts and ephemera from the pottery industry exhibited would, due to the diverse nature of the assets held and the lack of comparable values, involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements and consequently the City Council does not specifically recognise this collection of heritage assets on the balance sheet. Where acquisitions take place, these are initially recognised at cost or where bequeathed or donated, at nil consideration.

#### Archaeology

The Council does not consider that reliable cost or valuation information can be obtained for the items held for the majority of its archaeological collection. This is because of the diverse nature of the assets held and lack of comparable market values. Consequently the City Council does not recognise these assets on the balance sheet

#### Property

The City Council considers the Gladstone Pottery Museum, Etruria Industrial Museum and Ford Green Hall buildings as heritage assets and are held on the balance sheet in accordance with the City Council's accounting policies on property, plant and equipment.

#### Heritage Assets – General

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

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for, where applicable, in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

## 8.1 Statement of Accounting Policies (continued)

### Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the City Council e.g. software licenses, is capitalised when it brings economic or service benefits for more than one year. Intangible fixed assets are initially recognised at cost. Thereafter, where an active market exists for the asset they are carried at fair value, otherwise they are included in the balance sheet at historic cost less any accumulated amortisation and impairment.

Assets of a finite life are amortised on a straight line basis over the life. For assets of an infinite life they are assessed for impairment. The City Council does not amortise assets in the year of acquisition, but a full year's charge is made in the year of disposal.

### Interests in Companies and Other Entities

The Council has registered subsidiary companies in respect of a Fortior Homes, Unitas Stoke-on-Trent, Stoke EnergyCo, STCC RP and Stoke on Trent Futures. Subsidiary companies are consolidated as part of the group accounts only when transactions are considered material. The Council has no material interests in companies and other entities that have the nature of associates and jointly controlled entities. In order to align group entities accounting policies to those used by the Council and ensure consistency of accounting treatment across the group, the following principles have been adopted:

- Consolidation of Subsidiaries - Subsidiaries have been consolidated using the acquisition accounting basis. This is a full, line by line consolidation of the financial transactions and balances of the Council and its subsidiaries. To avoid overstating the figures within the group financial statements, all transactions and balances between members of the group (the Council and its subsidiaries) have been eliminated.
- Alignment of accounting framework and policies - Where group organisations use different accounting policies to the Council, their accounts have been restated to align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.
- Unrealised profits from intra-group transactions - Any unrealised profit reflected in the carrying amount of property, plant and equipment and inventory arising from trading between the Council and its group companies will be eliminated to avoid the double counting of gains.
- Company losses Accounting Treatment - The Group Comprehensive Income and Expenditure Account includes the profits / losses arising in each of the wholly owned subsidiary companies. Profits/losses from wholly owned subsidiaries are included in Group Surplus or Deficit on Provision of Services from ordinary trading activities.



## 8.1 Statement of Accounting Policies (continued)

### Investment and Surplus Property

Investment property is held solely to earn rentals and / or for capital appreciation and are measured initially at cost and subsequently at fair value. Investment Properties are not depreciated but are revalued annually. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The gains and losses are not permitted by statute to impact on the General Fund Balance so are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Costs and Income received in relation to investment properties is credited to the Financing and Investment Income line and result in a gain/loss to the General Fund Balance.

Assets identified as 'of indeterminate use' are classified as surplus assets within Property, Plant and Equipment. Housing related assets and assets held to provide economic regeneration are classified as operational properties based on their principal function being service related.

### Leases

#### Finance Leases

The City Council as lessee:

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to pay the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the surplus / deficit for the year. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rentals are expensed in the period in which they are incurred.

The City Council as lessor:

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is treated as a disposal. Amounts due from lessee is recorded as a long-term debtor at the amount of the City Council's net investment in the lease. Where income received under leases qualifies under the definition of capital receipts, the element of finance lease payments relating to the write-down of the debtor's obligation will be treated as a capital receipt applied to accounting periods, so to reflect a constant periodic rate of return on the City Council's net investment outstanding in respect of the leases

## 8.1 Statement of Accounting Policies (continued)

### Operating Leases

The City Council as lessee:

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

The City Council as lessor:

Where the Council grants an operating lease, the asset is retained in the Balance Sheet. Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### Minimum Revenue Provision

The Council set aside from its General Fund Revenue Account a regular provision for repayment of debt. There is no longer a separate requirement to set aside a minimum revenue provision from the Housing Revenue Account.

MRP relating to pre 2008 debt liability will be charged at the rate of 2% straight line. Post 2008 MRP reflected within the debt liability at the end of the financial year will be subject to MRP based on Asset Life charged over a period which is reasonably commensurate with the estimated useful life of the asset (or group of assets) as determined by professional judgement. Where the underlying borrowing is by way of a finance lease or service concession arrangement (PFI scheme), additional revenue provision may be set aside based on the capital repayment plan of the agreement.

The City Council may apply an additional voluntary contribution, including capital receipts or revenue contributions, to reduce its debt liability. In instances where the Council incurs borrowing in order to lend funds to a third party, it will treat any advance as "Serviced debt" and therefore no MRP will be set-aside providing there is an agreed repayment date. Annually the Council will undertake a financial assessment of the third parties ability to repay the debt and where any adverse changes are perceived to be occurring then a provision will be created to cover any future potential financial losses.

## 8.1 Statement of Accounting Policies (continued)

### Non-Current Assets Held for Sale

Classified as Non-current assets where the sale is highly probable, the asset is available for immediate sale in its present condition and the City Council is committed to and actively marketing the sale and which is normally expected to qualify for recognition as a completed sale within one year from the date of classification. The assets is measured at the lower of their previous carrying amount or fair value less costs to sell. Fair value is open market value including alternative uses. Depreciation is not charged on Assets Held for Sale.

The gain or loss on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in Other Operating Expenditure within the Comprehensive Income and Expenditure Statement. Where the asset no longer meets the criteria it is reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.

### Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for the operation and management of services and reporting financial performance.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

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

## 8.1 Statement of Accounting Policies (continued)

### Private Finance Initiative (PFI) and Similar Contracts

PFI and service concessionary transactions are treated in the City Council's accounts in accordance with the Code, based on IFRIC12 (control of asset). Non-current assets related to these contracts and recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The following PFI schemes (or similar) are deemed to be controlled and the assets recognised as operational as a consequence:

- Schools - assets transferred to Transform Schools (Stoke) Limited
- Street Lighting - assets transferred to Tay Valley Lighting (Stoke-on-Trent)
- Bentilee District Centre - assets transferred to Bentilee HUB (Project Company)
- Extra Care – assets transferred to Sapphire Extra Care Limited

The amounts payable to the PFI operators each year (known as the unitary charge) are analysed into five elements:

- fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost - an interest charge of an agreed % on the outstanding balance sheet liability, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- lifecycle replacement costs (regular major planned refurbishments) - recognised as non-current assets on the balance sheet;
- payment towards liability - applied to write down the balance sheet liability towards the PFI operator.

### Property, Plant and Equipment

#### Recognition

Classified as assets that have physical substance and provide benefits and are expected to be used during more than one financial year.

Expenditure on the acquisition, creation or enhancement of property, plant and equipment has been capitalised on an accruals basis where it is probable that the future economic benefits or service potential associated with the item will flow to the entity and the cost of the item can be measured reliably.

This excludes routine repairs and maintenance, which is charged directly to the service revenue accounts.

## 8.1 Statement of Accounting Policies (continued)

The Council has set an administrative capital de minimis levels:

o Land and Buildings	£15,000
o Equipment	£5,000
o Schools Capital	£2,000

This does not preclude expenditure below these levels being recognised particularly those relating to a number of assets the costs of which are collectively above the de minimis levels e.g. computer equipment.

Where expenditure is determined not to add value to an asset and the asset is held at fair value the expenditure is treated as impairment and charged to the Comprehensive Income and Expenditure Statement in the year incurred.

### Measurement and Valuation

Property, plant and equipment is initially measured at cost, being costs attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Thereafter the assets are valued, dependent upon their class, as follows:

- Infrastructure and community assets – depreciated historic cost less any impairment loss where applicable;
- assets under construction – historic cost;
- Investment properties and surplus assets – fair value under IFRS 13
- all other classes of asset – current value.

### Property, Plant and Equipment (continued)

Current value is assessed as:

- council dwellings – existing use value - social housing (EUV-SH) with an adjustment factor (Vacant Possession Adjustment Factor) applied to the open market value to recognise the continuing occupation of a secure tenant;
- specialised assets for which there is no active market – depreciated replacement cost;
- non-property assets with short useful lives and/or low values – depreciated historic cost as a proxy for fair value;
- other properties - existing use value;

The asset values for property related assets are based upon certificates issued by the City Council's Valuation Officers and independent external valuers. Revaluations will be made with sufficient regularity to ensure that the carrying amount reflects the fair value at the end of the reporting period. Valuations shall be carried out at intervals of no more than five years.

## 8.1 Statement of Accounting Policies (continued)

Revaluation gains or losses arising are taken to the Revaluation Reserve except where the asset has been subject to a previous revaluation or impairment loss in which case all or part of the gain/loss is credited/debited to the Comprehensive Income and Expenditure Statement.

Asset Components are considered for recognition where individual buildings are revalued to a fair value that is greater than £1m, have different useful lives and / or depreciation bases and the depreciation charges materially affect the statement of accounts.

### Depreciation

The City Council does not charge depreciation in the year of acquisition, but does charge a full year's depreciation in the year of disposal. The general principle being that the value of assets is allocated to services over the periods expected to benefit from their use.

Property, plant and equipment are depreciated using the straight line method, over the useful economic lives as advised typically:

- Infrastructure 20 - 40 years
- Buildings 20 - 60 years
- Vehicles, Plant and Equipment 5 – 20 years

Land is considered to have an indefinite useful life and is not depreciated but is subject to impairment review.

### Impairment

The City Council undertakes an annual assessment as to whether any indication of impairment of its assets exists or that any impairment loss previously recognised may have decreased.

## Property, Plant and Equipment (continued)

Where a material impairment is identified this is accounted for by writing off the impairment charge against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the Comprehensive Income and Expenditure Statement.

Where an impairment reversal is identified it is credited to the Comprehensive Income and Expenditure Statement to the extent that the carrying value of the assets returns to that which would have been the case if no previous impairment had occurred. Any excess gain over this amount is treated as a revaluation gain and credited to the Revaluation Reserve.

## 8.1 Statement of Accounting Policies (continued)

### Disposals and asset derecognition

When an asset or significant component is disposed of, derecognised, replaced or decommissioned the gain or loss on disposal, being the difference between the net disposal proceeds, if any, and the net carrying amount of the asset, is recognised in the Comprehensive Income and Expenditure Statement. Any revaluation gains in the Revaluation Reserve related to the asset or part thereof are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposal is payable to the Government. As a result of changes in legislation, as set out in amendments to the Local Government Act 2003, the City Council also has the option to retain 100% of some receipts (Non Right-to-Buy and 1-4-1 replacement) provided that they are used for the provision of affordable housing, regeneration projects or the repayment of housing debt. The balance of receipts is credited to the Usable Capital Receipts Reserve, and, subject to any direction by central government, can then only be used to finance new capital investment or reduce the City Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Usable Capital Receipts Reserve via the Movement in Reserves Statement.

### Revaluation on Disposal of Housing Assets

HRA assets disposed of under Right to Buy (RTB) legislation continue to be valued as operational assets up to the point of disposal. Once disposal takes place there is no revaluation to the discounted RTB value. This approach is in line with the MHCLG Guidance on Stock Valuation for Resource Accounting which authorities in England are required to follow.

## Provisions

Provisions are only recognised when the City Council has a present obligation as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made however the timing or the actual amount involved is uncertain. Where the obligation is expected to be settled after more than one year and the effect of the time value of money is material, the amount of a provision reflects the present value of the expenditure expected to be required to settle the obligation.

## Provisions (continued)

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

## 8.1 Statement of Accounting Policies (continued)

### Reserves

The City Council sets aside specific amounts as reserves for future policy purposes or to cover future events / contingencies. When the expenditure to be financed from reserves is incurred, it is charged to the appropriate service revenue account and included in net cost of services in the Comprehensive Income and Expenditure Statement. The corresponding amount is then transferred from the appropriate reserve account back into the General Fund to ensure that there is no further charge on the council tax for that year. The City Council's usable reserves include both usable earmarked reserves, which are set aside for specific purposes; and the General Reserve, which is set aside for future general use.

The City Council has a number of unusable reserves that are not able to be used to provide services. These represent unrealised gains and losses and adjustments between accounting basis and funding basis under regulation.

### Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the City Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, amounts charged are reversed out of the General Fund Balance as a Movement on Reserves to ensure there is no impact on the level of Council Tax.

### Schools - Foundation Schools and Academies

In accordance with the "Schools Organisation" (Prescribed Alteration to Maintained School) (England) Regulation 2007, the freehold title to land and buildings occupied by any foundation school, is transferred from the City Council to the governing body of the school, together with any contractual obligations and benefits. To determine the Balance Sheet treatment of Foundation School assets, the City Council has considered who bears the risk and rewards of ownership. It is the City Council's view that land is foundation school responsibility and is derecognised from the Councils balance sheet. Where the Foundation School building is part of the PFI scheme, the accounting treatment is in line with IFRIC 12: Service Concession Arrangements and is recognised on the balance sheet for the period of the PFI contract.

For Academies, it is the City Council's view that academy schools are an independent entity and bear a significant proportion of the risks and rewards relating to the school, hence the assets and liabilities of the academies are not consolidated into the City Council's Balance Sheet.



## **8.1 Statement of Accounting Policies** (continued)

### **Schools - Foundation Schools and Academies** (continued)

The City Council derecognises all of the assets and liabilities in the financial year applicable to the date specified in the academy conversion order for the schools to convert. Derecognition is applied in full and charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the financial year in which they were derecognised.

### **VAT**

VAT is included within the accounts only to the extent that it is irrecoverable. The City Council is able to recover VAT on nearly all its expenditure (input tax) and in addition, accounts for VAT on its income (output tax) where applicable.

### **Voluntary Aided and Voluntary Controlled (Faith) Schools**

Schools governing bodies are separate entities to the Council but (with the exception of academies and free schools) are considered to be part of the council and their activities are reported within the Comprehensive Income and Expenditure Statement. Non-current assets are recognised on the balance sheet as they are considered to be within the scope of IFRIC 12: Service Concession Arrangements and controlled by the Council under that contract.

## 8.2 Glossary of Financial Terms

Term	Definition
12-month expected credit losses	The expected credit losses for a financial asset that are projected for the possible default events that might happen only in the next financial year.
Accruals accounting	A basis of accounting in which the effects of transactions and other events on an authority's resources are accounted for when the effects occur; not when the relevant cash receipts or payments take place. For instance, employee costs are treated as an expense as employees provide services to the authority, not when salaries are paid.
Accumulated Absences Adjustment Account	The unusable reserve that absorbs the differences that would otherwise arise from accruing for the cost of holiday entitlements outstanding at the end of the year whereas statutory provisions permit them to be funded in the year the benefit is taken.
Actuarial gains and losses	Changes in the Council's pensions liabilities calculated at the end of the previous year as a result of actual events being different from those predicted by the actuary or because the actuary has updated their assumptions.
Actuary	The expert engaged by the Council to calculate its pensions liabilities.
Agency arrangements	Arrangements under which the Council provides goods or services to third parties on behalf of another organisation.
Amortisation	The spreading of the cost of an asset over a number of financial years to fairly represent the period over which the Council benefits from the asset.
Amortised cost	A way of measuring financial instruments that ignores changes in fair value but takes into account the spreading of transactions costs over the instrument term and the impact of any concessionary interest rates.
Amortised cost financial assets	Investments for which any gains and losses in fair value are not accounted for until the investment matures or is sold. Defined as financial assets: held within a business model whose objective is to hold investments in order to collect their contractual cash flows, and; which have the form of a basic lending arrangement (ie, contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding).
Annual Governance Statement	A statement published with the Statement of Accounts prepared in accordance with the CIPFA/SOLACE publication Delivering Good Governance in Local Government: Framework. It assesses the effectiveness of the arrangements the Council has put in place to govern decision-making and accountability.
Appointed auditors	The auditor appointed by Public Sector Audit Appointments to carry out the external audit of the Council's accounts.
Assets	Present economic resources controlled by the Council as a result of past events. Assets include such things as the Council's property, cash and investments and sums owed to it.
Asset held for sale	An asset (or group of assets and liabilities) whose value will be recovered principally by being sold rather than through its continued use in the provision of services.
Assets under construction	Property, plant and equipment that is being constructed for use by the Council but which is not yet operational.

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Audit	Activity that investigates whether the Council's financial systems and other accounting arrangements are adequately designed and operating effectively, and that the information they produce is reliable for the purposes of preparing financial statements.
Audit committee	A committee of the Council that oversees the work of internal auditors and considers reports from the external auditors.
Balance Sheet	The financial statement that summarises the assets and liabilities of the Council at the end of the financial year and shows how net assets are balanced by the reserves held by the Council.
Balance sheet date	The last day of the financial year - the date for which the balance sheet is prepared.
Beacon property	A property that is similar to others held by the Council, so that its valuation can be used to estimate a valuation for those other properties.
Capital Adjustment Account	The unusable reserve that absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets (largely depreciation) and for the financing of the acquisition, construction or enhancement of those assets from revenue, grants, contributions and capital receipts as determined under statutory provisions. (The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.)
Capital expenditure	The expenditure incurred by the Council that is intended to provide longer-term benefits and qualifies to be paid for from capital resources, rather than charged to revenue as it is incurred. The definition covers expenditure that results in the recognition of non-current assets in the Balance Assets and other transactions specified in Government regulations.
Capital financing	The Council's arrangements for meeting the cost of capital expenditure, covering capital grants and contributions, capital receipts and charges to revenue over the period that will benefit from the expenditure.
Capital Financing Requirement	The measure of the Council's capital expenditure that has yet to be financed, as defined in the Prudential Code. It increases as capital expenditure is incurred and reduces when resources are set aside as capital finance.
Capital grants	Grants given to meet the cost of capital expenditure.
Capital Grants Unapplied	The amount in the Balance Sheet of capital grants that have not yet been used and will have to be repaid if conditions for their use are not met.
Capital programme	The Council's plans for capital expenditure, usually detailing the individual projects that are to be carried out, their budgeted cost and the expenditure incurred to date on them.
Capital receipts	Income received from the sale of non-current assets (particularly property) and from other transactions specified in Government regulations. Their use is largely restricted to financing capital expenditure.
Capital Receipts Reserve	The reserve in the Balance Sheet that holds the capital receipts that have yet to be applied to financing capital expenditure.

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Capital resources	All the resources available to the Council to finance capital expenditure, comprising capital grants and contributions and capital receipts.
Capital strategy	The annual strategy that the Prudential Code requires the Council to prepare. It gives an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services, how associated risk is managed and the implications for future financial sustainability.
Capitalisation direction	A permission from the Government to treat a specified amount of revenue expenditure as if it were capital expenditure, allowing it to be financed from capital resources or MRP.
Cash	Notes and coins held by the Council and money in bank accounts that can be withdrawn on demand.
Cash equivalents	Investments that are comparable to cash, being short-term, highly liquid and readily convertible to known amounts of cash and unlikely to change in value.
Code of Practice on Local Authority Accounting	The document that specifies the contents of the Council's statement of accounts, the accounting policies it must follow, the presentation of the financial statements and the notes to be provided.
Collection Fund	The separate accounting arrangements for the collection of council tax and business rates and the sharing of the proceeds between the Council, Government and other public bodies.
Collection Fund Adjustment Account	The unusable reserve that manages the differences arising from the recognition of council tax and business rates income as it falls due from tax payers compared with the statutory arrangements for paying across annual entitlements from the Collection Fund to the General Fund.
Community assets	Property, plant or equipment that the Council intends to hold in perpetuity that has no determinable life (such as open spaces) and which may have restrictions on its disposal (excluding heritage assets).
Community schools	State-funded schools for which the Council is responsible for owning the land and buildings, employing the staff and determining admissions.
Componentisation	The process of splitting an asset into its component parts so that depreciation can be calculated separately for components with different useful lives.
Comprehensive Income and Expenditure Statement (CIES)	The financial statement that summarises the expenditure that the Council has incurred in providing services and the income it has generated during the year and other gains and losses arising from changes in the value of assets and liabilities.
Contingent rent	Rent payable under a lease that is not fixed but based on the future amount of a factor (such as a rent review based on an inflation index).
Contingent liability	A possible obligation for the Council that arises as a result of something that has happened before the year-end, but whose existence will not be confirmed until an uncertain future event (not wholly within the Council's control) either takes place or does not.
Contract asset	An asset arising from a contract for the purchase of goods and/or services from the Council, where the Council has met some of its performance obligations but is not yet entitled unconditionally to receive payment

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Council tax	The tax raised on households, based each year on the position of the property in eight valuation bands A to H.
Council tax base	The measure of the Council's potential to raise council tax, based on the number of Band D equivalent properties in the local area.
Council tax requirement	The excess of the expenditure planned by the Council for the next financial year over its projected income and use of reserves, which will therefore need to be raised from council tax.
Creditors	The organisations and individuals that the Council owes money to.
Current value	The measurement bases for property, plant and equipment, reflecting the economic environment for the service the item is supporting. Possible methods comprise: existing use value, existing-use value - social housing, depreciated replacement cost and fair value.
Debtors	The organisations and individuals that owe the Council money.
Dedicated Schools Grant	The Government funding provided to the Council to support the Schools Budget.
DSG Adjustment Account	An adjustment account that accumulates overspends on the Schools Budget.
Deferred Capital Receipts Reserve	The unusable reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place
Defined benefit scheme	A pension scheme where the future benefits receivable by pensioners are guaranteed and sufficient contributions have to be paid into the fund to ensure that payments will be affordable.
Defined contribution scheme	A pension scheme where the contributions payable into the fund are fixed and the benefits receivable by pensioners will depend on the assets that the fund has accumulated to pay them.
Dividends	Income received from distribution of the profits of companies in which the Council holds shares.
Depreciated historical cost (DHC)	A method for measuring property, plant and equipment based on the cost of an asset, reduced by the depreciation charged on it and impairment losses incurred.
Depreciated replacement cost (DRC)	A method for valuing property, plant and equipment based on the estimated cost of replacing an asset with its modern equivalent less deductions to reflect its current physical condition.
Earmarked reserves	Amounts of revenue reserves that have been identified as cover for future spending plans or contingencies.
Events after the reporting period	Events that have taken place after the financial year that might require the accounts to be adjusted or supplemented with further information in order for them to be true and fair.
Expected credit losses (ECLs)	The credit losses that the Council estimates will arise from the amounts that it is currently owed. ECLs are calculated by measuring the losses that would arise from different default scenarios, resulting in a weighted average loss based on the probability of each scenario taking place.
Expenditure and Funding Analysis	A note to the financial statements that compares the Council's net expenditure for the year in accounting terms (as shown in the Comprehensive Income and Expenditure Statement) to the net spend against the General Fund Balance (against which the Council monitors its progress against budget, as shown in the Movement in Reserves Statement).

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Existing use value (EUV)	A basis for valuing property, plant and equipment that estimates a sale price for an asset disregarding potential alternative uses and any other characteristics of the asset that would make its market value different from the expenditure needed to replace the remaining service potential at least cost.
Existing use value - social housing	A specific existing use valuation basis for social housing.
Fair value	The price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants.
Fair value through other comprehensive income financial assets	Investments for which gains and losses in fair value are recognised on the Balance Sheet but do not impact on the Council's income as they arise but only when the investment matures or is sold. Defined as financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling investments, and which have the form of a basic lending arrangement.
Fair value through profit or loss financial assets	Defined as financial assets that do not qualify for measurement at amortised cost or fair value through other comprehensive income. Movements in their fair value are recognised as income and expenditure when they arise.
Financial instrument	A contract that gives one party a financial asset and the other party a financial liability (or an equity instrument), such as a loan, credit terms for the purchase of goods or services or a share in a company.
Financial Instruments Adjustment Account	An unusable reserve that absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. For example, a debit balance on the Account shows that the Council has incurred expenses on borrowings that the Government has permitted it to spread over future years.
Financial Instruments Revaluation Reserve	An unusable reserve that contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The Council might benefit in the future from the gains when the investments mature or are sold or they might be lost in falls in value.
Flexible use of capital receipts	Statutory arrangements allowing revenue expenditure to be financed from capital receipts if the expenditure is intended to generate ongoing savings in the delivery of services and/or transform service delivery to reduce costs.
General Fund	The fund into which the Council pays all its revenue income and from which it incurs all its revenue expenditure, unless specifically mandated by law not to.
General Fund Balance	The surplus or deficit on the General Fund at a particular date arising from all transactions up to that date, showing the ability of the Council to fund future revenue expenditure (surplus) or the requirement to make savings or raise additional income (deficit).
Group	The Council and its subsidiaries, associates and joint ventures.

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Going Concern	The assumption made when preparing the financial statements that the functions of the Council will continue in operational existence for the foreseeable future, in particular so that assets can be valued on the contribution they will continue to make to the Council's services rather than the price that would be obtained if they were sold on its liquidation.
Group accounts	Financial statements that bring together the transactions and balances of a local authority and its subsidiaries, associates and joint ventures as if they were a single economic entity.
Heritage assets	Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture (such as historic buildings, museum collections and public art).
Historical cost	An accounting convention based on what items actually cost to acquire or construct and the cost of their subsequent enhancement, rather than the value they currently have.
Housing Revenue Account (HRA)	The account that ring-fences the running costs for the Council's housing stock and the rents collectable from tenants, ensuring that the service is not subsidised by council tax payers.
IAS	International Accounting Standard - the title for the various standards issued by the IASB before 2003.
IFRIC	The title of interpretations of IFRS issued by the IFRS Interpretations Committee and its predecessors
IFRS	International Financial Reporting Standards - the suite of standards issued by the IASB that form the basis for the Code of Practice on Local Authority Accounting. Also the title for the various individual standards issued by the IASB from 2003 onwards.
Infrastructure assets	Assets whose purpose is fixed once they are constructed and whose value can only be recovered through their continued use for this purpose, such as roads and bridges.
Intangible assets	Assets that do not have physical substance, such as computer software, licences and websites supporting the Council's services.
Investment property	Land and/or buildings held solely to earn rentals or to benefit from increases in their value (or both), and not for use in the production or supply of goods or services, for administrative purposes or for sale as part of the Council's normal business.
Lifecycle replacement costs	Costs incurred under a service concession arrangement for the replacement of worn-out components of the service concession asset over the term of the contract.
Lifetime expected credit losses	The expected credit losses that are projected to arise from all possible default events that might happen in the lifetime of a financial asset.
LOBO (lender option borrower option)	A type of loan where the lender has options on particular dates to change the interest rate. If a lender option is exercised, this triggers an option for the borrower to repay the loan.
Loss allowance	An allowance made by setting funds aside to cover the expected credit losses calculated for a financial asset.
Maintained schools	Schools overseen by the Council, particularly in the provision of funding, comprising community, foundation, voluntary-aided and voluntary-controlled schools.

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Major Repairs Reserve	A statutory reserve that accumulates resources to finance capital expenditure on the Council's housing stock, built up from transfers from the HRA of amounts equal to the depreciation of the stock each year.
Market value	The price at which an asset could be sold in a competitive market.
Materiality	A measure of the significance of information potentially to be included in the financial statements, whereby its omission, misstatement or obscuration could reasonably be expected to influence decisions that the primary users make on the basis of those financial statements. Materiality is important for influencing what figures should be included in the financial statements, how precise those figures need to be, and how much additional information needs to be provided about them.
Movement in Reserves Statement (MiRS)	The financial statement that shows the balances of capital and revenue resources available to the Council at the year-end, detailing how these balances have been arrived at by adjustments to the financial performance established by proper accounting practices in the Comprehensive Income and Expenditure Statement.
Money market funds	Collective investment schemes in which a number of investors put their money, which is then invested by the fund manager in a portfolio of highly liquid and low risk investments.
MRP (Minimum Revenue Provision)	The method by which capital expenditure is financed by setting aside amounts from revenue over the useful life of the relevant asset (or in accordance with some other methodology that prudently approximates this).
Net realisable value	The estimated selling price of an inventory item, less any estimated costs of completing the item, and less the costs necessary to make a sale or exchange.
NNDR	National Non-Domestic Rates - an alternative name for business rates.
Past service cost	The change in pensions liabilities relating to employee service in previous years as a result of changes to the pension scheme or the ending of the Council's responsibility for employees transferred to another organisation.
Pensions assets	The assets held by a pension fund that are attributable to the contributions paid into it by the Council.
Pensions liabilities	The present value of the obligation that the Council has to fund expected pension payments in relation to employee service rendered up to the end of the current year.
Pensions Reserve	An unusable reserve that absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. For instance, a debit balance on the Reserve shows that the Council has made commitments to fund pensions that the Government has permitted it to fund from contributions to be made in future years.
PFI (Private Finance Initiative)	Contracts under which an operator constructs or enhances an asset and then provides services on behalf of the Council through the use of that asset in return for payment. Payments are normally based on a fixed annual sum, but can be reduced if the operator does not achieve targets for availability of the asset or standards of service.
Prepayments	Payments made by the Council in advance of goods or services being supplied.
Principal	The amount advanced as a loan and which is required to be repaid during or at the end of the loan term.



## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Property, plant and equipment	A class of assets with physical substance that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes (and expected to be used for more than one year).
PWLB (Public Works Loan Board)	A lending facility operated on behalf of HM Treasury that provides loans to local authorities and other public bodies.
Rateable value	The value assigned to a property by the Valuation Office for the purposes of calculating business rates payable for the year.
Related parties	Persons or entities with which the Council has a relationship, such as a company in which the Council has an interest or an organisation that is controlled by a member or chief officer.
Remeasurements of the net defined benefit liability	Changes in the net pensions liability comprising actuarial gains/losses and the difference between the return on plan assets and net interest on the net defined benefit liability.
Residual value	The amount that an item of property, plant or equipment could be sold for (less costs of disposal), if it were in the condition expected at the end of its useful life.
Retirement benefits	The benefits that employees earn during their period of employment but which are not paid to them until after they retire (predominately pensions).
Return on plan assets	The income of pension schemes attributable to the Council - interest, dividends, unrealised gains/losses, etc - less costs of asset management and taxes.
Revaluation gain	The excess of the revalued amount of an asset over its previous carrying amount.
Revaluation loss	A shortfall in the revalued amount of an asset compared with its previous carrying amount.
Revaluation Reserve	The unusable reserve that accumulates the gains made by the Council from increases in the value of its Property, Plant and Equipment assets. The Council might benefit from these gains in the future from the continued use of the assets or from their sale. (The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.)
REFCUS	Expenditure that would normally be charged to revenue resources but which Government regulations allows to be treated as capital expenditure and funded from capital receipts or MRP.
Right to buy	The right acquired by tenants of Council dwellings to buy their homes at a discounted price.
Section 151 officer	The officer statutorily responsible for the proper administration of the Council's financial affairs.
Soft loan	A loan where the interest rate is less than that which would apply if the loan had been negotiated on a wholly commercial basis.
Statement of Accounts	The formal name for the financial statements that the Council is required to prepare each year.
Statutory adjustments	The adjustments made under law and regulations to the outcomes of the Accounting Code's requirements before establishment of the General Fund Balance, allowing the budgetary impact of specified items of expenditure on particular financial years to be managed. Adjustments relate primarily to the revenue impact of capital expenditure and pensions costs.

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Surplus assets	Property, plant or equipment that is not being used to provide services but that does not meet the criteria for an investment property or an asset held for sale.
Termination benefits	Employee benefits given in relation to the termination of an officer's employment, usually as a result of redundancy or early retirement.
Trade receivables	The amounts that the Council is owed for goods and services that it has provided in the course of its normal activities but which have yet to be paid for.
True and fair	The standard against which local authority accounts are prepared, requiring compliance with statutory requirements and the Accounting Code, the absence of material misstatements and bias in the presentation of information, and faithful representation of transactions and events.
Unfunded pension scheme	A scheme where pensions are paid out of contributions from employers and employees made as payments to pensioners fall due, rather than contributions being paid into a fund as entitlements to future payments are earned by employees.
Unitary payment	The payments made to the contractor under a service concession arrangement, consolidating into a single amount the consideration due for the construction, acquisition or enhancement of the asset, interest payments and the services provided through operation of the asset.
Unusable reserves	The reserves in the Balance Sheet that are not balances of usable resources, comprising revaluation reserves and adjustment accounts.
Usable reserves	The reserves in the Balance Sheet that are balances of usable resources, both revenue and capital.
Useful life	The period for which an asset is expected to be available for use by the Council.
Vacant possession value	The value of a property that would normally be occupied by a tenant on the presumption that it is not currently so occupied.
Valuation	An estimate by an appropriately qualified person of the amount the Council could sell an asset for or of the benefit of continuing to use it for the provision of services. The basis of valuation will depend on the nature of the asset being valued.
Value in use	If use of an asset generates cash, the present value of the future cash flows expected from use of the asset; otherwise, the present value of an asset's remaining service potential.
Voluntary aided schools	Schools for which the Council is responsible for funding their running costs and the majority of capital expenditure but another party (usually a faith-based organisation) is responsible for employing the staff and administering admissions and owns the land and buildings.
Voluntary controlled schools	State-funded schools for which the Council is responsible for employing the staff and administering admissions, but the land and buildings are owned by another party (usually a faith-based organisation).
Write-off	The derecognition of an asset (such as a debtor) from the Balance Sheet when it becomes probable that the Council will not recover any further value from the asset. This does not preclude the Council from continuing attempts to (eg) recover a debt.