



Statement of Accounts 2021/22

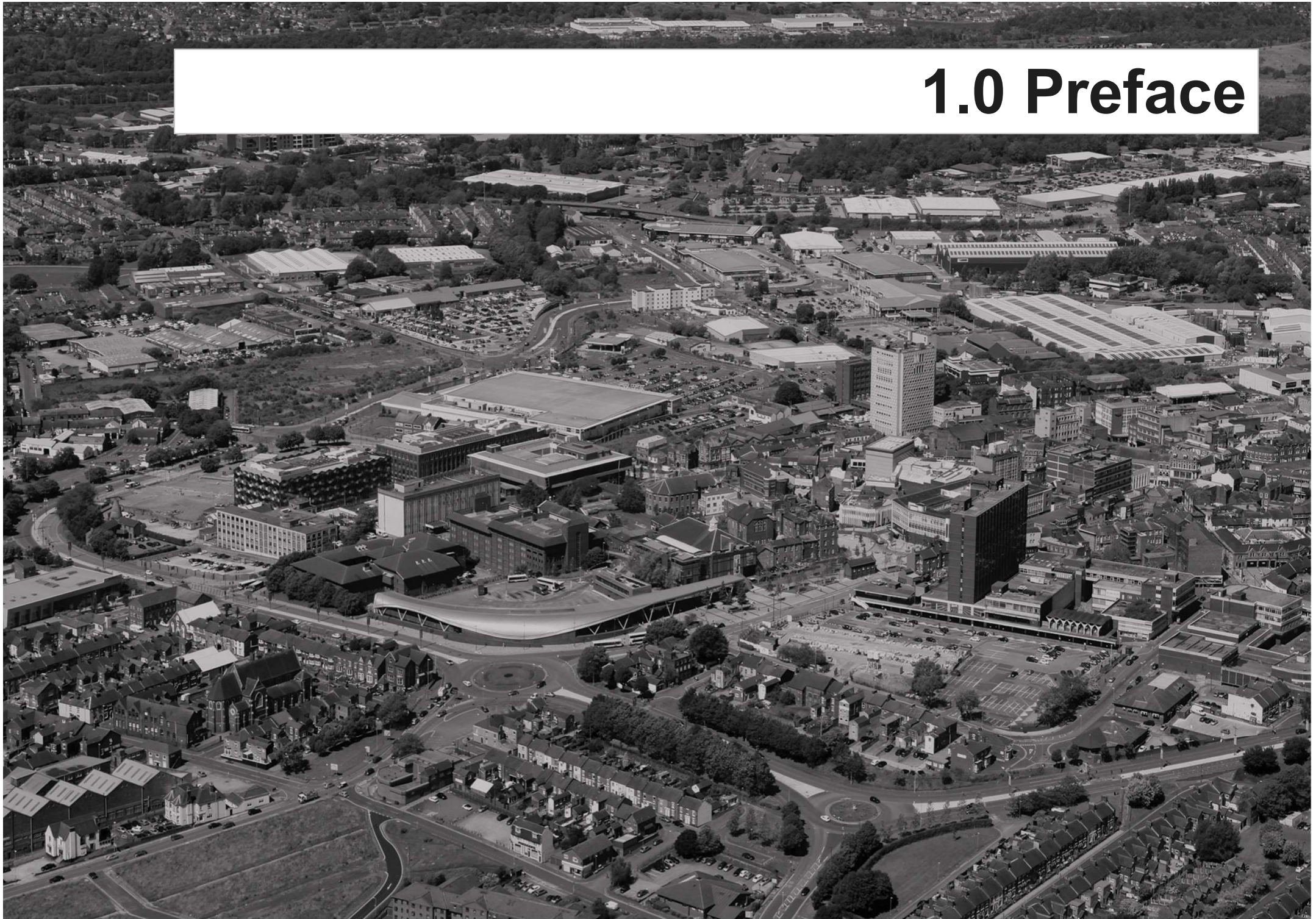


The Statement of Accounts for Stoke-on-Trent City Council for the year ended 31 March 2022 has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (“the Code”) issued by the Chartered 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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1.0 Preface



1.1 Narrative Statement

Welcome to the Statement of Accounts for Stoke-on-Trent City Council for the Financial Year 2021/22.

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 2022. 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 amount 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 2022 is shown below:

- Conservative Group - 22
- Labour Group - 13
- City Independents - 6
- Non-aligned - 3

Management Structure

Supporting the work of the elected members is the council's most senior level officers. During 2021/22 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 (Monitoring Officer)

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. 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)

Financial Overview 2021/22

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-19 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 grants received from Government. 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. There is an emerging and growing financial pressure driven by the rapidly rising levels of inflation which will disproportionately impact on areas with a relatively low wage economy such as Stoke-on-Trent. The city council will need to continue to take difficult decisions in relation to these financial challenges.

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.

Directorate	Budget (gross) £m	Budget (income) £m	Budget (net) £m	Final Outturn £m
Children and Family Services	175.360	(103.962)	71.398	77.644
ASC, Health Intergration and Wellbeing	167.470	(84.989)	82.481	81.099
Housing, Development & Growth	98.553	(66.471)	32.082	35.029
City Director	0.781	(0.110)	0.671	0.669
Strategy & Resources	43.301	(13.826)	29.475	27.277
Non-Departmental	97.177	(73.864)	23.313	24.730
General Fund Services	582.642	(343.222)	239.420	246.448
General Fund Funding	-	(225.432)	(225.432)	(225.847)
Capital Receipts	-	(1.800)	(1.800)	(1.800)
COVID-19 Funding	-	(11.176)	(11.176)	(11.958)
Budgeted contribution to GF Reserve	-	(1.012)	(1.012)	(1.012)
COVID-19 Funding - use of reserve	-	-	-	(6.233)
General Fund Total	582.642	(582.642)	0.000	(0.402)
Dedicated Schools Grant	80.512	(80.512)	-	-
Housing Revenue Account	67.161	(67.161)	-	1.053
Total Net Outturn	730.315	(730.315)	0.000	0.651

1.1 Narrative Statement (continued)

Financial Overview 2021/22

The General Fund Revenue Account has a net expenditure budget of £239.4 million (gross expenditure £582.6 million; gross income £343.2 million). As at the end of March 2022, planned budget management actions taken throughout the year to manage in year pressures has resulted in an underspend of £0.4 million, after planned transfers to and from earmarked reserves. This successful approach has enabled transfers to earmarked reserves to cover future uncertainties / risks / pressures in the forthcoming year, as well as those identified within the budget strategy.

The financial impact of the coronavirus pandemic continued throughout 2021/22 with pressures being felt in all services. The government provided a number of COVID-19 grants during 2020/21 to assist the city council throughout the pandemic, some of these specific grants have continued in 2021/22 to support the ongoing pandemic. Whilst continuing pressures identified in 2021/22 have been recognised in the budget development process for the Medium Term Financial Strategy 2022/23 to 2026/27, the uncertainty associated with the impact on the market and the timing of recovery to pre-pandemic levels, or the 'new normal' is mitigated by replenishing the earmarked reserve.

There are significant inflationary pressures being faced in all areas of social care and other demand led services. Rising costs in Adult Social Care are being experienced across residential and domiciliary care as providers grapple with pay claims in the sector and the wider implications of general inflation.

In Children's Social Care, the cost of placements is rising as providers increase prices due to pressures from inflation and the scarcity of placements in the sector. Children and Families Services also continue to face unprecedented pressures, some of which have been exacerbated by the current pandemic. Work in relation to the Children's Improvement Plan, managing demand and an ongoing review of commissioning in placements is expected to deliver sustainable savings over the medium term.

Despite the challenges outlined above, following concerted efforts the council's financial resilience is improving. The General Reserve held for unexpected events or emergencies has been increased; and the MTFS has been developed to recognise known pressures, and to undertake a programme of transformation to ensure essential services are protected.

Financial management is a continuous process and it is critical that the City Council continues to address the ongoing and emerging financial challenges swiftly and proactively rather than considering them through the sole lens of the annual budget cycle.

1.1 Narrative Statement (continued)

Dedicated School Grant – The city council receives £256.278 million of Dedicated Schools Grant (DSG), before academy recoupment and direct funding of high needs places by the Education and Skills Funding Agency (ESFA), of which £42.051 million is within the High Needs Block. This supports the provision for pupils and students with special educational needs and disabilities (SEND) from early years to 25. There is a historic deficit on the DSG, and the city council have been working closely with the Department of Education (DfE) to determine how this will be brought back in to balance.

There is an agreed action plan in place which covers the financial years from 2020/21 to 2023/24, with a focus on two key strands: firstly, to reduce the number of independent sector placements (this will be achieved through the increase of provision within the city including expansion of special schools, resource bases and free schools); and secondly, to work with mainstream schools to ensure that the pupils with special educational needs can have appropriate provision within a mainstream setting. Discussions are ongoing with the Schools' Forum in respect of how they can support the plan.

The DfE approved a Safety Valve payment of £10 million which will be paid to the city council over a 4 year period (£9.1 million to reduce the deficit and £0.9 million capacity funding). This is subject to compliance and satisfactory progress with certain conditions set. The overall deficit on DSG as at 31 March 2021 was £21.202 million.

During 2021/22 some pressures were identified, mainly around COVID-19 impact on the number of Education Health and Care Plan (EHCP) costs which is a rising national trend. Some of these additional costs were met from grants with the remaining pressures resulting in an overspend of £1.7 million against the 2021/22 funding allocation.

Taking into account the £2.6 million Safety Valve receipt, there was an in-year surplus on the DSG reserve of £0.9 million, taking the overall DSG deficit to £20.3 million which is £1.6 million over the target agreed with the DfE. A remedial plan has been developed and agreed with the DfE. Work is ongoing to mitigate these pressures going forward, in order to ensure the 2022/23 and 2023/24 forecasts bring the overall position back in line with the targets agreed as part of the safety valve agreement.

Housing Revenue Account - The Housing Revenue Account (HRA) is showing a overspend of £1.0 million for 2021/22.

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

Reconciliation of the final outturn to the CIES	Note	Net £m
Total Net Outturn		0.651
Transfers (to)/from Earmarked Reserves	3.3	0.310
Expenditure chargeable to HRA and GF balances	4.2.5	0.961
Adjustments between funding and accounting basis	3.3	(14.287)
Deficit on the Provision of Services	3.1	(13.326)

1.1 Narrative Statement (continued)

Capital Expenditure 2021/22

The Capital Investment Programme has a total planned investment for 2021/22 to 2025/26 of £726.091 million. The outturn for 2021/22 is £128.601 million representing an estimated underspend of £177.066 million in year which is mainly due to slippage as a result of the pandemic and will be carried forward into 2022/23.

Description	Budget 2021/22 £m	Outturn 2021/22 £m	Forecast Variance £m
Town Centre Development	2,530	1,101	(1,429)
University Station Gateway	1,506	56	(1,450)
Green Technologies	13,054	4,527	(8,527)
Levelling Up	11,666	3,455	(8,211)
City Centre Infrastructure	38,364	11,795	(26,569)
Highways Infrastructure	50,048	36,420	(13,628)
Parks & Greenspace	1,650	442	(1,208)
Highways & Fleet	7,627	2,059	(5,568)
Waste Strategy	1,593	1,373	(220)
Building Schools for Future	313	73	(240)
Property, Planning & Employment Initiatives	30,500	12,770	(17,730)
New Build Housing	35,829	1,513	(34,316)
Housing (GF)	6,865	2,965	(3,900)
Community Development	1,525	253	(1,272)
Housing, Development and Growth	203,070	78,802	(124,268)
Education Service Development	33,291	3,589	(29,702)
Childrens Social Care	29	38	9
Children and Family Services	33,320	3,627	(29,693)
Strategy and Resources	3,192	2,911	(281)
Sports & Leisure	270	76	(194)
Museums & Culture	1,690	1,352	(338)
Adult Social Care	1,166	401	(765)
Bereavement Care	1,082	209	(873)
ASC, Health Integration & Wellbeing	4,208	2,038	(2,170)
Total General Fund Capital Programme	243,790	87,378	(156,412)
Total HRA Capital Programme	61,877	41,223	(20,654)
Total Capital Investment Programme	305,667	¹¹ 128,601	(177,066)

1.1 Narrative Statement (continued)

Financial Health of the Council as at 31st March 2022

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 £74.1m (Including Council Dwellings £40.0m) and downward revaluations of £51.0m (Including Council Dwellings £25.2m). These valuations do not represent the market value of the asset rather their continued value in use to the council.

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.

Capital Financing Requirement	£780.2m
<i>Represented by:</i>	
Existing Borrowing	£554.2m
PFI Liability	£68.9m
<i>Internal Borrowing in the form of:</i>	
Usable Reserves/Working Capital	£157.1m
Total	£780.2m

The capital programme between 2022/23 - 2031/32 total £786.065 million. £353.298 million is currently assumed to be funded by borrowing for which £161.348 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 £49.7m standing at £780.2m by the end of the year.

1.1 Narrative Statement (continued)

Future Capital Programme Funding Requirement	£
Secured External Funding	£113.933m
Unsecured External Funding	£79.428m
Reserves & Ring Fenced Receipts	£239.406m
Borrowing & General Receipts	£353.298m
Total Capital Funding	£786.065m

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 decrease in its pension liability on the balance sheet since last year. This is because financial assumptions at 31st March 2022 are more favourable than they were at 31st March 2021. This has resulted in a decrease of the pensions liability on the city council's balance sheet of £249.6m (2020/21 increase of £141.0m) to £270.0m (2020/21 £519.6m). 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 2021/22 the General Fund Reserve increased to £11.4m 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
General Fund Reserves				
Opening Balance (1st April 2021)	11,000	91,345	12,482	19,520
Contributions/(use) 2021/22	402	(182)	374	30,929
Closing Balance (31st March 2022)	11,402	91,163	12,856	50,449

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 £0.4 million from its current level of £11.0 million to £11.4 million at the end of March.

The city council also holds £91.2m 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 £63.3m 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 2021/22 the balance of the HRA general fund reserves was at £7.8m.

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
HRA General Fund Reserves			
Opening Balance (1st April 2021)	7,123	669	1,101
Contributions/(use) 2021/22	(1,054)	(128)	(1,101)
Closing Balance (31st March 2022)	6,069	541	-

1.1 Narrative Statement (continued)

Strategic Measures

In October 2020 the city council approved the Stronger Together Strategic Performance Framework. The Framework was intended to enable effective performance management by ensuring that the council's vision and priorities are translated into clear objectives and measurable outcomes.



The pandemic has had a detrimental impact on health inequalities which will require a lot of work moving forwards. From an education perspective the percentage of schools rated good or better has remained relatively static at 78% since the inspection programme resumed in the autumn.

Persistent absence performance remains a concern, at 15.3%, which is more than double the national average and is an area of focus for the Education Challenge Board. A particular area of concern relates to NEET performance, which has seen a noticeable reduction since the pandemic. Historically we have performed well compared to other areas; however the current figure is 85.5% and some way short of the national and regional averages, at 92.6% and 92.8% respectively.

In respect of employment, the city has seen a decline in the claimant count rate over the last year from a high of 8.2% in March 2021 to 6.0% currently, which is the lowest figure since the start of the pandemic. However, the percentage of the working age population in work has improved to 76.4% in the 12 months to September 2021 and is outperforming both the national and regional averages.

85.5%
of 16-17 year olds in
**Education, Employment
or Training**
(Target 91%)



78.0%
of **pupils attending a school**
rated **good or better**
(Target 80%)



6.0% of
working age residents are
registered on the **Claimant
Count**
(Target 7.9%)

23
of **pupils were**
permanently excluded
over **Sep 21-Mar 22**
period



15.3%
of **pupils were**
persistently absent in
2020/21 academic year

1.1 Narrative Statement (continued)

Strategic Measures



812 Jobs created/safeguarded in the city in 2021/22

(Target 600)



£78.4m

Financial value from Business Rates in 2021/22

(Target £87.1m)

The Government's Levelling up agenda provides a significant opportunity to enable businesses to thrive by securing capital investment to deliver vital infrastructure and regeneration projects that will enable our local economy to expand and fulfil its potential. Data for 2021/22 shows a total of 812 jobs created/safeguarded in the city, exceeding the annual target by 33%.

The pandemic has had a detrimental effect on the number of council apprenticeships, both nationally and locally, with 45 starts against a target of 50 in the year, although Quarter 4 has seen an increase in the number of new starts. This coincides with the implementation of a new apprenticeship drive within the council, which promotes apprenticeships as recruitment opportunities and as a tool to develop and upskilling existing staff members.

31%

Of Planning Appeals lost in 2021/22

(Target 25%)



45%

Of Capital Programme delivered to time in 2021/22

(Target 100%)

A total of 205 private sector houses were brought back into use in the year, resulting in over £3.1m of private sector investment in the housing stock.

In respect of planning performance, we only receive a small number of planning appeals each year, with 22 in the last financial year. Seven of these were lost, equating to a figure of 31% against a target of 25%, however we continue to perform reasonably well when compared to the CIPFA average of 32%.



45 Apprentice starts in 2021/22

(Target 50)

1.1 Narrative Statement (continued)

Strategic Measures



Restoring and improving pride in the city is a key objective for the city council and considerable effort is being targeted at improvements to the city’s environment, localities and neighbourhood services to this end.

2021/22 saw a total of 66 miles of highway reconditioned and an improvement in the condition of the city’s A roads.

While the city’s recycling target of 33% was met, significant work is required to reduce contamination in order to further increase the rate and close the gap to the national average of 44%.

Air Quality did improve during the pandemic and remains lower than levels seen in 2019, although they are now increasing due to an increase in traffic.

In a year that was disrupted by lockdowns, there were a total of 125,000 visitors across the six libraries in the city, exceeding the target of 110,000.

In respect of council housing there has been a reduction in the number of void properties and an improvement through the year in the time taken to turn around void properties. At the end of Quarter 4 the average was 26 days, which is just above the target of 25 days. This was achieved through proactive work to tackle some long-standing void properties.



33%
Of Waste Recycled in 2021/22
(Target 33%)



125,009
Library Visitors in 2021/22
(Annual Target 110,000)

A Roads - **6.3%**
B Roads - **10%**
C Roads - **9.2%**



of highway assessed as requiring renewal in 2021/22

66.2
Miles of highway resurfaced 2021/22
(Target 50 Miles)



26 days to turn around a council house void property in Q4 2021/22
(Target 25 Days)

4.85 days to complete a repair
(Target 8 Days)

1.1 Narrative Statement (continued)

Strategic Measures



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

Council Tax Collection Rate



95.74%
-0.19%

(Annual Target 94%)

Business Rates Collection Rate



98.44%
+3.93%

(Annual Target 94%)

Rent Arrears



2.87%
+0.8%

(Annual Target 3.15%)

The ongoing economic uncertainty means that it is more important than ever to maximise efficiency and productivity to deliver more responsive, efficient and accessible services. We have seen an improvement in the take-up of digital services, with an increase in the use of e-forms and direct debit payments. Over 304,000 forms were submitted in 2021/22, an increase of 15% on the previous year.

Rent arrears performance has improved to year end to 2.87% of annual debit and within the annual target of 3.15%. Residents continue to be supported to help them pay with signposting to support provided where appropriate.



304,295
e-forms submitted
in 2021/22

(Annual Target 280,000)



Savings
72%

Of savings achieved as
planned (Period 12)

(Annual Target 100%)

Despite the pandemic and national inflationary pressures, collection rates for Council Tax and Business Rates were 95.74% and 98.44% respectively, thereby meeting their annual targets.

Quarter 4 saw 18% more calls into the Contact Centre as more services resumed normal operations and there was an improvement in average call wait times, with a reduction of 2 minutes and 38 seconds compared to the previous quarter. Work continues to improve performance in line with the target of 7 minutes.



85,607 calls into Contact Centre in Q4

Av wait **9 mins 21 seconds**

(Target 7 minutes)

1.1 Narrative Statement (continued)

Strategic Measures



Support vulnerable people in our communities to live their lives well

Despite the ongoing impact of the pandemic on many aspects of support for vulnerable people, the transformation programme is starting to have a positive impact in this area. The percentage of older people in residential or nursing care (1.94%) is the lowest in recent years, showing the positive impact of working on residents staying in their own homes and maintaining independence for longer.

Satisfaction with the level of service provided to users receiving adult social care remains high at 98%, and while there are challenges in respect of a shortage of surveyors to support disability adaptations to enable people to live in their own homes, performance remains comfortably above the target of 75%.

In respect of Children's Social Care, Quarter 4 saw an increase of 29 children in our care, totalling 1,021 at the end of March. We have also seen an increase in the average social worker caseload from 18.6 previously to 20.8 in Quarter 4 which is just above the target of 20. There has been a noticeable increase in admissions of younger children with 40% of all admissions in the year from the 0-4 age group.

The Housing Options Team continues to deliver a high level of successful outcomes for households presenting as homeless or at risk of homelessness, achieving a success rate of 77% in quarter 4 against the performance target of 68%.



1021

Children in Care (+29 on previous quarter)

(Estimated Year end 980)

20.8

Average social work caseload

(Target 20)



9.1% of children in care with 3+ placements in the last 12 months

(Target 9.7%)



98%

of Adult Social Care service users were satisfied with the service received

(Target 96%)



1.94%

Of older people (65+) in Residential or Nursing Care settings

(Target 2%)

77%

of homeless acceptances prevented

(Target 68%)

1.1 Narrative Statement (continued)

Explanation of the Financial Statements

The Accounts and Audit (England) Regulations 2015 require the council to produce a Statement of Accounts for each financial year. These Statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The statements contain a number of different elements which are explained below.

Comprehensive Income and Expenditure Statement - Authority

This statement reflects the sum of all income, expenditure, gains and losses incurred by the council in the last 12 months and explains how the balance sheet position has changed between the two financial years. This statement shows the council's financial position in accordance with accounting practice and includes unbudgeted notional charges for items such as depreciation, impairment, capital grants and capital charges.

More detail of the authority Comprehensive Income and Expenditure Statement are shown in Note 3.1.

2020/21				2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
			Note			
660,211	(418,238)	241,973	Net Cost of Services	691,885	(429,193)	262,692
		1,114	Other Operating Expenditure			(403)
		55,259	Financing and Investment Income and Expenditure			31,098
		(296,437)	Taxation and Non-Specific Grant Income			(306,713)
		1,909	(Surplus)/Deficit on Provision of Services			(13,326)
		105,596	Other Comprehensive Income and Expenditure			(311,887)
		107,505	Total Comprehensive Income and Expenditure			(325,213)

A reconciliation between the CIES and the final outturn can be found on page 11

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.

2020/21				2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
658,069	(413,813)	244,256		678,318	(426,810)	251,508
		1,186	Net Cost of Services			(403)
		60,879	Other Operating Expenditure			36,521
		(296,437)	Financing and Investment Income and Expenditure			(306,713)
		9,884	Taxation and Non-Specific Grant Income			(19,087)
		114,270	(Surplus)/Deficit on Provision of Services			(308,805)
		124,154	Other Comprehensive Income and Expenditure			(327,892)
			Total Comprehensive Income and Expenditure			

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 2021 £000	Group 31 March 2021 £000	Note	City Council 31 March 2022 £000	Group 31 March 2022 £000
1,473,255	1,469,259	Long Term Assets	1,558,055	1,555,319
126,625	124,444	Current Assets	118,472	114,542
(184,349)	(180,556)	Current Liabilities	(185,141)	(178,179)
(1,141,440)	(1,179,967)	Long Term Liabilities	(892,083)	(930,610)
274,091	233,180	Net Assets	599,303	561,072
274,091	233,180	Total Reserves	599,303	561,072

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 2021/22	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
Balance at 31 March 2021	11,000	91,345	7,123	669	1,101	12,482	19,520	143,240	130,851	274,091
Increase/(Decrease) in Year	220	-	(1,182)	-	(1,101)	374	30,929	29,240	295,972	325,212
Transfers to(from) Earmarked Reserves	182	(182)	128	(128)	-	-	-	-	-	-
Balance at 31 March 2022	11,402	91,163	6,069	541	-	12,856	50,449	172,480	426,823	599,303

1.1 Narrative Statement (continued)

Movement in Reserves Statement - Group

More detail is shown in note 7.4

Group - Movement in Reserves Statement 2021/22	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
Balance at 31 March 2021	102,346	7,792	1,101	12,482	19,520	143,241	130,852	274,093	(40,913)	233,180
Increase/(De crease) in Year	220	(1,181)	(1,101)	374	30,929	29,241	290,414	319,655	8,237	327,892
Balance at 31 March 2022	102,566	6,611	-	12,856	50,449	172,482	421,266	593,748	(32,676)	561,072

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 2020/21 £000	Group 2020/21 £000	Note	Authority 2021/22 £000	Group 2021/22 £000
(1,909)	(9,884)	Net surplus/(deficit) on the provision of services	13,326	19,087
22,479	23,873	Net Cash Flows from Operating Activities	59,692	62,778
(57,764)	(59,246)	Net Cash Flows from Investing Activities	(34,390)	(34,502)
15,736	15,736	Net Cash Flows from Financing Activities	(14,014)	(14,014)
(19,549)	(19,637)	Net (increase) or decrease in cash and cash equivalents	11,288	14,262
34,950	35,535	Cash and Cash Equivalents at the beginning of the reporting period	15,401	15,898
15,401	15,898	Cash and Cash Equivalents at the end of the reporting period	26,689	30,160

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

2020/21 £000	Note	2021/22 £0002
(59,129) Total Expenditure		(63,909)
(12,021) Revaluation of assets		(21,311)
65,952 Total Income		66,822
(442) HRA services' share of Corporate and Democratic Core		-
(5,640) Net Cost for HRA Services		(18,398)
(3,350) HRA share of the operating Income and Expenditure included in the CIES		(5,401)
(8,990) Surplus or (Deficit) for the year on HRA services		(23,799)

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

Business				Business		
Rates	Council Tax	Total		Rates	Council Tax	Total
2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
£000	£000	£000	Notes	£000	£000	£000
50,441	110,478	160,919	Income	75,115	116,802	191,917
(3,444)	(2,429)	(5,873)	Charges to the Collection Fund	(2,674)	(1,076)	(3,750)
46,997	108,049	155,046	Balance due for allocation	72,441	115,726	188,167
(92,176)	(110,462)	(202,638)	Precepts, Demands and Shares	(85,942)	(110,596)	(196,538)
(45,179)	(2,413)	(47,592)	Surplus/(Deficit) for the Year	(13,501)	5,130	(8,371)
(2,921)	4,100	1,179	Balance at the Beginning of the Year	(44,477)	(2,251)	(46,728)
3,623	(3,938)	(315)	Allocation of Previous Years Surplus	42,728	802	43,530
(44,477)	(2,251)	(46,728)	Balance at the End of the Year	(15,250)	3,681	(11,569)

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.

A handwritten signature in black ink that reads "Nick Edmonds". The signature is written in a cursive style with a long, sweeping underline that extends to the left and then curves back under the name.

Nick Edmonds
Corporate Director Resources (Section 151 Officer)
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

2.0 Statements to the Accounts



2.1 Independent Auditor's Report to the Members of Stoke-on-Trent City Council 31 March 2022

Disclaimer of Opinion

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOKE-ON-TRENT CITY COUNCIL 31 MARCH 2022

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 2022. 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 2021/22 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.

The audit of the 2020/21 financial statements for Stoke-On-Trent City Council was not completed for the reasons set out in our opinion on those financial statements dated 12 December 2024. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, 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 2021/22 financial statements before the 13 December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

2.1 Independent Auditor's Report to the Members of Stoke-on-Trent City Council 31 March 2022 (cont)

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:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Council
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- 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 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

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 2022.

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 2022.

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 rate 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 18 May 2019.

2.1 Independent Auditor's Report to the Members of Stoke-on-Trent City Council 31 March 2022 (cont)

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, reporting that significant improvements were still required in Children's services. We therefore including reporting by exception in our audit report for the year ended 31 March 2021.

A further three reports were published by Ofsted between September 2021 and April 2022. These reports show that the Council had improved the quality of practice for children, though there was inconsistency in the quality of social work practice, with continued staffing challenges.

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
- Reports of the Monitoring visits to Stoke-on-Trent children's services published between March 2020 and April 2022
- '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 of Stoke-On-Trent City Council Children's services that prevented the Council from delivering Children's services that are efficient, and effective to address the Children's needs. The impact was further described in the directions issued by the Secretary of State which appointed a commissioner to support the Council to deliver effective Children's services in the Stoke-On-Trent area.

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 38 and 39 the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the Group financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 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 the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council 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 economy, 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 2022.

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 (as amended) 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 (as amended) 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 (as amended) 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 Group'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
13 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 Audit 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 2022, financial performance and cash flow of the City Council for the year ended 31 March 2022.



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

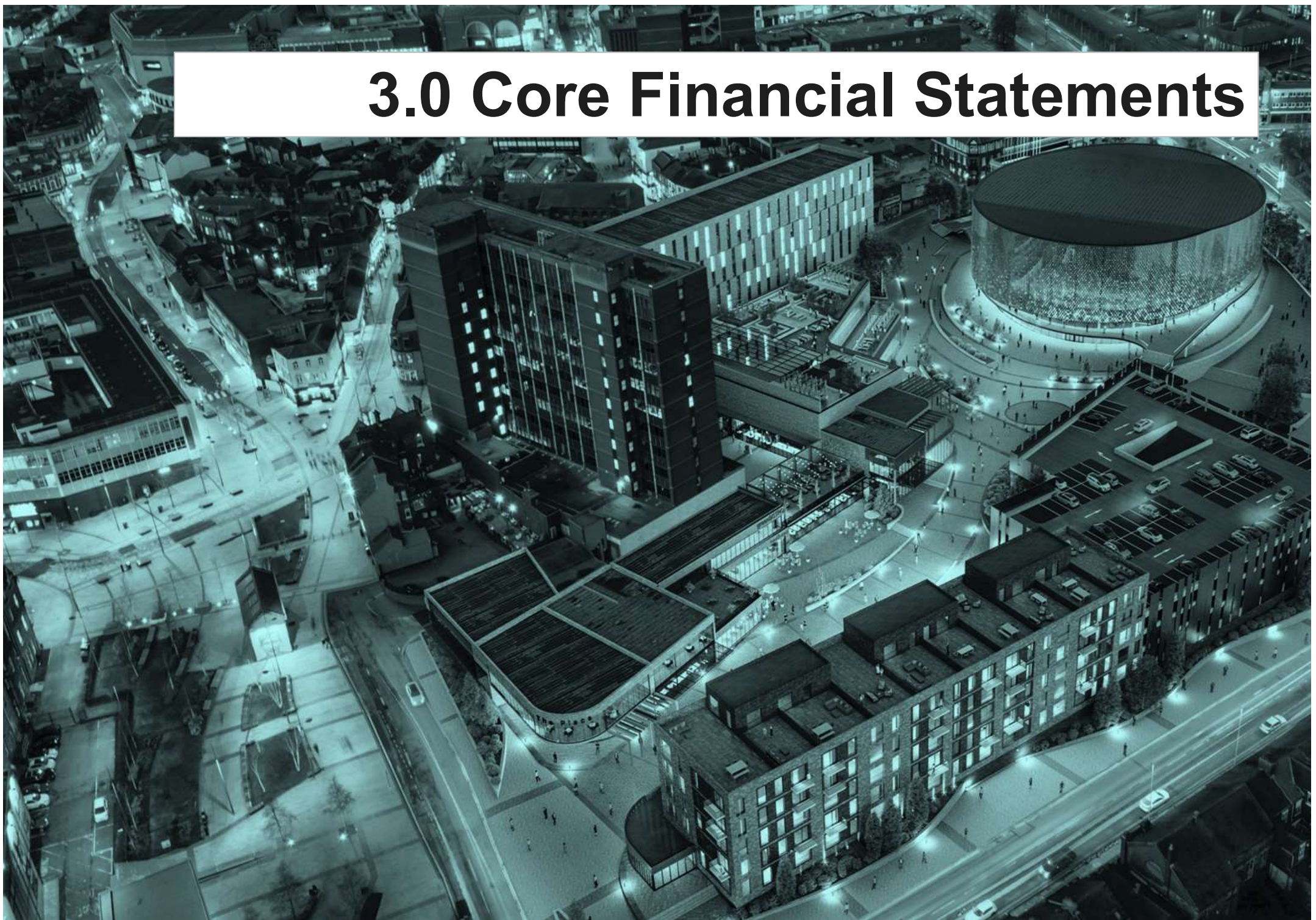
Approval of Statement of Accounts

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

2020/21			2021/22				
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
156,501	(80,142)	76,359	Children and Family Services		173,567	(85,331)	88,236
170,180	(115,678)	54,502	Social Care, Health Integration and Wellbeing	4.2.7	169,096	(115,865)	53,231
1,721	-	1,721	- Movement in Asset Value		2,096	-	2,096
103,720	(36,844)	66,876	Housing, Development and Growth		111,122	(45,892)	65,230
5,469	-	5,469	- Movement in Asset Value		444	-	444
35,079	(6,506)	28,573	Strategy and Resources		42,063	(7,670)	34,393
685	-	685	City Director		749	-	749
60,495	(65,952)	(5,457)	Housing Revenue Account	6.1	64,288	(67,201)	(2,913)
12,021	-	12,021	- HRA movement in asset value		21,311		21,311
43,921	(46,098)	(2,177)	Schools		43,078	(41,879)	1,199
1,168	-	1,168	Civic and Corporate Expenses		878	-	878
67,747	(66,221)	1,526	Benefit Payments		64,573	(62,837)	1,736
594	(797)	(203)	Non Departmental Costs		(1,920)	(2,518)	(4,438)
910	-	910	- Redundancy/Actuarial Strain		540		540
660,211	(418,238)	241,973	Net Cost of Services		691,885	(429,193)	262,692
		1,114	Other Operating Expenditure	4.2.6b			(403)
		55,259	Financing and Investment Income and Expenditure	4.2.6b			31,098
		(296,437)	Taxation and Non-specific Grant Income	4.2.6b			(306,713)
		1,909	(Surplus)/Deficit on Provision of Services				(13,326)

3.1 Comprehensive Income and Expenditure Statement (continued)

2020/21 (Restated)	Net Expenditure £000	<i>Continuing Service Areas</i>	Note	2021/22	Net Expenditure £000
	1,909	(Surplus)/Deficit on Provision of Services			(13,326)
	(40,042)	(Surplus)/deficit on revaluation of non-current assets			(45,971)
	491	Impairment losses on non-current assets charged to revaluation reserves			67
	7,586	(Surplus)/deficit from investments in equity instruments designated at fair value through other comprehensive income	4.2.10f		(5,232)
	137,561	Remeasurements on pension fund (assets) & liabilities	4.2.19c		(260,751)
	105,596	Other Comprehensive Income and Expenditure			(311,887)
	107,505	Total Comprehensive Income and Expenditure			(325,213)

3.2 Balance Sheet

31 March 2021			31 March 2022	
£000		Note	£000	
1,300,483	Property, Plant and Equipment	4.2.11a	1,382,800	
65,654	Heritage Assets	4.2.11e	65,389	
26,752	Investment Property	4.2.11f	32,640	
4,943	Intangible Assets		5,821	
15,319	Long Term Investments	4.2.14d	20,552	
46,920	Long Term Debtors	4.2.21a	50,853	
13,184	Pension Contribution Asset	4.2.19e	-	
1,473,255	Long Term Assets		1,558,055	
12,308	Pension Contribution Asset	4.2.19e	13,184	
54	Short Term Investments		20	
1,238	Assets Held For Sale		1,770	
716	Stocks		715	
96,908	Short Term Debtors	4.2.21b	76,094	
15,401	Cash and Cash Equivalents	4.2.14a	26,689	
126,625	Current Assets		118,472	
(54,013)	Short Term Borrowing	4.2.14b	(45,924)	
(9,000)	Other Short Term Liabilities	4.2.14b	(9,512)	
(112,476)	Short Term Creditors	4.2.21c	(121,213)	
(4,254)	Grants Receipts in Advance	4.2.16b	(4,054)	
(4,606)	Provisions	4.2.15	(4,438)	
(184,349)	Current Liabilities		(185,141)	
(5,362)	Provisions	4.2.15	(5,975)	
(526,211)	Long Term Borrowing	4.2.14b	(513,801)	
(90,263)	Other Long Term Liabilities	4.2.14b	(80,035)	
(519,604)	Net Pensions Liabilities	4.2.19e	(292,272)	
(1,141,440)	Long Term Liabilities		(892,083)	
274,091	Net Assets		599,303	

3.2 Balance Sheet (continued)

31 March 2021 £000	Note	31 March 2022 £000
11,000	General Fund Balance	3.3 11,402
91,345	Earmarked Reserves - General Fund	4.2.9a 91,163
12,482	Usable Capital Receipts Reserve	4.2.9c 12,856
7,123	Housing Revenue Account Balance	5.2 6,069
669	Earmarked Reserves - HRA	4.2.9b 541
1,101	Major Repairs Reserve	5.3.2a -
19,520	Capital Grants Unapplied	4.2.9d 50,449
143,240	Usable Reserves	172,480
438,723	Capital Adjustment Account	4.2.10a 440,841
256,660	Revaluation Reserve	4.2.10b 297,858
(23,634)	Collection Fund Adjustment Account	6.1 (4,464)
(519,604)	Pensions Reserve (Deficit)	4.2.10c (292,272)
(4,726)	Accumulated Absences Account	(4,479)
(2,642)	Financial Instruments Adjustment Account	4.2.10e (2,440)
1,846	Financial Instruments Revaluation Reserve	4.2.10f 7,078
(21,202)	Dedicated Schools Grant Adjustment Account	4.2.10g (21,202)
5,430	Deferred Capital Receipts Reserve	4.2.10d 5,903
130,851	Unusable Reserves	426,823
274,091	Total Reserves	599,303

These financial statements replace the unaudited accounts certified by Nick Edmonds S151 Officer on 20 July 2022



13 December 2024

3.3 Movement in Reserves Statement

2021/22	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
Balance at 31 March 2021		11,000	91,345	7,123	669	1,101	12,482	19,520	143,240	130,851	274,091
Total Comprehensive Income and Expenditure	3.1	37,124	-	(23,799)	-	-	-	-	13,325	311,887	325,212
Adjustments between accounting basis and funding basis under regulations	4.2.8	(36,904)	-	22,617	-	(1,101)	374	30,929	15,915	(15,915)	-
Increase/ (Decrease) in Year		220	-	(1,182)	-	(1,101)	374	30,929	29,240	295,972	325,212
Transfers to/ (from) Earmarked Reserves	4.2.9	182	(182)	128	(128)	-	-	-	-	-	-
Balance at 31 March 2022		11,402	91,163	6,069	541	-	12,856	50,449	172,480	426,823	599,303

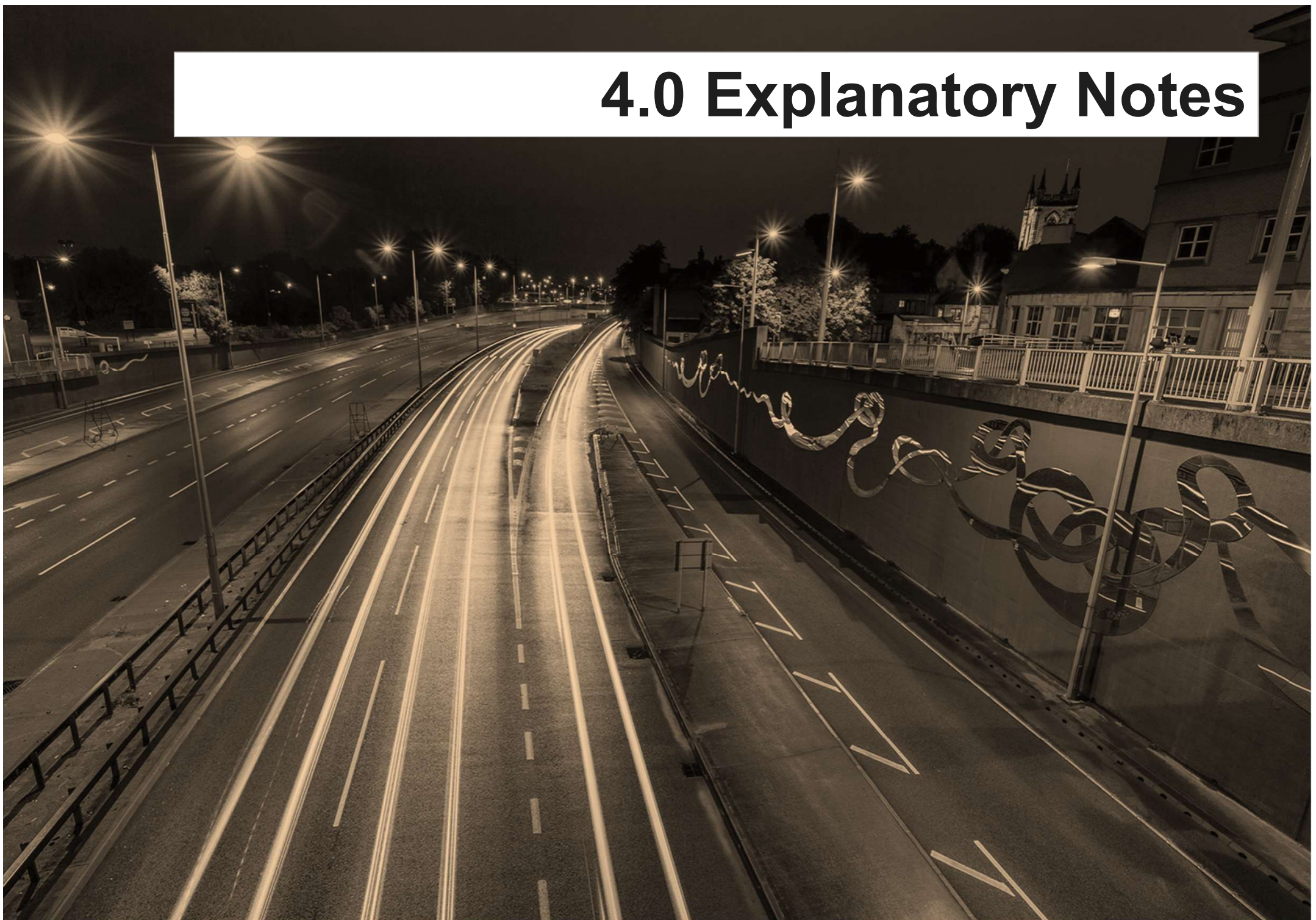
3.3 Movement in Reserves Statement (continued)

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
Balance at 31 March 20		9,658	51,130	7,791	819	9,467	14,236	7,900	101,002	280,595	381,597
Total Comprehensive Income and Expenditure Adjustments between accounting basis and funding basis under regulations	3.1	7,081	-	(8,990)	-	-	-	-	(1,909)	(105,596)	(107,505)
	4.2.8	34,476	-	8,172	-	(8,366)	(1,754)	11,620	44,148	(44,148)	-
Increase/ (Decrease) in Year		41,557	-	(818)	-	(8,366)	(1,754)	11,620	44,148	(149,744)	(105,596)
Transfers to/ (from) Earmarked Reserves	4.2.9	(40,215)	40,215	150	(150)	-	-	-	-	-	-
Balance at 31 March 21		11,000	91,345	7,123	669	1,101	12,482	19,520	143,240	130,851	274,091

3.4 Cash Flow Statement

2020/21 £000	Note	2021/22 £000
(1,909) Net surplus/(deficit) on the provision of services	3.1	13,326
90,505 Adjustments to net surplus or deficit on the provision of services for non-cash movements	4.2.24ai	126,927
(66,117) Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	4.2.24a ii	(80,561)
22,479 Net Cash Flows from Operating Activities		59,692
(57,764) Net Cash Flows from Investing Activities	4.2.24b	(34,390)
15,736 Net Cash Flows from Financing Activities	4.2.24c	(14,014)
(19,549) Net Increase or decrease in Cash and Cash Equivalents		11,288
34,950 Cash and Cash Equivalents at the beginning of the reporting period	4.2.14e	15,401
15,401 Cash and Cash Equivalents at the end of the reporting period	4.2.14e	26,689

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 2021/22 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 2022/23 the following accounting standard changes and their impact on the Council are shown below.

Accounting Standard	Change
IFRS 1 (First-time adoption)	Allows foreign subsidiaries transitioning to IFRS to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
IAS 16 (Proceeds before Intended Use)	Confirms that any income generated before an asset is ready for its intended use (eg, from sale of output during testing) must not be deducted from the cost of the asset.
IAS 37 (Onerous contracts)	Specifies what comprises the "cost of fulfilling a contract" when assessing whether a contract is onerous - cost relating directly to the contract, either incremental costs of fulfilment (eg, direct labour, materials) or an allocation of other costs that relate directly to fulfilment (eg, allocation of the depreciation charge for an item of PP+E).
IAS 41 (Agriculture)	Removes the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The changes in accounting requirements for 2022/23 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 2022 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 January of the financial year i.e. on or before 1 January 2021 for 2021/22 are considered for changes to accounting policy that may result in the amendment to previously reported figures, where material

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. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out in note 4.2.19j.

PFI and Similar Contracts

As at 31 March 2022 the Authority has committed to making unitary payments of £220.908m 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 £1.226m 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 £1.205m lower.

Arrears

At 31 March 2022 the council has gross short term debtor's balance of £88.343m. A review of significant debtor balances has been undertaken and a debtors' impairment figure of £20.216m 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 £1.011m to the council.

4.2.4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (continued)

Business Rate Appeals

The 2021/22 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 £10.0m 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.

2021/22	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
Income												
Fees, charges and service income	(22,372)	(60,784)	(36,998)	(7,706)	-	(67,399)	(2,311)	(2,457)	-	(200,027)	(81,309)	(281,336)
Interest and investment income	-	-	(14)	-	-	(75)	-	(8,554)	-	(8,643)	-	(8,643)
Council tax and business rates	-	-	-	-	-	-	-	-	(144,553)	(144,553)	(19,171)	(163,724)
Govt' grants and contributions	(64,845)	(82,800)	(8,520)	(1,704)	-	62	(35,766)	(62,837)	(67,688)	(324,098)	23,989	(300,109)
Expenditure												-
Employee benefits expenses	50,665	35,749	36,056	28,307	793	16,713	13,247	2,256	-	183,786	37,434	221,220
Other service expenses	131,960	167,369	62,536	14,401	2	35,368	20,602	73,199	-	505,437	(80,928)	424,509
Depn, amortisation and impairment	-	-	-	-	-	24,693	-	4,334	-	29,027	56,133	85,160
Interest payments	-	-	-	-	-	-	-	15,494	-	15,494	8,696	24,190
Precepts and levies	-	-	-	-	-	-	-	75	-	75	-	75
Payments to housing capital receipts pool	-	-	-	-	-	-	-	1,320	-	1,320	-	1,320
Gain or loss on disposal	-	-	-	-	-	(8,050)	-	(974)	-	(9,024)	(1,318)	(10,342)
Internal recharges	(12,119)	(4,327)	(20,123)	(5,676)	(114)	(130)	(407)	(4,935)	-	(47,831)	42,185	(5,646)
Expenditure chargeable to the GF and HRA balances	83,289	55,207	32,937	27,622	681	1,182	(4,635)	16,921	(212,241)	963	(14,289)	(13,326)
Accounting adjustments	4,947	120	32,737	6,771	68	17,216	5,834	(18,205)	(63,777)	(14,289)	4.2.6	
(Surplus) or Deficit	88,236	55,327	65,674	34,393	749	18,398	1,199	(1,284)	(276,018)	(13,326)		3.1

Opening General Fund and HRA Balance at 31 March 2021

110,136

Plus surplus on General Fund and HRA balance in 2021/22

(963)

109,173

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.

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
Income												
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)
Expenditure												
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)
Expenditure chargeable to the GF and HRA balances	78,543	40,280	31,115	23,587	645	818	(2,122)	21,295	(234,899)	(40,738)	42,647	1,909
Accounting adjustments	(2,184)	15,943	41,230	4,986	40	5,746	(55)	(17,894)	(5,165)	42,647	4.2.6	
(Surplus) or Deficit	76,359	56,223	72,345	28,573	685	6,564	(2,177)	3,401	(240,064)	1,909		3.1
Opening General Fund and HRA Balance at 31 March 2020										69,398		
Plus surplus on General Fund and HRA balance in 2020/21										40,738		
										110,136		

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

2020/21						2021/22						
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
(1,411)	(1,306)	487	(1,310)	1,356	(2,184)	Children and Family Services	(2,623)	9,321	60	(1,625)	(186)	4,947
2,163	(1,136)	292	22,662	(8,038)	15,943	Social Care, Health Integration and Wellbeing	2,354	5,233	22	535	(8,024)	120
35,611	(1,119)	3,317	62	3,359	41,230	Housing, Development and Growth	25,060	6,117	(2,114)	(288)	3,962	32,737
2,739	(863)	37	1,735	1,338	4,986	Strategy and Resources	2,506	839	(167)	1,693	1,900	6,771
-	(27)	-	-	67	40	City Director	-	-	1	-	67	68
7,901	(255)	85	(1,985)	-	5,746	Housing Revenue Account	14,622	1,542	(567)	1,619	-	17,216
448	(412)	(687)	(666)	1,262	(55)	Schools	1,776	2,570	(359)	-	1,847	5,834
18,343	292	(782)	(36,403)	656	(17,894)	Non Departmental Costs	(11,621)	(2,431)	4,860	(9,447)	434	(18,205)
65,794	(4,826)	2,749	(15,905)	-	47,812	Net Cost of Services	32,074	23,191	1,736	(7,513)	-	-
(52,002)	8,339	22,594	15,904	-	(5,165)	Other Income and Expenditure	(60,159)	10,228	(21,359)	7,513	-	(63,777)
13,792	3,513	25,343	(1)	-	42,647	Total Accounting Adjustments	(28,085)	33,419	(19,623)	-	-	(14,289)

4.2.6 Notes to Income and Expenditure (continued)

b - Other Operating Expenditure

2020/21		Notes	2021/22
£000	Detail		£000
741	Levies and external contributions		741
(935)	Loss/(gain) on disposal of non current assets		(2,453)
1,320	Payments to the Government housing capital receipts pool		1,320
(12)	Other (income)/expenditure		(11)
1,114	Total		(403)

c - Financing and Investment Income & Expenditure

2020/21		Notes	2021/22
£000	Detail		£000
26,602	Interest payable and similar charges	4.2.14c	27,914
8,339	Net interest on the net defined benefit liability	4.2.19f	10,228
(2,700)	Interest and investment income	4.2.14c	(3,193)
25,814	Derecognition of school assets transferred to academies - non current assets		-
666	Derecognition of school assets transferred to academies - reserves		-
(382)	Income and expenditure in relation to investment properties and changes in fair value		(708)
(3,080)	Other investment income	4.2.14c	(3,143)
55,259	Total		31,098

d - Taxation and Non-specific Grant Income

2020/21		Notes	2021/22
£000	Detail		£000
(88,371)	Council tax income	6.1	(94,650)
(55,969)	Non domestic rates		(69,074)
(95,225)	Non-specific government grants	4.2.16b	(75,914)
(56,872)	Capital grants and contributions	4.2.16b	(67,075)
(296,437)	Total		(306,713)

4.2.7 Exceptional Items in the CIES

COVID-19

In 2021/22 the Council received additional grant funding and incurred additional expenditure in relation to the COVID-19 pandemic.

In 2021/22, 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	169,096	(115,865)	53,231
- of which is related to COVID-19		12,925	(11,826)	1,099
Housing, Development and Growth	3.1	111,122 -	45,892	65,230
- of which is related to COVID-19		280	-	280
Strategy and Resources	3.1	42,063 -	7,670	34,393
- of which is related to COVID-19		175	-	175

In 2021/22, 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			(306,713)
- of which is related to COVID-19				(782)

Note 4.2.9 Earmarked Reserves shows the amounts that have been transferred from earmarked reserves to fund in year expenditure as well as the amounts transferred to earmarked reserves to fund future expenditure related to COVID-19. The balance as at 31st March 2022 is £20.271m made up of COVID-19 Council Tax and NDR grants and other ringfenced funding alongside amounts set aside to support inflationary pressures, market risk and residual costs related to COVID-19.

The council also received £28.392m of funding that was treated as agency income and expenditure. This does not impact on the CIES.

Out of the £28.392m of funding that was treated as agency income and expenditure, £3.282m 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

2021/22		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
Capital Adjustment Account							
<i>Reversal of items debited or credited to the CIES</i>							
Depreciation of Non-Current Assets	4.2.11h	(23,508)	(16,488)	-	-	-	39,996
Impairment of Non-Current Assets	4.2.11h	(4,815)	(1,228)	-	-	-	6,043
Revaluation losses on Property, Plant and Equipment		(4,334)	(21,311)	-	-	-	25,645
Movement in market value of Investment Property	4.2.11f	2,716	-	-	-	-	(2,716)
Amortisation of Intangible Assets	4.2.11h	(1,543)	(23)	-	-	-	1,566
Revenue Expenditure Funded from Capital Under Statute		(6,497)	(133)	-	-	-	6,630
Expected credit loss allowance (capital)	4.2.15	(108)	-	-	-	-	108
Carrying Amount of Non-Current Assets:							
- written off on disposal to the CIES		(2,109)	(5,780)	-	-	-	7,889
- finance leases written off on disposal to the CIES							-
- written off on derecognition to the CIES							-
Capital grants and contributions applied		28,414	-	-	-	-	(28,414)
Revenue Expenditure Funded from Capital Under Statute - Funding		5,186	-	-	-	-	(5,186)
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	17,128	-	-	-	-	(17,128)
County council principal loan repayment	4.2.24d	1,829	-	-	-	-	(1,829)
HRA repayment of debt		-	3,361	-	-	-	(3,361)
Capital expenditure charged against general fund		852	-	-	-	-	(852)

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

2021/22		General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Reserve £000	Movement in Unusable Reserve £000
Adjustments Primarily Involving	Notes						
Capital Grants Unapplied							
Capital grants credited to the CIES which are unapplied	4.2.9d	35,388	-	-	-	(35,388)	-
Transfer to/from revenue reserve		-	-	-	-	4,459	(4,459)
Transfer of grants applied to Capital Adjustment Account	4.2.9d	-	-	-	-	-	-
Financial Instruments Adjustment Account		202	-	-	-	-	(202)
Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the	4.2.19c	(60,923)	(4,340)	-	-	-	65,263
Employer's contributions and direct payments made in year to the pension fund		29,727	2,117	-	-	-	(31,844)
Collection Fund Adjustment Account - difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to:							
- Council Tax	6.1	4,351	-	-	-	-	(4,351)
- Business Rates	6.1	14,820	-	-	-	-	(14,820)

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

2021/22		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
Accumulated Absences Account		239	9	-	-	-	(248)
Dedicated Schools Grant Adjustment Account	4.2.10g	-	-	-	-	-	-
Deferred Capital Receipts Reserve							
Transfer of deferred capital grants credited to the CIES		-	-	-	-	-	-
Capital Receipts Reserve							
Transfer of cash sale proceeds credited as part of gain/loss in disposal to the CIES	4.2.9c	2,293	8,050	(9,625)	-	-	(718)
Transfer of nominal sale proceeds credited as part of gain/loss in disposal to the CIES		-	-	-	-	-	-
Contribution from Capital Receipts Reserve to:							
- disposal costs	4.2.9c	(29)	(1)	30	-	-	-
- Government Capital Receipts Pool	4.2.9c	(1,320)	-	1,320	-	-	-
Repayment from long term debtors	4.2.9c	-	-	(246)	-	-	246
Use of capital receipts for transformation	4.2.9c	(1,771)	-	1,771	-	-	-
Use of capital receipts to finance capital expenditure	4.2.9c	-	-	6,376	-	-	(6,376)
Major Repairs Reserve							
Contribution for depreciation	5.3.2a	-	16,511	-	(16,511)	-	-
Voluntary contribution		-	(3,361)	-	3,361	-	-
Use of major repairs allowance to finance capital expenditure	5.3.2a	-	-	-	14,251	-	(14,251)
Total		36,904	(22,617)	(374)	1,101	(30,929)	15,915

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
Capital Adjustment Account							
<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)
Carrying Amount of Non-Current Assets:							
- 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
Capital Grants Unapplied							
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)
Financial Instruments Adjustment Account		174	-	-	-	-	(174)
Pensions Reserve							
Reversal of items relating to retirement benefits debited or credited to the	4.2.19c	(38,427)	(2,141)	-	-	-	40,568
Employer's contributions and direct payments made in year to the pension fund		35,101	1,955	-	-	-	(37,056)
Collection Fund Adjustment Account - difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to:							
- 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
Accumulated Absences Account		(378)	(86)	-	-	-	464
Dedicated Schools Grant Adjustment Account	4.2.10g	15	-	-	-	-	(15)
Deferred Capital Receipts Reserve							
Transfer of deferred capital grants credited to the CIES		-	-	-	-	-	-
Capital Receipts Reserve							
Transfer of cash sale proceeds credited as part of gain/loss in disposal to the CIES	4.2.9c	2,433	3,732	(6,165)	-	-	-
Transfer of notional sale proceeds credited as part of gain/loss in disposal to the CIES		-	-	-	-	-	-
Contribution from Capital Receipts Reserve to:							
- disposal costs	4.2.9c	(35)	-	35	-	-	-
- Government Capital Receipts Pool	4.2.9c	(1,320)	-	1,320	-	-	-
Repayment from long term debtors	4.2.9c	-	-	(283)	-	-	283
Use of capital receipts for transformation	4.2.9c	(3,466)	-	3,466	-	-	-
Use of capital receipts to finance capital expenditure	4.2.9c	-	-	3,381	-	-	(3,381)
Major Repairs Reserve							
Contribution for depreciation	5.3.2a	-	15,064	-	(15,064)	-	-
Voluntary contribution		-	-	-	-	-	-
Use of major repairs allowance to finance capital expenditure	5.3.2a	-	-	-	23,430	-	(23,430)
Total		(34,476)	(8,172)	1,754	8,366	(11,620)	44,148

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 the amounts posted back from earmarked reserves to meet General Fund expenditure in 2021/22.

Balance at 1 April 2020 £000	Transfers from £000	Transfers to £000	Balance at 31 March 2021 £000	General Fund	Notes	Balance at 1 April 2021 £000	Transfers from £000	Transfers to £000	Balance at 31 March 2022 £000
155	-	-	155	Support one off commitments		155	-	-	155
823	(243)	4,151	4,731	Other Departmental Reserves		4,731	(3,047)	784	2,468
3,970	-	440	4,410	Insurances		4,410	-	-	4,410
522	(54)	63	531	Partnerships		531	(3)	74	602
-	-	64	64	Redundancy Reserve		64	(64)	627	627
-	-	-	-	Legal Reserve		-	-	-	-
-	-	-	-	Transformation Challenge Award		-	-	-	-
10,038	(10,038)	30,525	30,525	COVID-19	4.2.7	30,525	(28,689)	18,435	20,271
2,591	(534)	879	2,936	Other Grants		2,936	(577)	874	3,233
-	-	3,093	3,093	Better Care Fund c/fwd		3,093	(2,936)	12,737	12,894
398	(14)	1,968	2,352	Development Agreements		2,352	(2,061)	1,773	2,064
244	(27)	744	961	Other Reserves and Donations		961	(20)	2,300	3,241
2,125	(2,581)	2,520	2,064	School balances		2,064	(1,915)	1,758	1,907
28,488	(2,349)	204	26,343	Private Finance Initiative		26,343	(1,761)	292	24,874
-	-	-	-	DSG	4.2.16d	-	-	876	876
1,120	-	1,300	2,420	Public Health		2,420	-	721	3,141
-	-	5,400	5,400	Strategic Risk Reserve		5,400	-	-	5,400
-	-	4,704	4,704	Investment in Transformation		4,704	(360)	-	4,344
656	-	-	656	Invest to Save Reserve		656	-	-	656
51,130	(15,840)	56,055	91,345	Total General Fund Earmarked Reserves		91,345	(41,433)	41,251	91,163

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 2021/22.

Balance at 1 April 2020 £000	Transfers from £000	Transfers to £000	Balance at 31 March 2021 £000	HRA	Notes	Balance at 1 April 2021 £000	Transfers from £000	Transfers to £000	Balance at 31 March 2022 £000
67	-	-	67	Housing Capital Reserve		67	-	-	67
-	-	-	-	HRA Sheltered Tenants		-	-	23	23
752	(150)	-	602	HRA Rent Reserve		602	(151)	-	451
819	(150)	-	669	Total HRA Earmarked Reserves		669	(151)	23	541

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 2021 £000		Notes	31 March 2022 £000
6,165	Amounts receivable in year	4.2.8	9,625
283	Amounts receivable from long term debtors	4.2.8	246
(35)	Disposal costs	4.2.8	(30)
(1,320)	Capital receipts pooling payment to DCLG	4.2.8	(1,320)
(3,466)	Amount applied for revenue transformation	4.2.8	(1,771)
(3,381)	Amounts applied to finance new capital investment	4.2.8	(6,376)
(1,754)	Total increase/(decrease) in reserve during year		374
14,236	Balance brought forward at 1 April		12,482
12,482	Balance carried forward at 31 March		12,856

d - 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 2021 £000		Notes	31 March 2022 £000
12,336	Capital grants received in year which have not been applied	4.2.8	35,388
(716)	Applied during the year transferred to capital adjustment account	4.2.8	(4,459)
-	Transfer (to)/from revenue reserves		-
11,620	Total increase/(decrease) in reserve during year		30,929
7,900	Balance brought forward at 1 April		19,520
19,520	Balance carried forward at 31 March		50,449

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 2021 £000	Notes	31 March 2022 £000
442,189	Balance at 1st April	438,723
(41,016)	Charges for depreciation and impairment of non current assets	(46,039)
(19,948)	Revaluation movement on property, plant and equipment & non current assets held for sale	(25,644)
(1,130)	Amortisation of intangible assets	(1,566)
(13,189)	Revenue expenditure funded from capital under statute	(6,629)
(5,231)	Amounts of non-current assets written off on disposal or sale as part of gain/loss on disposal	(7,889)
(25,813)	Amounts of non-current assets written off on derecognition or sale as part of gain/loss on disposal	-
-	Movement in market value of investment properties	2,716
-	Long Term Loan Repayments	(1)
21	Expected Credit Allowance	(108)
11,546	Adjusting amounts written out of Revaluation Reserve	4,706
(94,760)	Net Written out amount of the cost of non-current assets consumed in the year	(80,454)
	Capital Financing applied in the year:	
3,381	Use of capital receipts reserve to finance new capital	6,376
23,430	Use of major repairs reserve to finance new capital	14,251
44,536	Capital grants and contributions credited to the CIES applied to capital financing	33,600
716	Applications of grants to capital financing from capital grants unapplied account	4,459
18,060	Statutory provisions for the financing of capital investment charged against the General Fund	18,957
716	Service Concession deferred income write back	716
455	Capital expenditure charged against the General Fund	852
-	Voluntary Repayment of Debt	3,361
91,294		82,572
438,723	Balance at 31 March	440,841

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 2021 £000	Notes	31 March 2022 £000
228,655	Balance at 1st April	256,660
61,729	Upwards revaluation of assets	64,948
(22,178)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(19,044)
39,551	Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	45,904
(2,671)	Difference between fair value depreciation and historical cost depreciation	(3,817)
(8,875)	Accumulated gains on assets sold or scrapped	(889)
(11,546)	Amount written off to the Capital Adjustment Account	(4,706)
256,660	Balance at 31 March	297,858

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 2021 £000	Notes	31 March 2022 £000
(378,531) Balance at 1st April		(519,604)
(137,561) Remeasurements of the net defined benefit liability/asset	4.2.19c	260,751
(40,568) 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	(65,263)
37,056 Employers' pension contributions and direct payments to pensioners payable in the year		31,844
(519,604) Balance at 31 March		(292,272)

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 2021 £000	Notes	31 March 2022 £000
5,714		5,430
Balance at 1st April		-
- New deferred receipts - empty homes		-
- New deferred receipts - home improvements		-
<i>Transfers to useable capital receipts reserve upon receipt of cash/assets</i>		-
(284) Repayment of long term debtors	4.2.8	(245)
- Deferred sale proceeds on non-current assets		718
- Deferred sale proceeds on non-current assets now realised		-
5,430		5,903
Balance at 31 March		5,903
<i>Of which:</i>		
4,916 Kickstart loans		4,798
275 Cluster loans		877
31 Empty Homes		21
208 Home Improvements		207
5,430		5,903
Balance at 31 March		5,903

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 when they are incurred, but reversed out of the HRA to the FIAA in the Movement in Reserves Statement.

31 March 2021 £000	Notes	31 March 2022 £000
(2,816) Balance at 1st April		(2,642)
154 Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		156
20 Movement in Fair Value		46
(2,642) Balance at 31 March		(2,440)

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 2021 £000	Notes	31 March 2022 £000
9,432 Balance at 1st April		1,846
382 Upwards revaluation of long term investments	4.2.14c	7,708
(7,968) Downward revaluation of long term investments	4.2.14c	(2,476)
1,846 Balance at 31 March		7,078

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 2021 £000	Notes	31 March 2022 £000
(21,217)	Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020	(21,202)
15	DSG Surplus/(Deficit) for the year	-
(21,202)	Balance at 31 March	(21,202)

4.2.11 Assets

a - Property, Plant & Equipment

Movement on Balance 2021/22 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
Balance at 1 April	588,800	366,589	58,182	263,069	37,460	33,416	57,974	1,405,490
Additions	28,747	17,640	4,187	21,575	347	478	45,961	118,935
Revaluation Increases/ (decreases) recognised in the:								-
Revaluation Reserve	21,428	688	-	-	-	2,642	-	24,758
Surplus/Deficit on the Provision of Services	(21,261)	(5,657)	-	-	-	(863)	-	(27,781)
Derecognition through disposal and transfer (non- schools)	-	(126)	(2,318)	(11,810)	(8)	(177)	(1,322)	(15,761)
Derecognition through disposal and transfer (schools)	-	-	-	-	-	-	-	-
Reclassifications within PPE	11,482	1,914	-	66	9	482	(13,953)	-
Reclassifications to IP	-	-	-	-	-	-	(3,122)	(3,122)
Assets reclassified (to)/from Held for Sale	(5,718)	(180)	-	-	-	(685)	-	(6,583)
Balance at 31 March	623,478	380,868	60,051	272,900	37,808	35,293	85,538	1,495,936

4.2.11 Assets (continued)

a - Property, Plant & Equipment

Movement on Balance 2021/22 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
Balance at 1 April	(1,416)	(5,825)	(32,496)	(59,968)	(1,237)	(2,573)	(1,492)	(105,007)
Depreciation charge in year	(15,679)	(9,566)	(5,866)	(8,721)	-	(101)	-	(39,933)
Depreciation written out to the:								-
Revaluation Reserve	14,663	6,222	(3)	-	-	384	-	21,266
Surplus/Deficit on the Provision of Services	27	2,279	(8)	-	-	74	-	2,372
Impairment losses/(reversals) recognised in the:								-
Revaluation Reserve	-	(45)	-	-	-	(19)	-	(64)
Surplus/Deficit on the Provision of Services	-	(2,094)	-	(2,431)	(217)	(1,282)	-	(6,024)
Derecognition through disposal and transfer (non- schools)	-	36	2,247	11,810	-	19	12	14,124
Derecognition through disposal and transfer (schools)	-	-	-	-	-	-	-	-
Reclassifications within PPE	44	3	-	(10)	3	(22)	(19)	(1)
Assets reclassified (to)/from Held for Sale	131	-	-	-	-	-	-	131
Balance at 31 March	(2,230)	(8,990)	(36,126)	(59,320)	(1,451)	(3,520)	(1,499)	(113,136)
Net Book Value								
At 31 March 2022	621,248	371,878	23,925	213,580	36,357	31,773	84,039	1,382,800
At 31 March 2021	587,384	360,764	25,686	203,101	36,223	30,843	56,482	1,300,483

4.2.11 Assets (continued)

a - Property, Plant & Equipment

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
Balance at 1 April	566,524	383,911	58,897	248,465	36,850	38,643	30,954	1,364,244
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	7,592	-	-	-	209	-	22,056
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)
Balance at 31 March	588,800	366,589	58,182	263,069	37,460	33,416	57,974	1,405,490

4.2.11 Assets (continued)

a - Property, Plant & Equipment

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
Balance at 1 April	(893)	(6,176)	(34,481)	(58,731)	(1,001)	(4,189)	(1,475)	(106,946)
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
Balance at 31 March	(1,416)	(5,825)	(32,496)	(59,968)	(1,237)	(2,573)	(1,492)	(105,007)
Net Book Value								
At 31 March 2021	587,384	360,764	25,686	203,101	36,223	30,843	56,482	1,300,483
At 31 March 2020	565,631	377,735	24,416	189,734	35,849	34,454	29,479	1,257,298

4.2.11 Assets (continued)

b - Other Land & Buildings by Sub Class

Net Book Value as at 31/03/2021		Net Book Value as at 31/03/2022
£000	Sub Class	£000
31,975	Administrative Buildings	35,293
4,183	Bus Station	3,179
27,141	Civic Amentity Sites	22,789
6,894	Car Parks	5,719
2,356	Cemeteries & Crematorium	2,178
5,921	Children's Centres	5,906
3,367	Community	5,532
507	Coroners & Mortuary	798
7,227	Depots	7,491
24,453	Economic Development	34,599
5,711	Garages	5,184
17,068	Libraries & Museums	19,087
1,314	Local Centres	1,639
676	Markets	715
1,779	Miscellaneous	1,780
5,414	Other Educational Facilities	5,832
768	Public Conveniences	601
61,187	Recreation Facilities	56,581
74,337	Schools	78,799
5,001	Shops	4,292
46,105	Social Care Facilities	45,653
26,459	Theatre	27,314
633	Travellers Site	633
288	Youth Services	284
360,764	Total	371,878

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

Net Book Value as at 31/03/2021		Net Book Value as at 31/03/2022
£000	Sub Class	£000
3,489	Strategic regeneration sites	16,125
16,604	Cleared land not currently qualifying as held for sale	12,498
10,750	Vacant premises	3,151
-	Other surplus assets	-
30,843	Total	31,774

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 2022 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.

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 2021/22 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	-	829	23,925	-	24,754
Valued at Fair Value as at:					
31/03/2022	621,248	278,776	-	22,998	923,022
31/03/2021	-	35,713	-	4,813	40,526
31/03/2020	-	56,417	-	3,905	60,322
31/03/2019	-	93	-	7	100
31/03/2018	-	50	-	51	101
	621,248	371,878	23,925	31,774	1,048,825

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
At 1 April 2020	3,816	61,451	852	768	66,887
Additions	52	-	-	-	52
Depreciation charge	(96)	-	-	-	(96)
Upward revaluation	7	-	-	-	7
Downward revaluation	(1,196)	-	-	-	(1,196)
At 1 April 2021	2,583	61,451	852	768	65,654
Additions	97	-	-	-	97
Depreciation charge	(63)	-	-	-	(63)
Upward revaluation	89	-	-	-	89
Downward revaluation	(388)	-	-	-	(388)
At 31 March 2022	2,318	61,451	852	768	65,389

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 comprehensive income and expenditure statement.

2020/21	2021/22
£000	£000
1,393 Rental income from investment property	1,102
(188) Direct operating expenses arising from investment property	(394)
1,205 Net gain/(loss)	708

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

2020/21	2021/22
£000	£000
20,212 Balance at 1 April	26,752
3,527 Additions	50
(137) Disposals	-
(822) Net gains/losses from fair value adjustments	2,715
3,972 Transfers to/from property, plant and equipment	3,123
26,752 Balance at 31 March	32,640

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 £41.563m 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 £6.043m (General Fund - £4.815m).

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	-	39,934	6,043
Intangible assets	1,566	-	-
Non current assets held for sale	-	-	-
Investment properties	-	-	-
Heritage assets	-	63	-
Total depreciation and impairment charged to services	1,566	39,997	6,043

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 2021/22.

Individual schools' balance as 31st March 2022 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 2022	£42m	£7m	£8m	£19m

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 year.

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 2021 £000	Notes	31 March 2022 £000
694,808	Opening Capital Financing Requirement	730,487
	Capital Investment	
98,382	Property, Plant & Equipment	118,935
52	Heritage Assets	97
3,527	Investment Properties	50
2,097	Intangible Assets	2,659
-	Assets Held for Sale	129
2,230	Fortior Homes Investment	-
4,951	Loans to companies	1,248
13,189	Revenue Expenditure Funded from Capital under Statute	6,629
	Sources of Finance	
(3,381)	Capital receipts reserve applied to finance capital expenditure	(6,377)
(44,574)	Government grants and contributions received in year and applied	(33,600)
(716)	Government grants and contributions applied from reserves	(4,209)
(23,430)	Use of Major Repairs Reserve	(14,251)
(416)	Direct Revenue Contributions - General Fund	(852)
-	Contribution from HRA Reserve	(250)
(15,916)	Minimum Revenue Provision	(17,128)
(316)	Amount voluntarily set aside to pay off debt	-
-	HRA Repayment of debt (principal & leasing)	(3,361)
730,487	Closing Capital Financing Requirement	780,206

4.2.12 Capital (continued)

b - Movement in Capital Financing Requirement

31 March 2021 £000	Notes	31 March 2022 £000
50,186	Increase in underlying need to borrow (unsupported by government financial assistance)	69,569
(16,233)	Decrease in underlying need to borrow (MRP and voluntary debt repayment)	(17,128)
-	Decrease in underlying need to borrow (HRA voluntary debt repayment)	(3,361)
1,087	Assets acquired under Finance Leases	-
639	Assets acquired under PFI/PPP contracts	639
35,679	Increase/(decrease) in Capital Financing Requirement	49,719

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.

The minimum revenue provision and voluntary repayment of debt provision for 2021/22 is:

31 March 2021 £000	Notes	31 March 2022 £000
8,340	Other Services	8,999
316	Finance Leases	362
	Private Finance Initiative	
4,329	- Schools	4,196
1,663	- Street Lighting	1,765
1,289	- Extra Care	1,587
295	- Bentilee District Centre	219
16,232	Total	17,128

4.2.12 Capital (continued)

d - Capital Commitments

At 31 March 2022, the Authority has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2021/22 and future years budgeted to cost £161.3m. Similar commitments at 31 March 2021 were £177.7m.

Capital Scheme	£m
Housing Stock Maintenance	124.5
Discovery Expansion	4.5
District Heat Network	0.4
Longton Primary Care	0.2
Queen Elizabeth 2 Redevelopment	3.4
Smithfield MSCP (City Centre)	12.6
Etruria Valley Link Road	13.8
OSSMA Expansion	1.9
Total	161.3

4.2.13 PFI & Similar Contract

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 - 2021/22 was the 21st 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 - 2021/22 was the 18th 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 Contract (continued)

Bentilee District Centre PFI Scheme - 2021/22 was the 15th 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 - 2021/22 was the 7th 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 Contract (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 2021	74,335	31,869	3,694	32,413	142,311
Additions	1,082	-	2	-	1,084
Additions through PFI	-	892	-	-	892
Revaluations	3,388	-	-	-	3,388
Derecognitions and Reclassifications	-	(639)	-	-	(639)
Depreciation/Impairment	(6)	(740)	(65)	(678)	(1,489)
Value as at 31 March 2022	78,799	31,382	3,631	31,735	145,547

4.2.13 PFI & Similar Contract (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 (£5.721m) has been expensed to the CIES in 2021/22.

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 to be 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 2021	23,879	8,465	4,168	38,163	74,675
New loans raised	-	958	-	-	958
Interest added	2,225	890	599	2,007	5,721
Repayment of interest and liability	(6,422)	(2,656)	(818)	(3,593)	(13,489)
Value as at 31 March 2022	19,682	7,657	3,949	36,577	67,865
of which		Short Term		4.2.14b	7,452
		Long Term		4.2.14b	60,413
					67,865

4.2.13 PFI & Similar Contract (continued)

c - Future Unitary Payments

Total payments remaining to be paid under each PFI service concession contract as 31st March 2022 (including estimated inflation, contract variations and estimated future capital replacement costs are analysed below in 5 year bandings).

Summary	Repayment of Liability	Interest	Service Charge	Lifecycle Costs	Total
Future Unitary Payments	£000	£000	£000	£000	£000
Within 1 year	7,452	5,170	7,413	12,602	32,637
2 - 5 years	27,618	11,461	39,247	26,057	104,383
6 - 10 years	13,624	8,101	17,846	4,711	44,282
11 - 15 years	11,896	1,361	10,208	3,760	27,225
16 - 20 years	7,275	(920)	5,020	1,006	12,381
	67,865	25,173	79,734	48,136	220,908

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.

Schools Estate PFI Scheme	Repayment of Liability	Interest	Service Charge	Lifecycle Costs	Total
Future Unitary Payments	£000	£000	£000	£000	£000
Within 1 year	4,673	1,034	3,517	11,437	20,661
2 - 5 years	15,009	(2,510)	22,032	20,265	54,796
	19,682	(1,476)	25,549	31,702	75,457

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 £4.7m and will be repaid over the period of the remaining contract.

4.2.13 PFI & Similar Contract (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	1,625	2,118	1,515	187	5,445
2 - 5 years	6,449	7,242	6,460	1,629	21,780
6 - 10 years	9,331	5,573	9,023	3,298	27,225
11 - 15 years	11,896	1,361	10,208	3,760	27,225
16 - 20 years	7,275	(920)	5,020	1,006	12,381
	36,576	15,374	32,226	9,880	94,056

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	259	656	1,358		2,273
2 - 5 years	1,472	2,019	6,398		9,889
6 - 10 years	2,219	1,111	7,015		10,345
	3,950	3,786	14,771	-	22,507

Street Lighting PFI Scheme Future Unitary Payments	Repayment of Liability £000	Interest £000	Service Charge £000	Lifecycle Costs £000	Total £000
Within 1 year	896	1,362	1,023	978	4,259
2 - 5 years	4,687	4,710	4,357	4,163	17,917
6 - 10 years	2,074	1,417	1,808	1,413	6,712
	7,657	7,489	7,188	6,554	28,888

4.2.13 PFI & Similar Contract (continued)

d - Income and Expenditure

Transactions under the schemes during 21/22	Schools		Extra Care Housing		Bentilee District Centre		Street Lighting	
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000
Fair value of services	14,892	12,668	1,662	1,529	1,009	1,124	1,920	2,118
Finance cost	2,631	2,225	2,079	2,006	642	600	971	890
Contingent rent	(244)	2,223	380	315	1	-	394	403
Revenue Unitary Charge	17,279	17,116	4,121	3,850	1,652	1,724	3,285	3,411
Recharge to academies	(8,737)	(9,608)	-	-	-	-	-	-
Other revenue expenditure	313	255	-	-	-	-	-	141
Depreciation	3,080	2,338	678	678	65	65	1	1
Total Expenditure	11,935	10,101	4,799	4,528	1,717	1,789	3,286	3,553
PFI special grant	(8,294)	(8,294)	(4,790)	(4,790)	(1,346)	(1,346)	(1,351)	(1,351)
Other contributions	(2,920)	(2,418)	-	-	(906)	(640)	(7)	(140)
(Surplus)/Deficit in Income and Expenditure	721	(611)	9	(262)	(535)	(197)	1,928	2,062
Movement in Reserves								
Depreciation	(3,080)	(2,338)	(678)	(678)	(65)	(65)	(1)	(1)
MRP	4,329	4,196	1,289	1,587	295	219	1,662	1,765
Transfer to/(from) Earmarked Reserves								
Transfer to PFI reserve	-	-	-	-	134	272	-	3
Transfer (from) reserve	(1,970)	(1,247)	(171)	-	(10)	(29)	(154)	(278)
Net Charge to General Fund	-	-	449	647	(181)	200	3,435	3,551

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 (continued)

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 2020/21 £000	Current Assets 2020/21 £000		Notes	Long-Term Assets 2021/22 £000	Current Assets 2021/22 £000
		Investments			
15,319	-	Fair value through other comprehensive income	4.2.14d(iv)	20,552	-
15,319	-	Total Investments	-	20,552	-
		Debtors			
9,987	-	Fair value through profit and loss	4.2.14d(iii)	10,631	-
34,776	77,308	Amortised cost	4.2.14d(ii)	38,313	51,635
2,157	19,600	Classes of debtor not recognised as financial instruments		1,908	24,459
46,920	96,908	Total Debtors		50,852	76,094
		Cash and Cash Equivalents			
-	6,500	Fair value through profit and loss	4.2.14e	-	25,600
-	8,901	Amortised cost	4.2.14e	-	1,089
-	15,401	Total Cash and Cash Equivalents		-	26,689

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 2020/21 £000	Current Liabilities 2020/21 £000		Notes	Long-Term Liabilities 2021/22 £000	Current Liabilities 2021/22 £000
Borrowings					
526,211	54,013	Amortised cost		513,801	45,924
526,211	54,013	Total Borrowings		513,801	45,924
Other Liabilities at amortised cost					
8,111	1,829	Liability with Staffordshire County		6,282	1,829
67,865	6,810	PFI liabilities	4.2.13b	60,413	7,452
13,249	-	PFI liabilities - deferred credit		12,533	-
1,038	361	Finance lease liabilities	4.2.14j	807	231
90,263	9,000	Total Other Liabilities		80,035	9,512
Creditors					
-	80,100	Amortised cost	4.2.4d(i)	-	79,292
-	32,376	Classes of creditor not recognised as financial instruments		-	41,921
-	112,476	Total Creditors	4.2.21c	-	121,213

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 2021					31st March 2022					
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
-	(621)	-	-	(621)	Impairment losses	-	(965)	-	-	(965)
(25,981)	-	-	-	(25,981)	Interest expenses	(26,948)	-	-	-	(26,948)
(25,981)	(621)	-	-	(26,602)	Total expenses in surplus or deficit on the provision of services	(26,948)	(965)	-	-	(27,913)
-	-	-	-	-	Impairment loss reversals	-	-	-	-	-
-	2,070	3,080	630	5,780	Interest income and investment income	-	2,545	3,143	648	6,336
-	2,070	3,080	630	5,780	Total Income in surplus or deficit on the provision of services	-	2,545	3,143	648	6,336
-	-	382	-	382	Gains on revaluation	-	-	7,708	-	7,708
-	-	(7,968)	-	(7,968)	Losses on revaluation	-	-	(2,476)	-	(2,476)
-	-	(7,586)	-	(7,586)	Impact on other comprehensive income	-	-	5,232	-	5,232
(25,981)	1,449	(4,506)	630	(28,408)	Net gain/(loss) for the year	(26,948)	1,580	8,375	648	(16,345)

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 2022, 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 2021					31 March 2022				
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
482,210	15,910	542,457	69,752	PWLB - maturity	2	481,801	20,410	430,204	20,725
-	6,103	-	6,103	Interest accrued	2	-	5,515	-	5,515
20,000	-	34,704	-	LOBO's	2	20,000	-	31,114	-
24,000	32,000	24,975	32,453	Inter-authority loans	2	12,000	20,000	12,242	20,156
361	1,038	1,116	404	Finance leases	2	807	231	866	266
67,865	6,810	88,128	12,492	PFI schemes	2	60,412	7,453	71,085	12,312
8,111	1,829	8,566	2,156	Liability with Staffordshire County	2	6,283	1,829	6,203	2,049
-	80,100	-	80,100	Creditors ¹	2	-	79,292	-	79,292
602,547	143,790	699,946	203,460	Financial liabilities		581,303	134,730	551,714	140,315

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.

¹ 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

31 March 2021 Carrying Amount £000	31 March 2021 Fair Value £000		Note	Fair Value Level	31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000
34,776	34,776	Long Term Debtors			38,313	38,313
77,308	77,308	Short Term Debtors ¹			51,635	51,635

Short-term debtors exclude amounts receivable of £24.140m from Statutory debtors, Central Government. and prepayments. Long term debtors exclude amounts receivable of £1.908m 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.

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

31 March 2021 £000		Note	Fair Value Level	31 March 2022 £000
2,167	Kick Start ¹	4.2.21a	3	2,366
72	Home Improvement Loans ¹	4.2.21a	3	72
7,748	GenR8 Smithfield Hotel Ltd	4.2.21a	3	8,193
9,987	Total			10,631

¹ 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)

e - Cash and Cash Equivalents

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

31 March 2021				31 March 2022		
Carrying Amount	Fair Value		Notes	Fair Value Level	Carrying Amount	Fair Value
£000	£000				£000	£000
6,500	6,500	Money market funds			25,600	25,600
6,500	6,500	Financial Assets Held at Fair Value through Profit and Loss			25,600	25,600
700	700	On call accounts			300	300
-	-	Term deposits			-	-
97	97	Cash held by the authority			48	48
8,104	8,104	Bank current accounts	4.2.14f		741	741
-	-	Accruals attached to term deposits			-	-
8,901	8,901	Financial Assets for which fair value is not disclosed			1,089	1,089
15,401	15,401	Total Cash and Cash Equivalents (SOTCC)			26,689	26,689
186	186	Cash & Cash Equivalents (Unitas)			255	255
311	311	Cash & Cash Equivalents (Fortior)			3,216	3,216
15,898	15,898	Total Cash and Cash Equivalents (Group)			30,160	30,160

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 2021			31 March 2022		
		Net position			Net position		
		on the			on the		
		balance			balance		
Gross	(Liabilities)	sheet		Notes	Gross	(Liabilities)	sheet
Assets	set off	sheet			Assets	set off	sheet
£000	£000	£000			£000	£000	£000
87,525	(79,421)	8,104	Bank accounts in credit		48,732	(47,991)	741
87,525	(79,421)	8,104	Total bank current accounts		48,732	(47,991)	741

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 £35m 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 £25,600,000. 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 2022 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 2021			31 March 2022		
Long-term	Short-term		Long-term	Short-term	
£000	£000		£000	£000	
-	6,500	AAA	-	25,600	
-	700	On-call Account	-	300	

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 2021		31 March 2022	
£000		£000	
67,589	Past due < 3 months	41,959	
4,816	Past due 4 - 12 months	4,580	
11,977	Past due 12+ months	11,734	
84,382	Gross receivables	58,273	
(7,283)	Less: loss allowance	(6,639)	
77,099	Net receivables	51,634	

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 2021			31 March 2022	
Gross receivable £000	Loss allowance £000		Gross receivable £000	Loss allowance £000
29,728	(2,429)	GF Sundry Debt	22,409	(2,133)
2,352	(1,382)	HRA Sundry Debt	2,063	(1,159)
3,150	(907)	Housing Rent Arrears	3,285	(960)
3,302	(2,565)	Summons & Distress Costs	3,209	(2,371)
45,087	-	- Other Debtors	25,812	(16)
972	-	- Intercompany Debtors	1,495	-
84,591	(7,283)	Sub total (financial assets)	58,273	(6,639)
5,033	-	- VAT	8,127	-
16,143	(12,121)	Council Tax	16,422	(11,287)
3,539	(2,818)	Business Rates	3,290	(2,254)
3,005	(39)	Housing Benefit Overpayment	3,089	(36)
112,311	(22,261)		89,201	(20,216)

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 £20.591m 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 2021		31 March 2022	
Balance Sheet £000	Expected Credit Loss Allowance £000	Balance Sheet £000	Expected Credit Loss Allowance £000
		Loans at Market Rates	
36,663	(2,114)	39,836	(2,297)
7,748		8,193	-
207		761	-
6		6	-
		Loans below Market Rates	
2,167		2,366	-
72		72	-
14		7	-
		Loan Commitment at Market Rates	
-	(1,289)	-	(1,214)
46,877	(3,403)	51,241	(3,511)

¹ 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 an 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 2021	2,114	22,261	24,375
New loans made	183	-	183
Movement in trade debtors impairment	-	(2,045)	(2,045)
Closing allowance as at 31st March 2022	2,297	20,216	22,513

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 £14.993m, 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 £14.993m 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 2021 £000	31 March 2021 £000	31 March 2021 £000	Interest Rates % Source of Loan	Note	Interest Rates %	31 March 2022 £000	31 March 2022 £000	31 March 2022 £000
498,120	-		3.40	Public Works Loan Board	3.40	502,211	-	
76,000	-		2.18	Market Loans	2.18	52,000	-	
74,674	-			PFI		67,865	-	
1,399	-		2.89	Finance Lease Liabilities		1,038	-	
-	6,103			Interest Accrual		-	5,515	
9,940	-			Transferred Debt		8,112	-	
660,133	6,103			Total		631,226	5,515	
Principal	Interest	Total	Payable as follows:			Principal	Interest	Total
56,910	26,591	83,501	Less than one year			49,923	26,580	76,503
42,724	23,134	65,858	Between one and two years			32,298	19,878	52,176
68,693	56,322	125,015	Between two and five years			73,650	52,762	126,412
82,657	80,832	163,489	Between five and ten years			80,869	78,013	158,882
409,149	212,942	622,091	More than ten years			394,486	217,246	611,732
660,133	399,821	1,059,954	Total			631,226	394,479	1,025,705

4.2.14 Financial Instruments (continued)

j - Liquidity Risk

Finance Lease Liabilities

The City Council has 6 current finance leases ranging from 1 to 9 years. Interest payable (£36,034) on the outstanding lease liability at the 1st April 2022 (£1.038m) gave an associated interest rate of 3.13%. The interest due for 2021/22 (£43,675) on the outstanding lease liability at the 1st April 2021 (£1.399m) gives an associated interest rate of 2.89%.

31 March 2021 £000	Interest Rates %	Source of Loan	Note	Interest Rates %	31 March 2022 £000
655		Opening Balance			1,399
1,086		New Finance Leases			-
(342)		Repayment of Principal			(361)
1,399	2.89%	Closing Balance		3.13%	1,038
		Payable as follows:			
361		Less than one year			231
231		Between one and two years			103
318		Between two and five years			329
489		Between five and ten years			375
-		More than ten years			-
1,399		Total			1,038

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	4,034	4,072	1,289	573	9,968
Additional provisions made in 2021/22	1,636	-	108	3	1,747
Amounts used in 2021/22	(349)	-	-	(163)	(512)
Unused amounts reversed in 2021/22	(602)	-	-	(5)	(607)
Transferred to non-current assets	-	-	(183)	-	(183)
Balance at 31 March 2022	4,719	4,072	1,214	408	10,413
of which:					
- Short term liability					4,438
- Long term liability					5,975
					10,413

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 2021/22 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 2022.

Expected Credit Loss Allowance

The City Council has a contractual commitment to make loans of up to £54.89m to Fortior Homes Ltd, at some point in the future. As at 31st March 2022, £34.30m 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

2020/21 £000	Service Area	Type of Funding/Grant	2021/22 £000
45,443	Children and Family Services	Dedicated Schools Grant	47,799
8,294		PFI - Schools	8,294
5,893		Other	5,963
1,346	Housing, Development and Growth	PFI - Bentilee	1,010
1,351		PFI - Street Lighting	1,351
3,548		Other	5,311
29,150	Social Care, Health and Wellbeing	Public Health Grant	25,301
4,790		PFI - Extra Care	4,790
14,945		BCF Grant	14,945
3,157		Council Tax Hardship Fund	-
-		Restart Grant	12,057
10,560		Other	22,850
110	Strategy and Resources	Other	11
-	City Director	Other	-
36,553	Schools	Dedicated Schools Grant	33,755
5,812		Other	3,494
-	Housing Revenue Account	Other	-
41,364	Benefit Payments	Rent Allowances	40,026
23,821		Rent Rebates	22,051
1,036		Other	760
237,173	Total		249,768

4.2.16 Grants (continued)

b - Credited to Taxation and Non-specific Grant Income

Capital 2020/21 £000	Revenue 2020/21 £000		Capital 2021/22 £000	Revenue 2021/22 £000
11,228	38,849	Department for Levelling Up, Housing & Communities	3,879	72,652
1,477	1,705	Department for Education	22,618	1,576
-	8,937	Department of Health and Social Care	-	439
-	308	Department of Work & Pensions	-	1,242
4,495	-	Private Sector Contributions	52	-
24,072	-	Public Sector Contributions	17,822	-
11,865	-	Department for Transport	15,651	-
15	-	Other Grants	-	5
3,561	-	Homes and Communities Agency	7,053	-
159	-	National Lottery	-	-
-	21,148	NNDR Extended Retail Discount	-	-
-	24,278	COVID-19 Support Grants	-	-
56,872	95,225	Total	67,075	75,914

4.2.16 Grants (continued)

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:

2020/21 £000		2021/22 £000
	Capital	
153	Department for Education (DfE)	119
396	Department for Transport	672
-	Department for Leveling Up, Housing & Communities	870
2,587	Public Sector Contributions	947
378	Homes and Communities Agency	369
-	Other	128
740	Revenue	949
4,254	Total	4,054

All grants, contributions and donations received that have conditions attached which have not been satisfied as at 31st March 2022 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 2021/22 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2021/22 before academy and high needs recoupment			256,278
Reduction for reallocation to Academies			177,860
Total DSG after Academy and High Needs recoupment for 2021/22			78,418
Plus: Brought forward from 2020/21			-
Less: Carry-forward to 2022/23 agreed in advance			-
Agreed initial budget distribution in 2021/22	39,201	39,216	78,417
In year adjustments	2,703	-	2,703
Final budget distribution for 2020/21	41,904	39,216	81,120
Less: Actual central expenditure	(40,656)	-	(40,656)
Less: ISB deployed to Schools	-	(39,588)	(39,588)
Plus local authority contribution for 2021/22	-	-	-
Carry forward in year to 2022/23	1,248	(372)	876
Carry forward to 2022/23 agreed in advance			-
Carry forward to 2022/23	1,248	(372)	876
			-
DSG Unusable Reserve at the end of 2020/21			(21,202)
Addition to DSG unusable reserve at the end 2021/22			-
Total of DSG unusable reserve at the end of 2021/22			(21,202)
			-
Net DSG position at the end of 2021/22			(20,326)

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 (£)
Senior employees whose salary is £150,000 pr more per year										
172,753	-	-	26,949	199,702	City Director - Jon Rouse	175,344	-	-	27,354	202,698
Senior employees whose salary is between £50,000 and £150,000 pr more per year										
143,946	-	-	22,456	166,402	Director - Children & Family Services ¹	9,354	-	99,657	14,195	123,206
131,768	-	-	20,556	152,324	Director - Housing, Growth & Development	141,677	-	-	22,102	163,779
134,262	-	-	18,897	153,159	Director - Housing & Customer Services ²	-	-	-	-	-
94,462	-	-	14,736	109,198	Assistant Director - Governance and Registration (Monitoring Officer)	96,430	-	-	15,043	111,473
108,360	15	-	16,904	125,279	Director - Strategy & Resources (& Section 151 Officer)	132,822	-	-	20,720	153,542
143,946	-	-	-	143,946	Director - Social Care, Health Integration & Wellbeing	146,128	713	-	-	146,841

¹ Original encumbant left 1 November 2021, new encumbant started 21/03/22. Agency cover during absence - from 3 June 2021 to 25 March 2022 at a cost of £185k.

² Post deleted in 2020/21

4.2.17 Officers Remuneration (continued)

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 by excluding employer's pension.

2020/21						2021/22				
Teaching staff	Non-teaching staff	Total employees ¹	Left in year	Range	Teaching staff	Non-teaching staff	Total employees ¹	Left in year		
15	24	39	-	£50,000 - £54,999	10	43	53		2	
3	8	11	-	£55,000 - £59,999	6	17	23		2	
7	20	27	1	£60,000 - £64,999	4	17	21		1	
3	14	17	2	£65,000 - £69,999	3	9	12		-	
2	5	7	1	£70,000 - £74,999	3	16	19		-	
2	2	4	-	£75,000 - £79,999	2	1	3		-	
1	1	2	-	£80,000 - £84,999	1	1	2		1	
-	-	-	-	£85,000 - £89,999	1	-	1		-	
-	-	-	-	£90,000 - £94,999	-	-	-		-	
1	2	3	-	£95,000 - £99,999	-	-	-		-	
-	2	2	-	£100,000 - £104,999	-	7	7		1	
-	-	-	-	£105,000 - £109,999	-	1	1		-	
-	-	-	-	£110,000 - £114,999	-	-	-		-	
-	-	-	-	£115,000 - £119,999	-	-	-		-	
-	-	-	-	£120,000 - £124,999	-	-	-		-	
-	-	-	-	£125,000 - £129,999	-	-	-		-	
-	-	-	-	£130,000 - £134,999	-	-	-		-	
-	2	2	1	£135,000 - £139,999	-	-	-		-	
-	-	-	-	£140,000 - £144,999	-	1	1		-	
-	-	-	-	£145,000 - £149,999	-	1	1		1	
34	80	114	5	Total	30	114	144		8	

¹ includes 9 (3 - 2020/21) 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 36 employees in 2021/22. A total of £739,000 in compensatory payments was incurred (including redundancy costs and post employment notice pay) plus an additional £292,000 re payments to the pension fund in respect of actuarial strain costs. £627,000 has been included as a reserve on the balance sheet for further costs expected in 2022/23.

2021/22 Range	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages Agreed	Compensation for Loss of Office £000	Actuarial Pension Strain £000	Total Cost of Exit Packages £000
£0 - £20,000	1	17	18	156	5	161
£20,001 - £40,000	-	11	11	278	-	278
£40,001 - £60,000	-	3	3	113	19	132
£60,001 - £80,000	-	1	1	69	-	69
£80,001 - £100,000	-	1	1	30	55	85
£100,001 - £150,000	-	1	1	60	83	143
£150,001 - £200,000	-	1	1	33	130	163
Total	1	35	36	739	292	1,031

2020/21 Range	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages Agreed	Compensation for Loss of Office £000	Actuarial Pension Strain £000	Total Cost of Exit Packages £000
£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
Total	6	56	62	639	386	1,025

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 21/22 the City Council paid employer's contributions to the TPS of £2,673,586 (2020/21 £3,248,079). Employer contributions in respect of the NHS scheme amounted to £206,001 in 2021/22 (2020/21 £182,887). The employer contribution to the TPS was 23.68% of pensionable pay for 2021/22 (2020/21 23.68%). Employer contributions to the NHS scheme was 14.3% (2020/21 14.3%) of public health staff pay. Total pensionable pay for the year re the TPS, after Academy transfers, was £11,290,509 (2020/21 £13,717,838) & £1,441,816 (2020/21 £1,281,158) re the NHS scheme.

Employer's contributions for the year to 31 March 2023 will be approximately £2.7m re the TPS, before Academy Transfers which have not yet been formalised. Employer's contributions for the year to 31 March 2023 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 2022.

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 2025.

In 2021/22 the City Council paid an employer's contribution based on 27.6% (2020/21 – 27.6%) 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 £104,257,823 (2020/21 £101,293,133). The Actuary estimates that the Employer's contributions for the year to 31 March 2023 re the LGPS will be approximately £16.0m.

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 2022, the City Council agreed to allow 4 employees (10 in 2020/21) 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 £44,442 (2020/21 £81,396).

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 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 2020/21 £000	LGPS 2021/22 £000	TPS 2020/21 £000	TPS 2021/22 £000	Total 2020/21 £000	Total 2021/22 £000
Comprehensive Income and Expenditure Statement						
- current service cost	34,190	54,839	-	-	34,190	54,839
- past service costs incl curtailments	225	196	-	-	225	196
- settlements	(2,186)		-	-	(2,186)	-
Within Net Cost of Services:	32,229	55,035	-	-	32,229	55,035
- net interest expense	7,705	9,631	634	597	8,339	10,228
Within Financing and Investment Income and Expenditure	7,705	9,631	634	597	8,339	10,228
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	39,934	64,666	634	597	40,568	65,263
Remeasurement of the net defined benefit liability comprising:						
- return on plan assets (excluding the amount included in the net interest expense)	(244,797)	(129,003)	-	-	(244,797)	(129,003)
- changes in demographic assumptions	21,865	(8,224)	335	(1,054)	22,200	(9,278)
- changes in financial assumptions	368,165	(124,366)	3,729	(201)	371,894	(124,567)
- other experience	(11,150)	1,831	(586)	266	(11,736)	2,097
Within Other Comprehensive Income and Expenditure	134,083	(259,762)	3,478	(989)	137,561	(260,751)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	174,017	(195,096)	4,112	(392)	178,129	(195,488)

4.2.19 Pensions (continued)

d - Movement in Reserves Statement

	LGPS 2020/21 £000	LGPS 2021/22 £000	TPS 2020/21 £000	TPS 2021/22 £000	Total 2020/21 £000	Total 2021/22 £000
Movement in Reserves Statement						
- reversal of net charges against the General Fund Balance for the Provision of Services	(39,934)	(63,695)	(634)	(597)	(40,568)	(65,263)
- employers' contributions payable to the pension scheme	60,668	17,417	1,880	1,829	62,548	19,536
Movement in Pension Reserve	(113,349)	212,513	(2,232)	2,221	(115,581)	215,024

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.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Present value of liabilities: All Pension Schemes	(1,385,305)	(1,395,968)	(1,576,196)	(1,311,193)	(1,722,672)	(1,653,796)
Present value of liabilities: Discretionary Benefits	(57,255)	(53,560)	(53,754)	(45,824)	(48,823)	(44,790)
	(1,442,560)	(1,449,528)	(1,629,950)	(1,357,017)	(1,771,495)	(1,698,586)
Fair value of assets in the LGPS	966,932	1,002,559	1,073,549	978,486	1,277,383	1,419,498
Net pension asset/(liability) on the balance sheet	(475,628)	(446,969)	(556,401)	(378,531)	(494,112)	(279,088)

Figures shown include the Pension contribution asset of £13,184,000 (£25,492,000 - 2020/21). 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 £292,271,528 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.
- finance only required to be raised to cover discretionary benefits when the pensions are actually paid.

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
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	(1,328,497)	(1,740,743)	(28,520)	(30,752)	(1,357,017)	(1,771,495)
Current service cost	(34,190)	(54,839)	-	-	(34,190)	(54,839)
Interest cost	(30,587)	(35,039)	(634)	(597)	(31,221)	(35,636)
Contributions by scheme participants	(6,453)	(6,793)	-	-	(6,453)	(6,793)
Remeasurement (gains) and losses :		-				
- changes in demographic assumptions	(21,865)	8,224	(335)	1,054	(22,200)	9,278
- changes in financial assumptions	(368,165)	124,366	(3,729)	201	(371,894)	124,567
- changes in experience	11,150	(1,831)	586	(266)	11,736	(2,097)
Benefits paid	35,194	36,796	1,880	1,829	37,074	38,625
Past service costs (including curtailments)	(225)	(196)	-	-	(225)	(196)
Settlements	8,731	-	-	-	8,731	-
Effect of Business Combinations & Disposals	(5,836)	-	-	-	(5,836)	-
Closing balance at 31 March	(1,740,743)	(1,670,055)	(30,752)	(28,531)	(1,771,495)	(1,698,586)

4.2.19 Pensions (continued)

f - Pensions Assets and Liabilities Recognised in the Balance Sheet

	LGPS 2020/21 £000	LGPS 2021/22 £000	TPS 2020/21 £000	TPS 2021/22 £000	Total 2020/21 £000	Total 2021/22 £000
Reconciliation of Present Value of Scheme (plan) Assets						
Opening balance at 1 April	978,486	1,277,383	-	-	978,486	1,277,383
Interest income	22,882	25,408	-	-	22,882	25,408
Remeasurement gains and (losses) :			-	-		
- the return on plan assets, excluding the amount included in the net interest expense.	244,797	129,003	-	-	244,797	129,003
Employer contributions	61,044	19,536	-	-	61,044	19,536
Contributions by scheme participants	6,453	6,793	-	-	6,453	6,793
Benefits paid	(37,074)	(38,625)	-	-	(37,074)	(38,625)
Settlements	(6,545)	-	-	-	(6,545)	-
Effect of Business Combinations & Disposals	7,340	-	-	-	7,340	-
Closing balance at 31 March	1,277,383	1,419,498	-	-	1,277,383	1,419,498
Net Pension (Asset)/Liability	(463,360)	(250,557)	(30,752)	(28,531)	(494,112)	(279,088)

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 2020/21 £000	Quoted prices not in active markets 2020/21 £000	Total 2020/21 £000	Percentage of total assets 2020/21 %	Quoted prices in active markets 2021/22 £000	Quoted prices not in active markets 2021/22 £000	Total 2021/22 £000	Percentage of total assets 2021/22 %
Equity Securities:								
- consumer	49,672	-	49,672	4%	47,789	-	47,789	3%
- manufacturing	53,305	-	53,305	4%	39,000	-	39,000	3%
- energy & utilities	14,125	-	14,125	1%	10,711	-	10,711	1%
- financial institutions	45,085	-	45,085	4%	50,868	-	50,868	4%
- health & care	32,123	-	32,123	3%	53,715	-	53,715	4%
- information technology	54,659	-	54,659	4%	61,777	-	61,777	4%
- Other	1,383	-	1,383	0%	-	-	-	0%
Debt Securities								
- corporate bonds (investment grade)	88,218	-	88,218	7%	83,388	-	83,388	6%
Private equity	-	55,350	55,350	4%	-	70,333	70,333	5%
Real Estate: Uk Property	-	97,831	97,831	8%	-	113,676	113,676	8%
Investment Funds & Unit Trusts:								
- equities	613,654	-	613,654	48%	674,317	-	674,317	48%
- bonds	85,014	-	85,014	7%	88,840	-	88,840	6%
- hedge funds	-	4,835	4,835	0%	-	521	521	0%
- other	-	61,297	61,297	5%	-	3,781	3,781	0%
Derivatives:								
					-	65,143	65,143	5%
Cash & cash equivalents	20,822	-	20,822	2%	55,639	-	55,639	4%
Total assets	1,058,060	219,313	1,277,373	100%	1,166,044	253,454	1,419,498	100%

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 2022, estimated based on actual Fund returns as provided by the Actuary and index returns where necessary, is :

- Actual Return from 01 April 2021 to 31st March 2022	12.1 (26.9 previously)
- Estimated returns from 01 April 2021 to 31 March 2022	12.1 (26.9 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:

	2020/21	2021/22
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	21.4 years	21.2 years
- Women	24.0 years	23.8 years
Longevity at 65 for future pensioners:		
- Men	22.5 years	22.2 years
- Women	25.7 years	25.5 years
Rate of increase in salaries	3.3	3.6
Rate of increase in pensions	2.9	3.2
Rate for discounting scheme liabilities	2.0	2.7
Real discount rate for discounting scheme liabilities	(0.9)	(0.5)
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:

Change in assumptions at year ended 31 March 2022	%	£000
0.1% decrease in real discount Rate	2	34,014
1 year increase in member life expectancy	4	67,943
0.1% increase in the Salary Increase Rate	0	3,142
0.1% increase in the Pension Increase Rate	2	30,618

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 (continued)

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 2021 £000	31 March 2022 £000
- Mental Health Section 75 Pooled Budget	-
(221) Youth Offending Services Pooled Budget	(218)

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. Further agreements have since been entered into covering the financial years 2017/18 to 2021/22. 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	3,137	984	-	3,444	7,565
Ensuring Sustainability of Adult Social Care	-	11,322	-	15,813	27,135
Admission Avoidance/Discharge to Access	213	70	10,257	-	10,540
Total 2021/22	3,350	12,376	10,257	19,257	45,240

	c/f 21/22 £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	(389)	(372)	(1,102)	1,863	-

4.2.21 Debtors and Creditors

a - Long Term Debtors

31 March 2021 £000		Note	31 March 2022 £000
2,167	Kickstart	4.2.14d(iii)	2,366
207	Cluster Loans		761
7,748	Smithfield Hotel Loan	4.2.14d(iii)	8,193
72	Home Improvement Loans	4.2.14d(iii)	72
14	Empty Homes Loans		7
2,157	Housing Benefit Overpayment		1,908
7	Other		7
12,372	Sub-total (Group Long Term Debtors)		13,314
34,548	Fortior Homes Loan		37,539
46,920	Total City Council Long Term Debtors		50,853

b - Short Term Debtors

31 March 2021 £000		Note	31 March 2022 £000
30,137	Central Government Bodies		13,688
4,338	Academies		2,062
13,937	Other Local Authorities		6,849
9,792	NHS Bodies		8,942
38,704	Other Entities and Individuals		44,553
96,908	Total		76,094

c - Short Term Creditors

31 March 2021 £000		Note	31 March 2022 £000
46,681	Central Government Bodies		49,964
2,942	Other Local Authorities		1,959
1,938	NHS Bodies		2,337
60,915	Other Entities and Individuals		66,953
112,476	Total		121,213

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 2021/22 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 2021/22 is shown in Note 4.2.23. During 2021/22, no members declared interests in related party companies which as 31st March 2022 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.

Officers

During 2021/22, 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 2021/22, 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, the City Director, Jon Rouse, sits on the board of the company.

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

Transactions and Balances

The City Council raised invoices against Fortior Homes Limited during 2021/22 of £0.230m (£0.247m in 2020/21) for charges incurred on behalf of the company during its establishment period and service charges. As at 31st March 2022 £0.175m (£nil - 2020/21) was outstanding.

In previous years, the City Council has also disposed of assets to Fortior Homes Limited. During 2020/21 this amounted to £0.072m, however no disposals have taken place during 2021/22.

As at 31 March 2022, included within short term debtors there is an intercompany balance of £1.495m (£0.972m in 2020/21) which the City Council owes to Fortior Homes Limited.

In 2021/22, the City Council made loans to Fortior Homes Limited of £1.248m (£4.951m in 2020/21). Interest on the loans for the year is £2.387m (£2.033m in 2020/21).

Related Party Officers/Members

For the Financial year of 2021/22, Councillor Abi Brown was a director of Fortior Homes Limited. In August 2021 Councillor Carl Edwards was appointed as a director. The director of Housing, Growth & Development, Philip Cresswell, was also a director of Fortior Homes Limited during 2021/22.

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 2021/22 of £6.58m (£6.58m in 2020/21) for charges incurred on behalf of the company during its establishment period and service charges. As at 31st March 2022 £0.442m (£1.214m - 2020/21) was outstanding.

Unitas Stoke-on-Trent Limited raised invoices against the City Council during 2021/22 of £60.13m (£53.60m in 2021/22) for repairs and maintenance of housing stock and public buildings. As at 31st March 2022 £9.786m (£7.022m - 2020/21) was outstanding.

As at 31 March 2022, included within short term creditors is an intercompany balance of £2.0m (£2.7m in 2020/21) which the City Council owes to Unitas Stoke-on-Trent Limited.

Related Party Officers/Members

For the Financial year of 2021/22, Councillor James Smith of Unitas Stoke-on-Trent Limited was a director alongside Councillor Carl Edwards, who resigned as a director in May 2021. In October 2021 Councillor Alison Simcock was appointed as a director.

Stoke Energyco Limited (Dormant) - This company is wholly owned by Stoke-on-Trent City Council in order to deal with green energy initiatives. In 2021/22 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 2021/22 no transactions took place.

Stoke on Trent Futures Limited (Dissolved) - This company was a wholly owned by Stoke-on-Trent City Council for the letting and operating of own or leased real estate. In 2021/22 no transactions took place and the company was dissolved on 29 March 2022.

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

2020/21 £000	Note	2021/22 £000
733 Allowances		746
22 Expenses		23
755 Total		769

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.

2020/21 £000	Note	2021/22 £000
144 Fees Payable to external auditors with regard to external audit services carried out by the appointed auditor for the year		70
32 Fees payable to external auditors for the certification of grant claims and returns for the year		57
- Fees payable to external auditors for other assurance work		-
176 Total		127

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:

2020/21 £000	Note	2021/22 £000
(36,444) Depreciation	4.2.11h	(39,997)
(23,695) Impairment & Downward Valuations		(28,971)
(1,130) Amortisations	4.2.11h	(1,566)
(3,386) Increase/(decrease) in impairment for bad debts		1,937
(43,585) (Increase)/decrease in creditors		(4,635)
23,130 Increase/(Decrease) in debtors		(3,271)
(48) (Increase)/decrease in revaluation of stock (write offs)		-
21,980 Movement in pension liability		(45,727)
(31,045) Net carrying amount of non-current assets sold		(7,889)
3,718 Other non-cash items charges to the net Surplus or Deficit on the Provision of Services		3,192
(90,505)		(126,927)

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

2020/21 £000	Note	2021/22 £000
6,165 Proceeds for the sale of PPE, investment property & intangible assets	4.2.8	10,343
59,952 Any other items for which the cash effects are investing or financing activities		70,218
66,117		80,561

iii - Included in Net Cash Flows from operating activities

2020/21 £000	Note	2021/22 £000
(77) Interest received		(10)
15,454 Interest paid		18,505
(3,474) Dividends received		-

4.2.24 Notes to the Cash Flow Statement (continued)

b - Investing Activities

2020/21 £000		Note	2021/22 £000
103,968	Purchase of property, plant & equipment, investment property & intangible assets		117,324
7,181	Purchase of short term and long term investments		1,772
(6,466)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(9,569)
(3,757)	Proceeds from short term and long term investments		(280)
(43,162)	Other receipts from investing activities		(74,857)
57,764	Net cash flows from investing activities		34,390

c - Financing Activities

2020/21 £000		Note	2021/22 £000
7,624	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		8,129
23,017	Other payments from financing activities		16,626
8,739	Repayments of short and long-term borrowing	4.2.24d	49,739
(19,116)	Other receipts from financing activities		(32,480)
(36,000)	Cash receipts of long-term borrowing	4.2.24d	(28,000)
(15,736)	Net cash flows from financing activities		14,014

4.2.24 Notes to the Cash Flow Statement (continued)

d - Reconciliation of Liabilities arising from Financing Activities

1 April 2020 £000	Financing Cash Flows £000	Non Financing Cash Flows £000	31 March 2021 £000		Note	1 April 2021 £000	Financing Cash Flows £000	Non Financing Cash Flows £000	31 March 2022 £000
538,120	36,000	(47,910)	526,210	Long-term borrowings		526,210	28,000	(40,410)	513,800
6,910	(6,910)	47,910	47,910	Short-term borrowings		47,910	(47,910)	40,410	40,410
655	(342)	1,086	1,399	Lease Liabilities	4.2.14j	1,399	(361)	-	1,038
81,315	(7,551)	910	74,674	PFI Liabilities	4.2.13b	74,674	(7,768)	958	67,864
11,769	(1,829)	-	9,940	Transferred Debt		9,940	(1,829)	-	8,111
638,769	19,368	1,996	660,133	Total Liabilities from Financing Activities		660,133	(29,868)	958	631,223

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 2022 is £38.527m.

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 2022/23:

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 2022/23 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 2022
Portland School and Specialist College	2022/23	£9,859,485

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 Account



5.2 Statement of Movement in the Housing Revenue Account

31 March 2021 £000	Note	31 March 2022 £000
7,791 Opening balance		7,123
(8,990) Surplus of (deficit) for the year on the HRA Income and Expenditure Statement	5.1	(23,799)
8,172 Adjustments between accounting basis and funding basis under statute	5.3.2d	22,617
(818) Net increase or (decrease) before transfers to or from reserves		(1,182)
150 Transfers (to) or from reserves	4.2.9b	128
(668) Increase or (decrease) in year on the HRA		(1,054)
7,123 Closing balance		6,069

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 2022 was £1,558,695,500. 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.

Movement on Balance 2021/22 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
Balance at 1 April	588,800	10,068	4,884	17,174	135	3,223	24,964	649,248
Additions	28,747	141	-	584	-	125	11,493	41,090
Revaluation Increases/ (decreases) recognised in the:								
Revaluation Reserve	21,428	(52)	-	-	-	245	-	21,621
Surplus/Deficit on the Provision of Services	(21,261)	(45)	-	-	-	(46)	-	(21,352)
Derecognition through disposal and transfer		(99)	-	-	-	-	-	(99)
Reclassifications within PPE	11,482	(19)	-	-	-	1,150	(12,613)	-
Assets reclassified (to)/from Held for Sale	(5,718)	-	-	-	-	-	-	(5,718)
Balance at 31 March	623,478	9,994	4,884	17,758	135	4,697	23,844	684,790

5.3.1 Notes to the HRA - PPE (continued)

a - Valuation of Housing Assets

Movement on Balance 2021/22	Council Dwellings	Other Land & Buildings	Vehicles Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April	(1,416)	(64)	(2,713)	(4,426)	-	(1,330)	(1,472)	(11,421)
Depreciation charge in year	(15,679)	(177)	(102)	(475)	-	(56)	-	(16,489)
Depreciation written out to the:								
Revaluation Reserve	14,663	150	-	-	-	-	-	14,813
Surplus/Deficit on the Provision of Services	27	14	-	-	-	-	-	41
Impairment losses/(reversals) recognised in the:								
Revaluation Reserve		(37)	-	-	-	-	-	(37)
Surplus/Deficit on the Provision of Services			-	-	-	(1,228)	-	(1,228)
Derecognition through disposal and transfer		36	-	-	-	-	-	36
Reclassifications within PPE	44		-	-	-	(44)	-	-
Assets reclassified (to)/from Held for Sale	131		-	-	-	-	-	131
Balance at 31 March	(2,230)	(78)	(2,815)	(4,901)	-	(2,658)	(1,472)	(14,154)
Net Book Value								
At 31 March 2022	621,248	9,916	2,069	12,857	135	2,039	22,372	670,636
At 31 March 2021	587,384	10,004	2,171	12,748	135	1,893	23,492	637,827

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 2021 was £1,472,000,500. 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.

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
Balance at 1 April	566,524	9,678	4,887	15,988	135	2,701	12,118	612,031
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)
Balance at 31 March	588,800	10,068	4,884	17,174	135	3,223	24,964	649,248

5.3.1 Notes to the HRA - PPE (continued)

a - Valuation of Housing Assets

Movement on Balance 2020/21	Council Dwellings	Other Land & Buildings	Vehicles Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April	(893)	(23)	(2,615)	(3,991)	-	(1,330)	(1,472)	(10,324)
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
Balance at 31 March	(1,416)	(64)	(2,713)	(4,426)	-	(1,330)	(1,472)	(11,421)
Net Book Value								
At 31 March 2021	587,384	10,004	2,171	12,748	135	1,893	23,492	637,827
At 31 March 2020	565,631	9,655	2,272	11,997	135	1,371	10,646	601,707

5.3.2 Notes to the HRA - Capital

a - Major Repairs Reserve

2020/21 £000	Notes	2021/22 £000
9,467	Opening Balance	1,101
15,042	Depreciation on HRA assets	16,511
22	Voluntary debt repayment	(3,361)
(23,430)	Reserve applied	(14,251)
1,101	Closing balance	-

b - HRA Capital Receipts Reserve

2020/21 £000	Notes	2021/22 £000
11,629	Opening Balance	9,362
	Value of Receipts	
-	- Land	-
3,732	- Houses	8,050
-	- Mortgage Repayments	-
-	- Repayments of discount	-
-	- Notional receipts for end of lease	-
	Use of receipts	
(1,319)	- Capital receipts pooling payment to DCLG	(1,320)
(3,174)	- Usable receipts applied to finance HRA capital expenditure	(5,931)
(1,506)	- Usable receipts applied to finance regeneration capital expenditure	-
-	- Funding of disposal costs	(1)
9,362	Closing balance	10,160

5.3.3 Notes to the HRA - Usable Reserves

a - Summary of Capital Expenditure

2020/21 £000	Notes	2021/22 £000
Expenditure:		
37,454	Additions	41,090
204	REFCUS - Payment of Capital Grants	133
37,658		41,223
Financed by:		
7,505	Borrowing	22,491
-	Revenue contribution from earmarked reserves	-
23,430	Major repairs reserves	250
3,174	Usable capital receipts reserve	12,552
3,549	Grants and contributions	5,930
37,658	5.3.2a	41,223

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:

2020/21 £000	Notes	2021/22 £000
Item 8 Credit included within income		
75	Interest receivable	75
-	- Discounts received	-
75		75
Item 8 Debit included within expenditure		
28	Debt management costs	42
6,541	Interest payable and similar charges	6,508
6,569		6,550

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 £3.582m relating to the current service cost of HRA funded employees who participate in the Local Government Pension Scheme. The total defined benefit cost recognised (£2.098m) 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

2020/21 £000	Notes	2021/22 £000
Arrears at year end		
1,836 Current tenants		2,471
2,732 Former tenants		2,611
4,568 Total arrears at year end		5,082
(2,289) Provision in respect of uncollectable debts		(2,119)
2,279 Net arrears at year end		2,963

c - Housing Stock

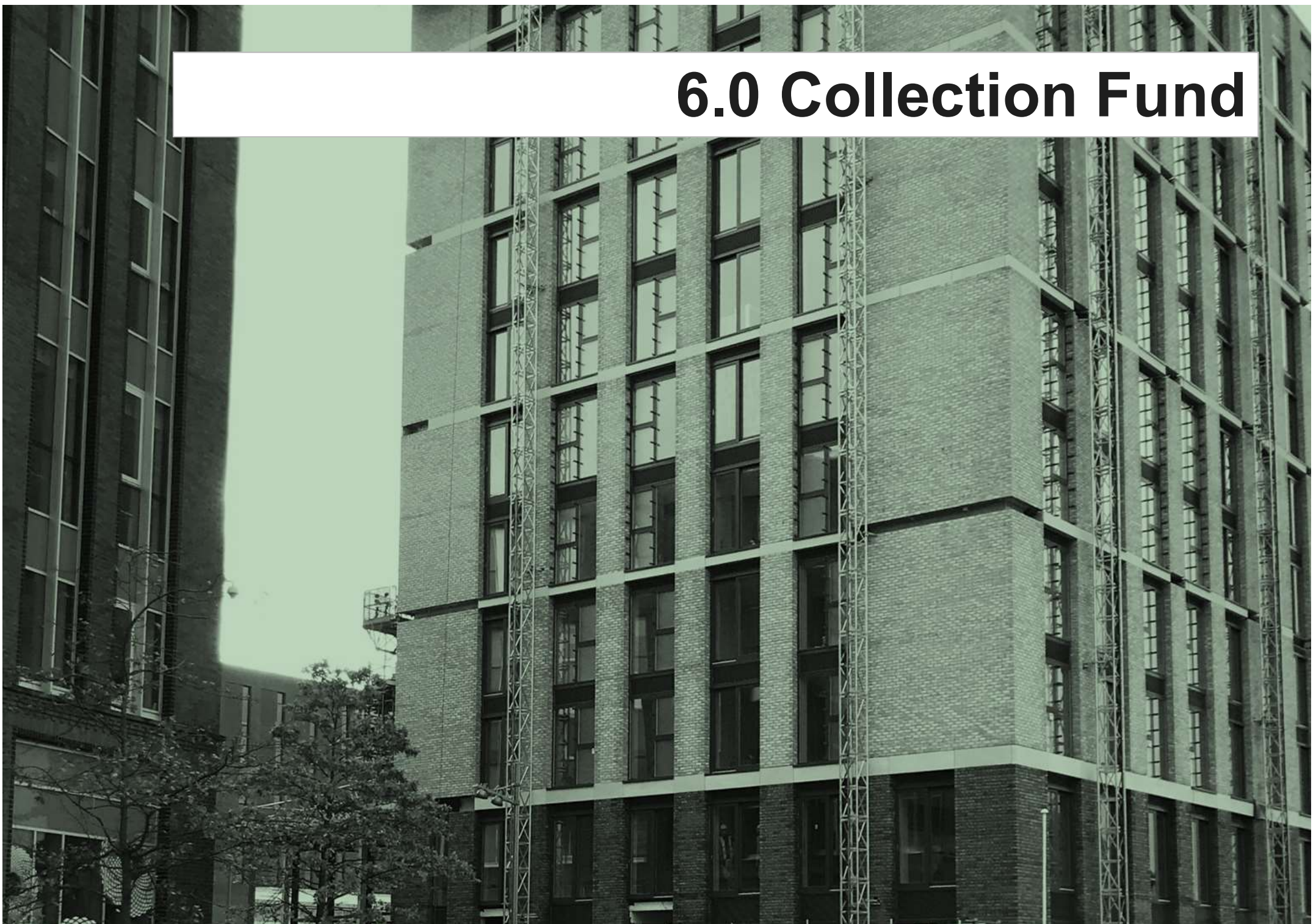
2020/21	Notes	2021/22
17,697 Number of dwellings at the beginning of the year		17,679
28 Purchases		4
(83) Dwellings sold under Right to buy		(164)
(96) Awaiting demolition or unavailable for rent		(65)
133 Other		
17,679 Number of dwellings at the end of the year		17,454
14,860 Houses/bungalows		14,690
2,845 Flats		2,764

5.3.4 Notes to the HRA - Other (continued)

d - Adjustments between accounting basis and funding basis under regulation

2020/21 £000	Notes	2021/22 £000
Adjustments primarily involving the:		
Capital Adjustment Account		
(15,042) Depreciation of non-current assets		(16,488)
(63) Impairment of non-current assets		(1,228)
(12,021) Revaluation losses on property, plant and equipment		(21,311)
(23) Amortisation of intangible assets		(23)
(204) Revenue expenditure funded from capital under statute		(133)
(2,893) Carrying amount of non-current assets written off on disposal to the CIES		(5,780)
3,550 Capital grants and contributions applied		-
- Revenue expenditure funded from capital under statute - funding		-
- HRA - Repayment of debt		3,361
Pensions Reserve		
(2,142) Reversal of items relating to retirement benefits debited or credited to the CIES		(4,340)
1,955 Employer's contributions and direct payments made in year to the pension fund		2,117
(86) Accumulated Absences Account		9
Capital Receipts Reserve		
3,732 Transfer of cash sale proceeds credited as part of gain/loss in disposal to the CIES		8,050
- Contribution from capital receipts reserve to disposal costs		(1)
Major Repairs Reserve		
15,042 Contribution for depreciation		16,511
23 Voluntary contribution		(3,361)
(8,172) Total		(22,617)

6.0 Collection Fund



6.1 Collection Fund Statement

Business				Business			
Rates	Council Tax	Total		Rates	Council Tax	Total	
2020/21	2020/21	2020/21		2021/22	2021/22	2021/22	
£000	£000	£000	Notes	£000	£000	£000	
Income							
50,441	-	50,441	Business ratepayers	6.2.1	75,115	-	75,115
-	131,819	131,819	Council tax		-	136,731	136,731
-	(21,341)	(21,341)	Less council tax local support	6.2.2	-	(19,929)	(19,929)
50,441	110,478	160,919			75,115	116,802	191,917
Charges to the Collection Fund							
-	21	21	Write (offs)/backs of uncollectable amounts		(1,343)	(2,096)	(3,439)
(1,920)	(2,450)	(4,370)	Impairment for uncollectable amounts		1,150	1,020	2,170
(944)	-	(944)	Provision for appeals		(104)	-	(104)
944	-	944	Use of previous years provision		104	-	104
(669)	-	(669)	Disregard amounts (Transitional Protection Payments)		(1,304)	-	(1,304)
(503)	-	(503)	Disregard amounts (Enterprise Zones)		(823)	-	(823)
(352)	-	(352)	Costs of collection		(354)	-	(354)
(3,444)	(2,429)	(5,873)			(2,674)	(1,076)	(3,750)
46,997	108,049	155,046	Balance due for allocation		72,441	115,726	188,167
Precepts, Demands and Shares							
(45,913)	-	(45,913)	Central Government		(42,752)	-	(42,752)
-	(14,978)	(14,978)	The Office of the PCC Staffordshire		-	(15,139)	(15,139)
(925)	(5,140)	(6,065)	Stoke-on-Trent and Staffordshire Fire and Rescue Authority		(864)	(4,999)	(5,863)
(45,338)	(90,344)	(135,682)	Stoke-on-Trent City Council		(42,326)	(90,458)	(132,784)
(92,176)	(110,462)	(202,638)			(85,942)	(110,596)	(196,538)
(45,179)	(2,413)	(47,592)			(13,501)	5,130	(8,371)

6.1 Collection Fund Statement (continued)

Business			Business			
Rates	Council Tax	Total	Rates	Council Tax	Total	
2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	
£000	£000	£000	£000	£000	£000	
			Notes			
Collection Fund Balance						
(2,921)	4,100	1,179	Balance at the beginning of the year	(44,477)	(2,251)	(46,728)
Previous year's estimated (surplus)/deficit						
- paid in current year						
1,149	-	1,149	Central Government	21,618	-	21,618
-	(534)	(534)	The Office of the PCC Staffordshire	-	109	109
36	(187)	(151)	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	425	37	462
2,438	(3,217)	(779)	Stoke-on-Trent City Council	20,685	656	21,341
3,623	(3,938)	(315)		42,728	802	43,530
Allocation of Surplus/(Deficit) in Year						
(22,589)	-	(22,589)	Central Government	(6,750)	-	(6,750)
-	(327)	(327)	The Office of the PCC Staffordshire	-	705	705
(452)	(113)	(565)	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	(135)	233	98
(22,138)	(1,973)	(24,111)	Stoke-on-Trent City Council	(6,615)	4,192	(2,423)
(45,179)	(2,413)	(47,592)		(13,500)	5,130	(8,370)
(44,477)	(2,251)	(46,728)	Balance at the End of the Year	(15,249)	3,681	(11,568)
Allocation of collection fund balance to:						
(22,239)	-	(22,239)	Central Government	(7,624)	-	(7,624)
-	(305)	(305)	The Office of the PCC Staffordshire	-	509	509
(445)	(105)	(550)	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	(152)	165	13
(21,793)	(1,841)	(23,634)	Stoke-on-Trent City Council	(7,471)	3,007	(4,464)
(44,477)	(2,251)	(46,728)		(15,247)	3,681	(11,566)

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 £42,326k plus a proportion of the year end deficit of £6,615k (see note 6.1). In addition £30,858k was received as non-domestic rates top up.

2020/21	Note	2021/22
51.2p Business rate multiplier		51.2p
49.9p Small business rate relief multiplier		49.9p
£ 235,417,632 Non-domestic rateable value at year-end		£ 235,700,047

2020/21 £000	Note	2021/22 £000
115,191 NDR gross charge		113,218
669 Transitional relief		1,304
(17,067) Mandatory relief		(16,951)
(44,342) Discretionary relief		(18,554)
(4,010) Other		(3,903)
50,441	6.1	75,114
- Amounts written (off)/on	6.1	1,343
50,441		76,457

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:

2020/21 £000	Note	2021/22 £000
146,217 Council tax gross charge		154,320
(3,775) Exemptions		(4,300)
(12,364) Discounts		(13,187)
(88) Disabled allowances		(102)
129,990		136,731
21 Amounts written (off)/on		(2,096)
130,011		134,635
(21,341) Council tax local support	6.1	(19,929)
108,670		114,706

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

2020/21 (£)	Note	2021/22 (£)
90,344,332 Stoke-on-Trent City Council	6.1	90,457,839
14,977,871 The Office of the Police and Crime Commissioner Staffordshire	6.1	15,139,342
5,139,681 Stoke-on-Trent and Staffordshire Fire and Rescue Authority	6.1	4,999,276
110,461,884	6.1	110,596,457

2020/21 Derivation of the Band D Council Tax	Note	2021/22
£90.344m Council Tax Requirement	6.1	90,458
66,542 Tax Base		63,459
£ 1,357.71 City Council Band D		£ 1,425.46
£ 225.09 The Office of the Police and Crime Commissioner Staffordshire		£ 238.57
£ 77.24 Stoke-on-Trent and Staffordshire Fire and Rescue Authority		£ 78.78
£ 1,660.04 Combined Band D Council Tax		£ 1,742.81

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
A (entitled to Disabled Reduction)		-	114	5/9	63.2
A	Up to £40,000	70,269	61,391	6/9	40,927.3
B	£40,001 - £52,000	25,074	22,650	7/9	17,616.3
C	£52,001 - £68,000	15,615	14,303	8/9	12,713.6
D	£68,001 - £88,000	5,293	5,038	1	5,038.4
E	£88,001 - £120,000	1,855	1,752	11/9	2,141.0
F	£120,001 - £160,000	515	491	13/9	708.9
G	£160,001 - £320,000	179	156	15/9	260.0
H	Over £320,000	44	25	18/9	50.5
					79,519.2
Local council tax support scheme: Estimated level of discounts to be awarded					(12,003.8)
Care Leavers					(6.0)
					67,509.4
Adjustments for collection rates					(4,050.7)
Council Tax Base for 2021/22					63,458.7

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 2021/22 was:

2020/21 £	Valuation Band	Stoke-on-Trent City Council	The Office of the Police and Crime Commissioner	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	2021/22 £
1,106.69	A	950.30	159.05	52.52	1,161.87
1,291.14	B	1,108.70	185.55	61.27	1,355.52
1,475.59	C	1,267.07	212.06	70.03	1,549.16
1,660.04	D	1,425.46	238.57	78.78	1,742.81
2,033.94	E	1,742.22	291.59	96.29	2,130.10
2,397.84	F	2,059.00	344.60	113.79	2,517.39
2,766.73	G	2,375.76	397.62	131.30	2,904.68
3,320.08	H	2,850.92	477.14	157.56	3,485.62

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. 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 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 surplus on the CIES increased by £5.761m (£5.254m - 2020/21), the net assets decreased by £38.232m (£21.546m - 2020/21) and the net increase (decrease) in cash increased by £2.974m (£0.089m - 2020/21).

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 31 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 2021/22.

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

2020/21				2021/22			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
156,501	(80,142)	76,359	Children and Family Services		173,568	(85,332)	88,236
171,901	(115,678)	56,223	Social Care, Health Integration and Wellbeing		171,192	(115,865)	55,327
112,831	(32,310)	80,521	Housing, Development and Growth		108,564	(43,453)	65,111
35,079	(6,496)	28,583	Strategy and Resources		42,062	(7,670)	34,392
685	-	685	City Director		749	-	749
66,732	(66,071)	661	Housing Revenue Account		75,034	(67,256)	7,778
43,921	(46,098)	(2,177)	Schools		43,078	(41,879)	1,199
1,168	-	1,168	Civic and Corporate Expenses		878	-	878
67,747	(66,221)	1,526	Benefit Payments		64,573	(62,837)	1,736
594	(797)	(203)	Non Departmental Costs		(1,920)	(2,518)	(4,438)
910	-	910	- Redundancy/Actuarial Strain		540	-	540
658,069	(413,813)	244,256	Net Cost of Services		678,318	(426,810)	251,508
		1,186	Other Operating Expenditure	4.2.6b			(403)
		60,879	Financing and Investment Income and Expenditure				36,521
		(296,437)	Taxation and Non-specific Grant Income	4.2.6d			(306,713)
		9,884	(Surplus)/Deficit on Provision of Services				(19,087)

7.2 Comprehensive Income and Expenditure Statement - Group (continued)

2020/21	Net Expenditure £000	<i>Continuing Service Areas</i>	Note	2021/22	Net Expenditure £000
	9,884	(Surplus)/Deficit on Provision of Services			(19,087)
	(40,042)	(Surplus)/deficit on revaluation of non-current assets	4.2.10b		(45,971)
	491	Impairment losses on non-current assets charged to revaluation reserves	4.2.10b		67
	(382)	(Surplus)/deficit from investments in equity instruments designated at fair value through other comprehensive income	4.2.10f		(2,150)
	154,203	Remeasurements on pension fund (assets) & liabilities	4.2.19c		(260,751)
	114,270	Other Comprehensive Income and Expenditure			(308,805)
	124,154	Total Comprehensive Income and Expenditure			(327,892)

7.3 Balance Sheet - Group

31 March 2021			31 March 2022	
£000		Note	£000	
1,309,324	Property, Plant and Equipment	7.6b	1,390,945	
65,654	Heritage Assets	4.2.11e	65,389	
60,808	Investment Property	7.6c	74,689	
5,093	Intangible Assets		6,008	
2,824	Long Term Investments	4.2.14d	4,974	
12,372	Long Term Debtors	4.2.21a	13,314	
13,184	Pension Contribution Asset	4.2.19e	-	
1,469,259	Long Term Assets		1,555,319	
12,308	Pension Contribution Asset	4.2.19e	13,184	
54	Short Term Investments		20	
1,238	Assets Held For Sale		1,770	
3,047	Stocks		1,262	
91,899	Short Term Debtors	7.6d	68,146	
15,898	Cash and Cash Equivalents	4.2.14e	30,160	
124,444	Current Assets		114,542	
(54,013)	Short Term Borrowing	4.2.14b	(45,924)	
(9,000)	Other Short Term Liabilities	4.2.14b	(9,512)	
(109,972)	Short Term Creditors	7.6e	(115,465)	
(4,254)	Grants Receipts in Advance	4.2.16b	(4,054)	
(3,317)	Provisions		(3,224)	
(180,556)	Current Liabilities		(178,179)	
(5,362)	Provisions	4.2.15	(5,975)	
(526,211)	Long Term Borrowing	4.2.14b	(513,801)	
(90,263)	Other Long Term Liabilities	4.2.14b	(80,035)	
(558,131)	Net Pensions Liabilities		(330,799)	
(1,179,967)	Long Term Liabilities		(930,610)	
233,180	Net Assets		561,072	

7.3 Balance Sheet - Group (continued)

31 March 2021 £000	Note	31 March 2022 £000
11,000	General Fund Balance	11,402
91,345	Earmarked Reserves - General Fund	91,163
12,482	Usable Capital Receipts Reserve	12,856
7,123	Housing Revenue Account Balance	6,069
669	Earmarked Reserves - HRA	541
1,101	Major Repairs Reserve	-
19,520	Capital Grants Unapplied	50,449
(46,426)	Subsidiary Profit & Loss	(40,774)
96,814	Usable Reserves	131,706
443,279	Capital Adjustment Account	445,506
256,660	Revaluation Reserve	297,858
(23,634)	Collection Fund Adjustment Account	(4,464)
(519,604)	Pensions Reserve (Deficit)	(292,272)
(4,726)	Accumulated Absences Account	(4,478)
(2,642)	Financial Instruments Adjustment Account	(2,440)
2,805	Financial Instruments Revaluation Reserve	4,955
(21,202)	Dedicated Schools Grant Adjustment Account	(21,202)
5,430	Deferred Capital Receipts Reserve	5,903
136,366	Unusable Reserves	429,366
233,180	Total Reserves	561,072

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 £000	Total Group Reserves £000
Balance at 31 March 2021		102,346	7,792	1,101	12,482	19,520	143,241	130,852	274,093	(40,913)	233,180
Group Surplus/Deficit	7.2	24,122	46,379	-	-	-	70,501	-	70,501	(51,414)	19,087
Other Comprehensive Income and Expenditure	7.2	-	-	-	-	-	-	308,805	308,805	-	308,805
Adjustments between group accounts and authority accounts	7.6f	13,002	(70,177)	-	-	-	(57,175)	(2,476)	(59,651)	59,651	-
Net increase or decrease before transfers		37,124	(23,798)	-	-	-	13,326	306,329	319,655	8,237	327,892
Adjustments between accounting basis and funding basis under statutory provisions	4.2.8	(36,904)	22,617	(1,101)	374	30,929	15,915	(15,915)	-	-	-
Increase or decrease in year		220	(1,181)	(1,101)	374	30,929	29,241	290,414	319,655	8,237	327,892
Balance at 31 March 2022		102,566	6,611	-	12,856	50,449	172,482	421,266	593,748	(32,676)	561,072

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 £000	Total Group Reserves £000
Balance at 31 March 2020		39,572	8,610	9,467	14,235	7,900	79,784	301,813	381,597	(24,263)	357,334
Reporting of Schools Budget Deficit to new Account at 1 April 2020	4.2.10g	21,217	-	-	-	-	21,217	(21,217)	-	-	-
Restated balance at 1 April 2020		60,789	8,610	9,467	14,235	7,900	101,001	280,596	381,597	(24,263)	357,334
Group Surplus/Deficit	7.2	(3,344)	49,559	-	-	-	46,215	-	46,215	(56,099)	(9,884)
Other Comprehensive Income and Expenditure	7.2	-	-	-	-	-	-	(97,628)	(97,628)	(16,642)	(114,270)
Adjustments between group accounts and authority accounts	7.6f	10,425	(58,548)	-	-	-	(48,123)	(7,968)	(56,091)	56,091	-
Net increase or decrease before transfers		7,081	(8,989)	-	-	-	(1,908)	(105,596)	(107,504)	(16,650)	(124,154)

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 £000	Total Group Reserves £000
Net increase or decrease before transfers		7,081	(8,989)	-	-	-	(1,908)	(105,596)	(107,504)	(16,650)	(124,154)
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)	-	-	-
Increase or decrease in year		41,557	(817)	(8,366)	(1,754)	11,620	42,240	(149,744)	(107,504)	(16,650)	(124,154)
Balance at 31 March 2021		102,346	7,792	1,101	12,482	19,520	143,241	130,852	274,093	(40,913)	233,180

7.5 Cashflow Statement - Group

2020/21 £000	Note	2021/22 £000
(9,884) Net surplus/(deficit) on the provision of services	7.2	19,087
96,702 Adjustments to net surplus or deficit on the provision of services for non-cash movements		121,110
(62,945) Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(77,419)
23,873 Net Cash Flows from Operating Activities		62,778
(59,246) Net Cash Flows from Investing Activities		(34,502)
15,736 Net Cash Flows from Financing Activities	4.2.24c	(14,014)
(19,637) Net Increase or decrease in Cash and Cash Equivalents		14,262
35,535 Cash and Cash Equivalents at the beginning of the reporting period	7.3	15,898
15,898 Cash and Cash Equivalents at the end of the reporting period	7.3	30,160

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 2021/22 - the draft accounts of Fortior Homes Limited and Unitas Stoke-on-Trent Limited for the period ended 31 March 2022.
- For 2020/21 - the final accounts of Fortior Homes Limited and Unitas Stoke-on-Trent Limited for the period ended 31 March 2021.

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 (continued)

b - Property, Plant & Equipment

Movement on Balance 2021/22 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
Balance at 1 April	588,800	366,589	58,515	263,069	37,460	33,415	66,522	1,414,370
Additions	28,747	17,640	4,225	21,575	347	478	47,719	120,731
Revaluation Increases/ (decreases) recognised in the:								
Revaluation Reserve	21,428	688	-	-	-	2,642	-	24,758
Surplus/Deficit on the Provision of Services	(21,261)	(5,657)	-	-	-	(863)	-	(27,781)
Derecognition through disposal and transfer (non- schools)	-	(126)	(2,318)	(11,810)	(8)	(177)	(1,322)	(15,761)
Derecognition through disposal and transfer (schools)	-	-	-	-	-	-	-	-
Reclassifications within PPE	11,482	1,914	-	66	9	482	(13,953)	-
Reclassifications to IP	-	-	-	-	-	-	(5,472)	(5,472)
Assets reclassified (to)/from Held for Sale	(5,718)	(180)	-	-	-	(685)	-	(6,583)
Balance at 31 March	623,478	380,868	60,422	272,900	37,808	35,292	93,494	1,504,262

7.6 Notes to the Group Accounts (continued)

b - Property, Plant & Equipment

Movement on Balance 2021/22 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
Balance at 1 April	(1,416)	(5,825)	(32,534)	(59,968)	(1,237)	(2,573)	(1,492)	(105,045)
Depreciation charge in year	(15,679)	(9,566)	(6,009)	(8,721)	-	(101)	-	(40,076)
Depreciation written out to the:								-
Revaluation Reserve	14,663	6,222	(3)	-	-	384	-	21,266
Surplus/Deficit on the Provision of Services	27	2,279	(8)	-	-	74	-	2,372
Impairment losses/(reversals) recognised in the:								-
Revaluation Reserve	-	(45)	-	-	-	(19)	-	(64)
Surplus/Deficit on the Provision of Services	-	(2,099)	-	(2,431)	(217)	(1,277)	-	(6,024)
Derecognition through disposal and transfer (non- schools)	-	36	2,247	11,810	-	19	12	
Derecognition through disposal and transfer (schools)	-	-	-	-	-	-	-	-
Reclassifications within PPE	44	3	-	(10)	3	(22)	(19)	(1)
Assets reclassified (to)/from Held for Sale	131	-	-	-	-	-	-	131
Balance at 31 March	(2,230)	(8,995)	(36,307)	(59,320)	(1,451)	(3,515)	(1,499)	(113,317)
Net Book Value								
At 31 March 2022	621,248	371,873	24,115	213,580	36,357	31,777	91,995	1,390,945
At 31 March 2021	587,384	360,764	25,981	203,101	36,223	30,842	65,030	1,309,324

7.6 Notes to the Group Accounts (continued)

b - Property, Plant & Equipment

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
Balance at 1 April	566,524	383,911	59,213	248,465	36,850	38,642	61,608	1,395,213
Additions	22,639	12,896	6,942	23,664	610	1,752	35,072	103,575
Revaluation Increases/ (decreases) recognised in the:								
Revaluation Reserve	14,255	7,592	-	-	-	209	-	22,056
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)
Schools	-	(26,273)	(1,338)	(18)	-	-	-	(27,629)
Schools	447	(1,183)	-	932	-	(1,293)	1,097	-
Reclassifications	-	-	-	-	-	-	(31,255)	(31,255)
Assets reclassified (to)/from Held for Sale	(2,811)	(503)	-	-	-	(740)	-	(4,054)
Balance at 31 March	588,800	366,589	58,515	263,069	37,460	33,415	66,522	1,414,370

7.6 Notes to the Group Accounts (continued)

b - Property, Plant & Equipment

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
Balance at 1 April	(893)	(6,176)	(34,519)	(58,731)	(1,001)	(4,189)	(1,475)	(106,984)
Depreciation charge in year	(14,334)	(8,799)	(5,284)	(7,833)	-	(101)	-	(36,351)
Depreciation written out to the Revaluation Reserve	-	-	-	-	-	-	-	-
Surplus/Deficit on the Provision of Services	13,387	5,611	-	-	-	75	-	19,073
Impairment losses/(reversals) recognised in the:	357	2,914	-	-	-	502	-	3,773
Revaluation Reserve	-	-	-	-	-	-	-	-
Surplus/Deficit on the Provision of Services	-	(71)	-	-	-	(420)	-	(491)
Derecognition through disposal and transfer (non- schools)	-	(996)	-	(2,991)	(236)	(345)	-	(4,568)
Derecognition through disposal and transfer (schools)	-	322	6,268	9,974	-	2,160	-	-
Reclassifications within PPE	-	697	1,001	7	-	-	-	1,705
Assets reclassified (to)/from Held for Sale	(7)	673	-	(394)	-	(255)	(17)	-
	74	-	-	-	-	-	-	74
Balance at 31 March	(1,416)	(5,825)	(32,534)	(59,968)	(1,237)	(2,573)	(1,492)	(105,045)
Net Book Value								
At 31 March 2021	587,384	360,764	25,981	203,101	36,223	30,842	65,030	1,309,324
At 31 March 2020	565,631	377,735	24,694	189,734	35,849	34,453	60,133	1,288,229

7.6 Notes to the Group Accounts (continued)

c - Group Investment Property

Note	City Council £000	Fortior Homes Ltd £000	Total Assets £000
At 1 April 2020	20,212	10,764	30,976
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
At 31 March 2021	26,751	34,057	60,808
Additions	50	11	61
Upward revaluation	3,234	5,631	8,865
Downward revaluation	(518)	-	(518)
Disposals	-	-	-
Reclassification to/(from) investment property	3,123	2,350	5,473
At 31 March 2022	32,640	42,049	74,689

7.6 Notes to the Group Accounts (continued)

d - Short Term Debtors

31 March 2021 £000		Note	31 March 2022 £000
30,137	Central government bodies	4.2.21b	13,688
4,338	Academies	4.2.21b	2,062
13,937	Other local authorities	4.2.21b	6,849
9,792	NHS bodies	4.2.21b	8,942
33,728	Other entities and individuals		36,605
91,932			68,146

e - Short Term Creditors

31 March 2021 £000		Note	31 March 2022 £000
46,681	Central government bodies	4.2.21c	49,964
2,942	Other local authorities	4.2.21c	1,959
1,938	NHS bodies	4.2.21c	2,337
58,465	Other entities and individuals		61,204
110,026			115,464

7.6 Notes to the Group Accounts (continued)

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

	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
2021/22	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Sale of goods and services to subsidiaries	7,580	-	-	-	-	7,580	-	7,580	(7,580)	-
Purchases of goods and services from subsidiaries		(70,177)	-	-	-	(70,177)	-	(70,177)	70,177	-
Elimination of interest on loans	2,387	-	-	-	-	2,387	-	2,387	(2,387)	-
Surplus reallocation	3,143	-	-	-	-	3,143	-	3,143	(3,143)	-
Share valuation movement		-	-	-	-	-	(2,476)	(2,476)	2,476	-
Expected credit loss on long term loan	(108)	-	-	-	-	(108)	-	(108)	108	-
Adjustments between group accounts and authority accounts	13,002	(70,177)	-	-	-	(57,175)	(2,476)	(59,651)	59,651	-

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)	-
Adjustments between group accounts and authority accounts	10,425	(58,548)	-	-	-	(48,123)	(7,968)	(56,091)	56,091	-

8.0 Other Statements



8.1 Statement of Accounting Policies (continued)

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 2021/22, 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.

8.1 Statement of Accounting Policies (continued)

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..

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.

8.1 Statement of Accounting Policies (continued)

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.

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.

8.1 Statement of Accounting Policies (continued)

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).

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.

8.1 Statement of Accounting Policies (continued)

Employee Benefits (continued)

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.

8.1 Statement of Accounting Policies (continued)

Financial Instruments (continued)

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.

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

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 marked 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.

8.1 Statement of Accounting Policies (continued)

Financial Instruments (continued)

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.

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.

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.

8.1 Statement of Accounting Policies (continued)

Financial Instruments (continued)

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).

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.

8.1 Statement of Accounting Policies (continued)

Heritage Assets (continued)

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.

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.

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.

8.1 Statement of Accounting Policies (continued)

Heritage Assets (continued)

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.

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.

8.1 Statement of Accounting Policies (continued)

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.

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.

8.1 Statement of Accounting Policies (continued)

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.

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.

8.1 Statement of Accounting Policies (continued)

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.

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.

8.1 Statement of Accounting Policies (continued)

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.

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.

8.1 Statement of Accounting Policies (continued)

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.

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.

8.1 Statement of Accounting Policies (continued)

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.

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.

8.1 Statement of Accounting Policies (continued)

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. as to whether any indication of impairment of its assets exists or that any impairment loss previously recognised may have decreased.

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.

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.

8.1 Statement of Accounting Policies (continued)

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.

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.44.

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.

8.1 Statement of Accounting Policies (continued)

Schools - Foundation Schools and Academies (continued)

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.

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 (i.e., 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.

8.2 Glossary of Financial Terms (continued)

Term	Definition
Assets under construction	Property, plant and equipment that is being constructed for use by the Council but which is not yet operational.
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.

8.2 Glossary of Financial Terms (continued)

Term	Definition
Capital Receipts Reserve	The reserve in the Balance Sheet that holds the capital receipts that have yet to be applied to financing capital expenditure.
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).

8.2 Glossary of Financial Terms (continued)

Term	Definition
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
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.

8.2 Glossary of Financial Terms (continued)

Term	Definition
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).
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.

8.2 Glossary of Financial Terms (continued)

Term	Definition
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 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.
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.
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.

8.2 Glossary of Financial Terms (continued)

Term	Definition
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.
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.

8.2 Glossary of Financial Terms (continued)

Term	Definition
Past service cost	The change in pensions liabilities relating to employee service in previous years as 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.
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.

8.2 Glossary of Financial Terms (continued)

Term	Definition
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.
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.

8.2 Glossary of Financial Terms (continued)

Term	Definition
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 (e.g.) recover a debt.