Telford & Wrekin Council

Unaudited Statement of Accounts

2019/20

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Financial Statements

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Narrative Report

The Narrative Report provides a summary of the Council's performance for 2019/20 and is presented in the following sections:

A. ORGANISATIONAL OVERVIEW

1. Introduction

Telford & Wrekin Council is a Unitary Authority created in 1998. Situated in Shropshire, the Borough is a mix of urban and rural areas including Telford New Town, the market town of Newport and the UNESCO World Heritage Site, the Ironbridge Gorge – the birthplace of the industrial revolution. Surrounded by countryside and farmland, more than two thirds of the Borough is classified as rural.

The Council delivers a vast range of services to its community, of almost 180,000 people, including Education, Waste Collection and Disposal, Care for Vulnerable Adults and Children, Libraries, Leisure Centres and Play Facilities.

Following the May 2019 elections, the Council adopted a new Council Programme *"Protect, Care and Invest to create a better borough"*. It is a vision which is centred on building a strong local identity and resilient and healthy communities by driving housing and economic growth whilst protecting and enhancing our reputation as a green town. The Council's ambition is for Telford & Wrekin Council to be known as "The place of enterprise, innovation and partnership". The programme identifies the organisations priorities which are shown below.

- Protect care and support our most vulnerable children and adults
- Securing the best possible start in life for children and young people
- Protect and champion our environment, culture and heritage
- Improving health and wellbeing across Telford and Wrekin
- Supporting communities and those most in need and work to give residents access to suitable housing
- Keep neighbourhoods safe, clean and well connected
- Improve local people's prospects through better education, skills and training
- Protect and create jobs as a 'Business Supporting, Business Winning Council'

The four year Programme, which is available on the Council's web site (link below), identifies the organisation's strategies to deliver these priorities.

Working with other organisations to develop and deliver alternative service solutions is a key aspect of the Service & Financial Planning Strategy so that communities become more resilient and self-supporting.

Council Plan/ Programme	http://www.telford.gov.uk/downloads/file/1604/council_plan

2. Background Information

Political Context

The Borough is divided into 30 wards and there are 54 Councillors. Borough elections are held every 4 years, with the most recent being held in May 2019 and the next election due in May 2023.

The Council operates a Leader with Cabinet decision making system. The Council is Labour controlled.

Legislative Framework

The Council operates within the legislative and regulatory framework as determined by Government. The Statement of Accounts are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting and the 2015 Accounts and Audit Regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, and comply with the relevant Local Government Acts, Accounting Standards and other CIPFA guidance.

Economic Profile

The Borough has a diverse manufacturing sector, a flourishing tourism sector and research and development facilities. There is a strong focus on manufacturing with other important sectors being advanced engineering, food and drink, construction, education and retail.

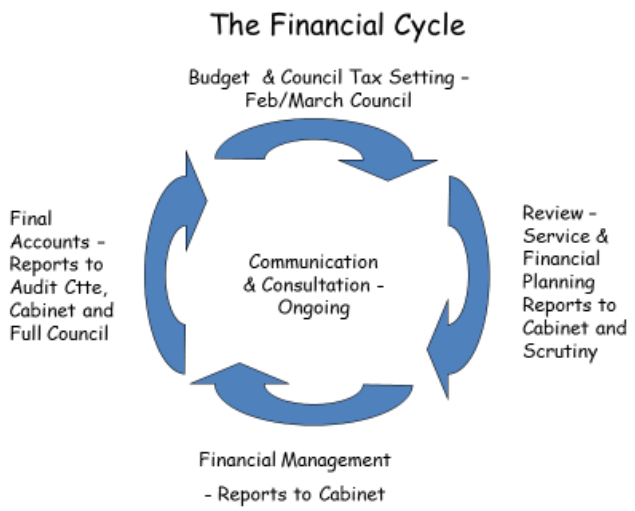
An estimated 85,900 people were employed in the Borough in June 2019

There were 5,065 business units, in VAT and/or PAYE based enterprises in the Borough in the year ending March 2019, an increase of 125 from the previous year.

An estimated 2,800 of the Borough's working age population were unemployed between July 2018 and June 2019, down 1,400 from the previous year.

Tourism is an important contribution to the local economy with 4.5 million visitors each year, including 1.5 million visitors to the Telford Town Park, Southwater and the Ironbridge Gorge bringing £800m economic benefit to the borough.

3. The Council's Financial and Reporting Cycles



Reports to Council, Cabinet and Audit Committee can be accessed via the Council's web site.

4. An Overview of the Budget 2019/20

2019/20 Budgeted Net Revenue Spend		
	£m	%
2019/20 Total Net Revenue Spend	**121.413**	
Funded From:		
Government Grant (RSG and 'Top Up' Grant)	**14.415**	**12**
Retained Business Rates	**39.337**	**32**
Council Tax	**65.911**	**55**
Collection Fund and Balances	**1.750**	**1**
Total Funding	**121.413**	**100**

5. Workforce Analysis

	31 March 2019		31 March 2020	
	Head Count	**FTE**	**Head count**	**FTE**
Male	686	594.75	701	608.22
Female	1,950	1,413.40	1,972	1,425.65
Total	**2,636**	**2,008.15**	**2,673**	**2,033.87**

Gender Pay Information	https://www.telford.gov.uk/downloads/file/8039/workforce_equality_information_report_2019

B. GOVERNANCE & TRANSPARENCY

The 2019/20 Annual Governance Statement is included within the Statement of Accounts – see page 31. The Statement outlines that the Council has adhered to its Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

The Council is committed to openness and transparency and publishes details of all spending over £100 every month (link below). The Statement of Accounts are a public record of the Council's financial position for 2019/20; showing what has been spent, income that has been received, together with assets and liabilities. The Statement of Accounts is prepared on an International Financial Reporting Standards (IFRS) basis as interpreted by the Local Government Accounting Code of Practice. The information is presented as simply and clearly as possible whilst adhering to the IFRS reporting regulations.

Spend Over £100	http://www.telford.gov.uk/info/20110/budgets_and_spending/55/expenditure_over_100

C. BE THE CHANGE - OPERATIONAL MODEL

Despite the severe financial constraints, Telford & Wrekin is a progressive Council with ambitions to improve the Borough and lives of residents. The organisation will continue to change and develop in response to the challenges we face, particularly the need to make further savings. The organisational strategy "Be the Change" sets out how this is being achieved, based around five themes:

1. Solving problems and promoting social responsibility to reduce demand for services – the Council can no longer afford to, neither is it right that the Council can fix every family or community challenge. It is the role of the Council and its partners to work with and support families and communities and so reduce demand on public services.

2. Challenging and changing, reviewing and reimagining how we do things – despite the savings we have had to make, we have worked hard to avoid simply cutting services to balance the books – this would be the easy thing to do. We have had to be creative and find new ways to deliver services and ensure that our services are as efficient as possible. For example, working with Town and Parish Councils, community groups and organisations to deliver libraries, community centres, markets, children's centres and youth services. Examples include "Feed the Birds" scheme to tackle social isolation and "Bench to Bench" to encourage people into activity.

3. Reducing our Dependency on Government Grants – this is an essential part of our financial strategy; to increase and maximise income into the Council from sources other than Government Grants, for example the Solar Farm, NuPlace (a wholly owned housing company) and securing external funding.

4. Being a Modern Organisation, with Modern Practices and where we always get the Basics Right

- **Workforce** – the Council has a hard working and dedicated workforce committed to the values of service and making a difference to the community. Our workforce strategy sets out how we will work to continually support the workforce to ensure that they have the right skills and knowledge to deliver services.
- **Technology** – investing in ICT to keep our systems up to date is an essential part of "Be the Change" which will drive efficiencies and savings as well as ensuring that the ICT network is robust.
- **Customer Focus** – improving the customer journey and outcomes by driving digital transformation including the enablement of "self-service" at the customer's convenience through "My Telford". Full detail is in the Council's digital strategy.

- **Performance** – our performance framework tracks the progress we are making to delivery our priorities. This is an essential part of our approach to evidence based decision making.
- **Financial Management** – the Service & Financial Planning Strategy sets out how we will use our money to deliver our priorities and value for money, including where we will invest more in our priorities and where we are still required to make savings and deliver efficiencies.

5. Joining the Dots - working to ensure that our services work effectively together where this will drive improvement in outcomes for the community. This includes challenging ourselves to ask whether there are opportunities to work collaboratively with other Council services, public services and community partners.

D. RISKS AND OPPORTUNITIES

The strategic risk register identifies the substantive issues which need to be managed but which could impact negatively on delivery of the Council's priorities. The key strategic risks identified for 2019/20 are listed below, with details of the steps that the Council is taking to manage these key risks included in our risk register.

Death or serious harm of a vulnerable child or vulnerable adult (Breach of duty of care)
Inability to match available resources (financial, people and assets) with statutory obligations, agreed priorities and service standards
Inability to deliver financial strategy including capital receipts, savings and commercial income
The impact of organisational and culture change in the Council and partner organisations within the constraints of the public sector economy
The impact of losing skills, knowledge and experience (retention and recruitment)
Significant business interruption affecting ability to provide priority services
Inability to manage the health and safety risks in delivering the Council's functions (including building security and cyber security)
Inability to deliver effective information governance
Inability to respond adequately to a significant emergency affecting the community and/or ability to provide priority services (including provider financial failure)
Inability to respond to impact of climate emergency or severe weather events.
Inability to respond to the impact and implications of Brexit

The full risk register (link below) assesses the likelihood and impact of each risk together with the controls in place to manage and mitigate these. The risk register is reviewed and updated on a regular basis.

A separate risk register is in place as part of the emergency response to the CV-19 pandemic – see Section F for more details.

Corporate Risk Register	https://democracy.telford.gov.uk/mgAi.aspx?ID=3726#mgDocuments Appendix 3

The Council continually seeks and seizes opportunities. The organisational strategy "Be the Change" themes described in Section C of the Narrative Report identifies the opportunities being taken to develop services; some of the key opportunities for the future being:

Ongoing investment through the Telford Growth Fund in our Property Investment Portfolio, as part of the "Business Winning, Business Supporting approach" to boost jobs, the economy and generate income
Increasing income through trading and new commercial projects (including continuing to support and develop NuPlace, the Council's wholly owned Housing Company to provide new homes for rent)
Bringing more public services together so that people get what they need at the right time and in the right place
Involving local people and our employees in the planning and running of services
Supporting communities better and encouraging local people and organisations to do more to help their communities
Channel Shift by providing services and information in the most efficient way, encouraging "self-service" and the use of "apps" such as the Everyday Telford App

E. PERFORMANCE

The core elements of the Council's corporate planning framework in place during 2019/20 were:

- **Council Plan 2019/20 to 2023/24** – identifies the organisation's community priorities and strategy to deliver these priorities in a period of unprecedented change for local government (link below).
- **Service & Financial Planning Strategy** – focussed on allocating our financial resources to services to deliver organisational and statutory priorities (link below),
- **Workforce Strategy** – sets out our approach to upskilling and supporting the workforce to ensure that they have the skills and knowledge to deliver their objectives. This has been underpinned by an additional £250,000 investment. It has 4 themes:
    1. Employer of choice – through effective HR policies to attract employees of the right calibre to the organisation.
    2. Planning for the Future – robust, effective service planning.
    3. Healthy Organisation – supporting the health and mental wellbeing of employees.
    4. Workforce of the Future - good, effective workforce planning to cover, for example skills and succession planning.
- **Risk Register** - the Council keeps strategic risks under review through its Risk Register. These risks are used to inform the allocation of resources through the Service & Financial Strategy (link below).
- **Performance Framework** – the corporate performance framework is composed of a basket of measures to enable the organisation to understand progress in the delivery of our community priorities and is reported to Cabinet (link below). From

January 2020 we have been working to refresh our strategic planning framework and associated

- **Service & Workforce Plans** – each Director led-area produces an annual service plan which identifies their objectives against our community priorities. These plans also consider risks to delivery and identifies actions to ensure that the workforce has the necessary skills and knowledge to deliver these objectives. These workforce plans feed into the corporate Learning & Development plan.

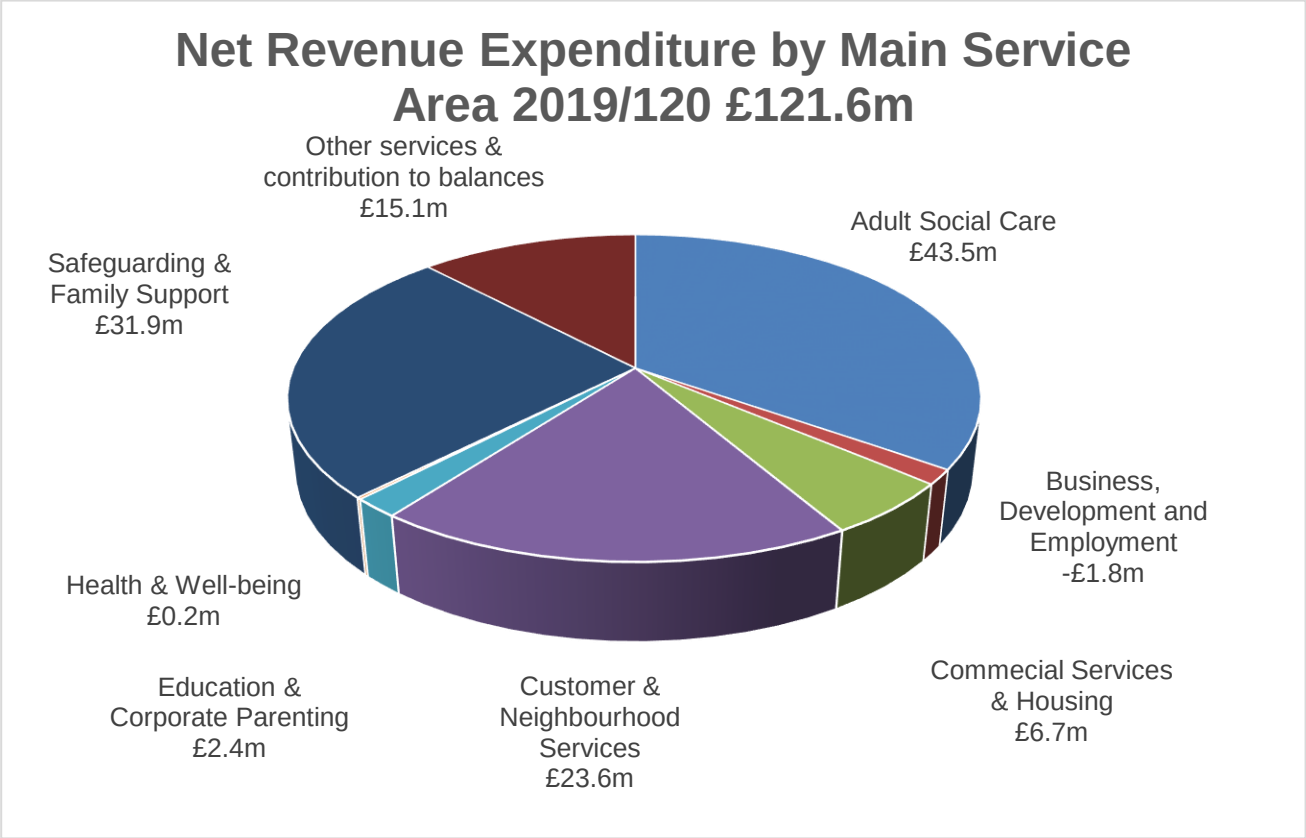
Council Plan/ Programme	http://www.telford.gov.uk/downloads/file/1604/council_plan
Service & Financial Planning Strategy	https://democracy.telford.gov.uk/mgAi.aspx?ID=3726#mgDocuments
Corporate Risk Register	https://democracy.telford.gov.uk/mgAi.aspx?ID=3726#mgDocuments Appendix 3
Performance Report	https://democracy.telford.gov.uk/ieListDocuments.aspx?CId=1134&MId=1183&Ver=4 Agenda: CAB-33

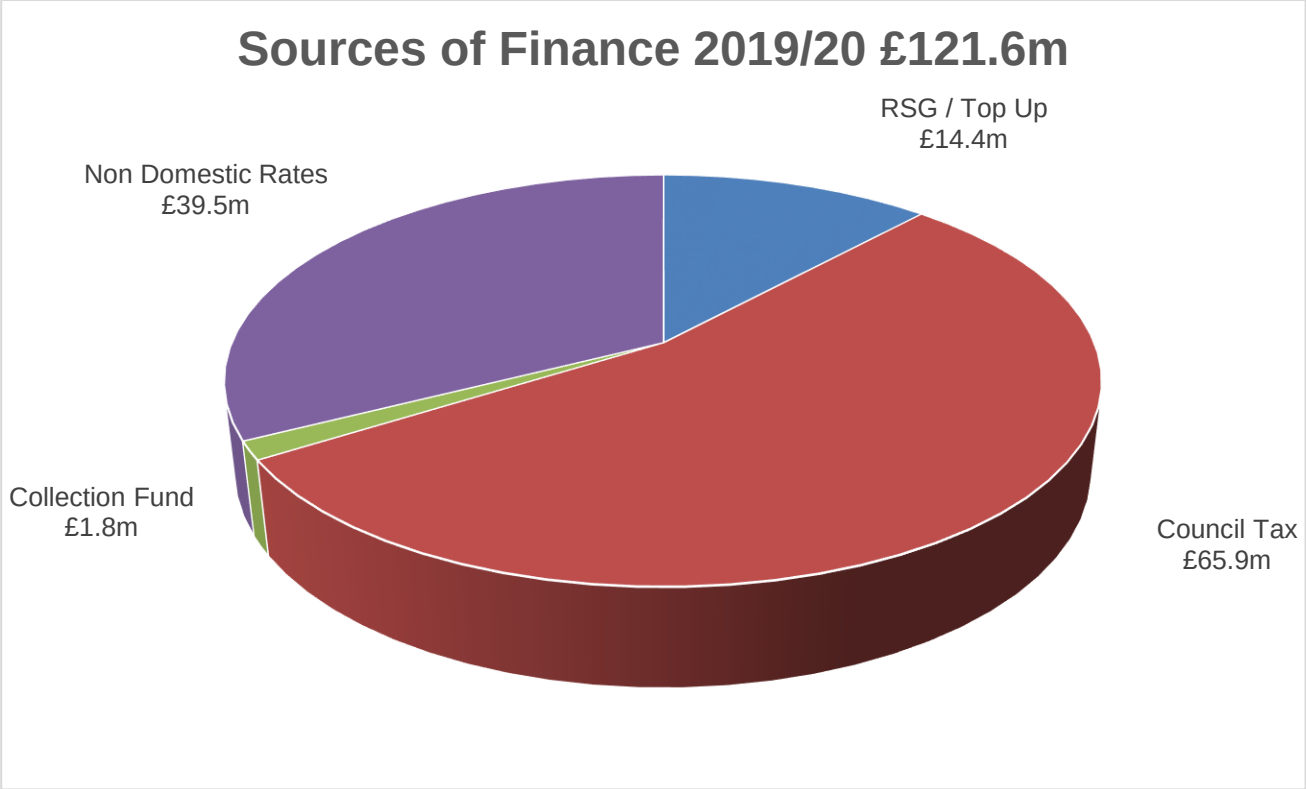
1. Revenue Outturn for 2019/20

Description	**2019/20 Budget £m**	**2019/20 Outturn £m**	**2019/20 Variation £m**
Outturn Report – Overall Totals (see page 13)	121.413	121.645	+0.232
Funding Variance	0.000	-0.378	-0.378
Service Outturn	121.413	121.267	-0.146
Service Outturn excluding funding variance (see page 14)	121.413	121.645	+0.232
Funded by : Council Tax, Revenue Support Grant and Non Domestic Rates, Collection Fund Balances Net General Fund position	-121.413	-121.791 +0.146	-0.378 +0.146
	-121.413	-121.645	-0.232

This position can be reconciled with the formal Income and Expenditure Account as shown on page 13.

The following two charts show Net Revenue Spend by Service for 2019/20 and how it is funded.





The outturn position has resulted in a general fund balance of £4.085m and a special fund balance of £1.144m, giving an overall balance of £5.229m. The total for all reserves and usable revenue balances held by the Authority is £115.0m, although almost all of this is held to meet known or likely commitments.

Description	Expenditure £m	Income £m	Net Expenditure £m
Net Cost of Services (See Comprehensive Income and Expenditure Account on page 52)	417.242	312.755	104.487
Trading Services	5.168	9.339	(4.171)
Pensions Adjustments under IAS 19	(13.324)	0.000	(13.324)
Interest Payable and Similar Charges	11.103	0.000	11.103
Gains and Losses on Repurchase or Early Settlement of Borrowings (net)	0.238	0.000	0.238
Interest and Investment Income	0.000	1.621	(1.621)
Sources of Capital Funding (mainly Capital Grants)	0.000	(35.508)	35.508
Remove Depreciation & Impairments, REFCUS etc. from Net Operating Cost	(23.410)	0.000	(23.410)
Accumulated Absences	0.884	0.000	0.884
Minimum Revenue Provision	3.928	0.000	3.928
Net Movement on Reserves	8.023	0.000	8.023
Total Service Outturn (see table on page 11)	**409.852**	**288.207**	**121.645**

2. Issues Highlighted During 2019/20

A summary of the year end service variances reported to Cabinet is shown in the table below:

Service Area	Final Budget £	Outturn £	Variance £
Business, Development & Employment	(1,830,224)	(2,603,988)	(773,764)
Finance & Human Resources	13,344,264	9,132,483	(4,211,781)
Cooperative Council	1,045,144	1,012,650	(32,494)
Children's Safeguarding & Family Support	30,835,857	34,574,889	3,739,032
Education & Corporate Parenting	6,402,310	6,776,418	374,108
Adult Social Care	42,723,448	45,307,932	2,584,484
Governance, Procurement & Commissioning	2,708,200	3,077,922	369,722
Health & Wellbeing	2,403,073	2,295,304	(107,769)
Customer & Neighbourhood Services	24,522,353	24,359,532	(162,821)
Commercial & Housing Services	(1,598,412)	10,744	1,609,156
Corporate Items	857,307	(1,935,552)	(2,792,859)
Total Net Position	**121,413,320**	**122,008,334**	**595,014**
Funding Variance			(377,759)
One Off Benefits			(363,337)
Overall Final Outturn			**(146,082)**

Variances exclude IAS 19 Pension entries and asset charges which are technical entries required in the formal statement of accounts but do not impact on the Council's General Fund Balances.

A summary of the key issues, highlighting variances over £250,000 during the year is shown below:
(A "+" is an increase in expenditure or a reduction in income, a "-" is a reduction in expenditure or an increase in income)

Service Area	Variance £m
Business, Development & Employment	
Planning Fee – overachievement of planning fee income.	-0.268
Finance & HR	
Treasury Management – the majority relates to benefits from low interest rates for short-term borrowing during the year.	-3.837
Children's Safeguarding & Family Support	
Children In Care Placements – there were some new residential placements and increased costs associated with some placements during the year. The strategy of increasing internal fostering capacity is beginning to have an impact on costs however there are significant numbers of children and young people in care who continue to have complex/high needs.	+2.670
16+ Children in Care – costs associated with young people over 16 increased significantly in 2018/19 as a result of a small number of high cost cases.	+0.611
Staffing – vacancies covered by agency appointments which gave rise to increased costs on staffing budgets together with the use of agency staff to maintain appropriate levels of caseload. As newly qualified social workers gain experience, the need for agency staff should reduce.	+1.016
Joint Adoption Service – the contribution required to support this service, provided jointly with Shropshire, exceeded budget mainly due to a number of children being placed using external adoption agencies.	+0.482
Contribution from Reserves	-0.604
Health Funding –lower than budgeted although the service endeavours to ensure that the appropriate health contributions are received for the health aspects of care costs.	+0.336
Use of Contingency - £0.800m from reserves set aside at the end of 2018/19 and £0.847m contingency budget to address cost pressures in Children's Safeguarding & Family Support approved as part of the 2019/20 budget strategy.	-1.647
Education & Corporate Parenting	
School Transport – the majority of expenditure on home to school transport was in relation to transport for pupils with high needs which put pressure on the transport budget. Work to mitigate the pressures is ongoing in 2020/21 and there may be further opportunities for additional savings once the current review of Home to school transport is completed.	+0.391

Service Area	Variance £m
Adult Social Care	
Purchasing, Long Term Care –the volume of care purchased was higher than assumed activity rates.	+4.923
Income – additional client contributions received as a result of the increased volume of care shown above.	-1.507
Operational Locality Teams – underspend due to vacancies	-0.764
Governance, Procurement & Commissioning	
CSE Inquiry – costs associated with the Inquiry.	+0.342
Customer & Neighbourhood Services	
TWS Contract – final profit share payment received	-0.496
Transfer to Reserves – transfer of above profit-share to meet the cost of subsidised bus routes in 2020/21	+0.496
Housing Benefit/Council Tax Support – additional Welfare Reform grant money receive in year from Government	-0.252
Housing Benefit/Council Tax Support – contribution to reserves to cover additional staffing costs as a result of caseload increases from the Welfare Reform changes and CV-19	+0.267
Commercial & Housing Services	
Operational & Admin Buildings – higher than budgeted levels of repairs and maintenance and utility costs.	+0.375
Leisure Operations/Aspirations – despite the income pressures linked to the impact of new competitors entering the gym market locally, Aspirations generated £1.76m income in 2019/20. An action plan is in place to mitigate this pressure which represents 0.98% of the total Service Area gross budget of £41.9m.	+0.412
Corporate	
Transfers to Reserves – various transfers to support the medium term financial strategy and delivery of Council priorities.	+10.677
Release of Provision – single status provision reviewed and reduced which provides a benefit to the General Fund	-3.000
Flooding – costs associated with Storm Dennis including the deployment of the flood barriers and provision of sand bags, offset by anticipated Government Grant via the Bellwin scheme.	+0.279
Capitalisation of Efficiency Costs – costs capitalised under the Flexible use of Capital Receipts regulations which are in place until the end of 2021/22.	-0.363

3. International Accounting Standard Note No 12 – Retirement Benefits

The objectives of IAS 19 are to ensure that:

- financial statements reflect at fair value, the assets and liabilities arising from an employer's retirement benefit obligations and any related funding;
- the operating costs of providing retirement benefits to employees are recognised in the accounting periods in which the benefits are earned by the employees, and the related finance costs and any other changes in the value of the assets and liabilities are recognised in the accounting periods in which they arise; and
- the financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

Overall the deficit on the Council's share of the Shropshire County Pension Fund has increased by £13.62m; this has been as a result of the reduction in the projected asset value coursed by the fall in equity markets following the COVID-19 pandemic. The estimated contributions expected to be paid into the Local Government Pension Scheme next year are £14.854m (comprising contributions of £12.962m plus a lump sum payment of £1.892m). Following the valuation at 31/03/2020 the contribution rate was increased to 15.8% for 2020/21 and subsequent years, this is supplemented with a lump sum payment as stated above.

4. Capital Outturn 2019/20

The Council spent £41.84m on capital projects during the year, an underspend of £11.33m against budget within the year, although the majority of this will be re-phased into future years. The detail is shown in the table below:

Policy Area	**2019/20 Approved Budget £m**	**2019/20 Expenditure £m**
Adult Social Care	0.35	0.11
Development, Business & Employment	15.71	9.20
Customer & Neighbourhood	19.23	17.10
Education & Corporate Parenting	7.34	6.88
Commercial Services	7.23	6.74
Governance, Procurement & Commissioning	0.14	0.04
Cooperative Council	0.90	0.29
Finance & HR	2.27	1.480
Total	**53.17**	**41.84**
Funded by:		
Prudential Borrowing	27.38	18.51
Capital Receipts	3.34	2.29
Government Grants	17.30	17.77
Revenue	2.28	1.69
Other External Sources	2.87	1.58
Total	**53.17**	**41.84**

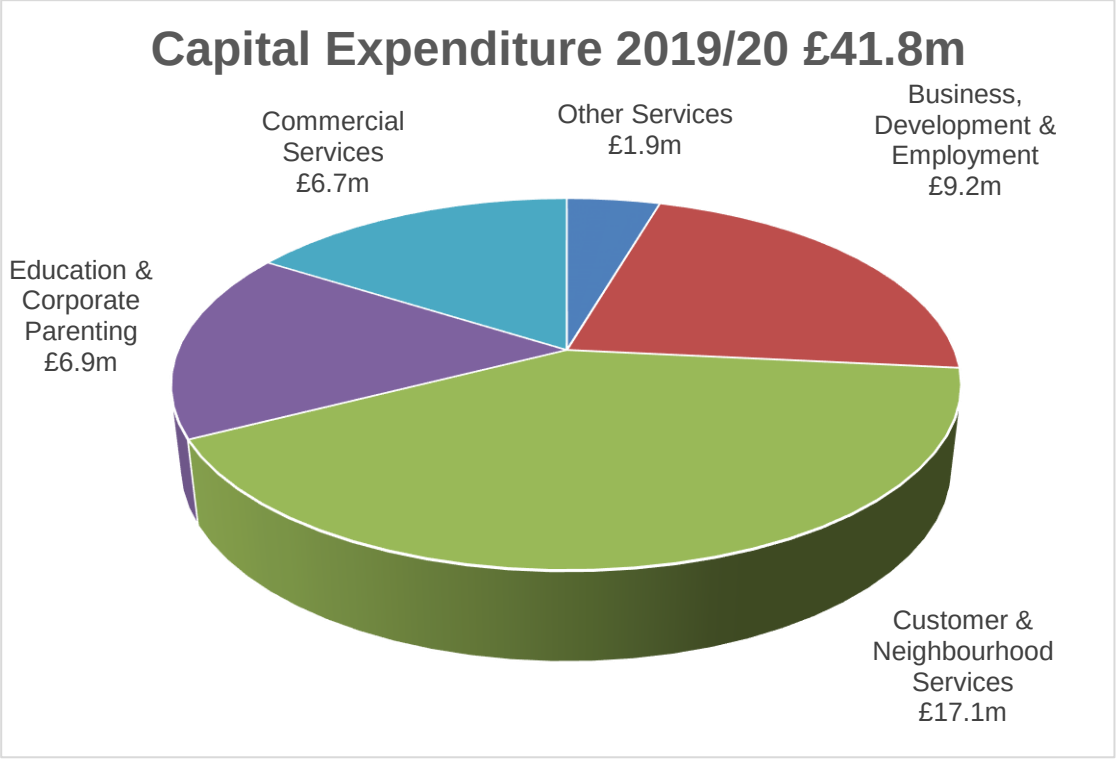
The Council has ready access to borrowings from both the Money Markets and Public Works Loans Board (PWLB), which lends to Local Authorities at very competitive rates.

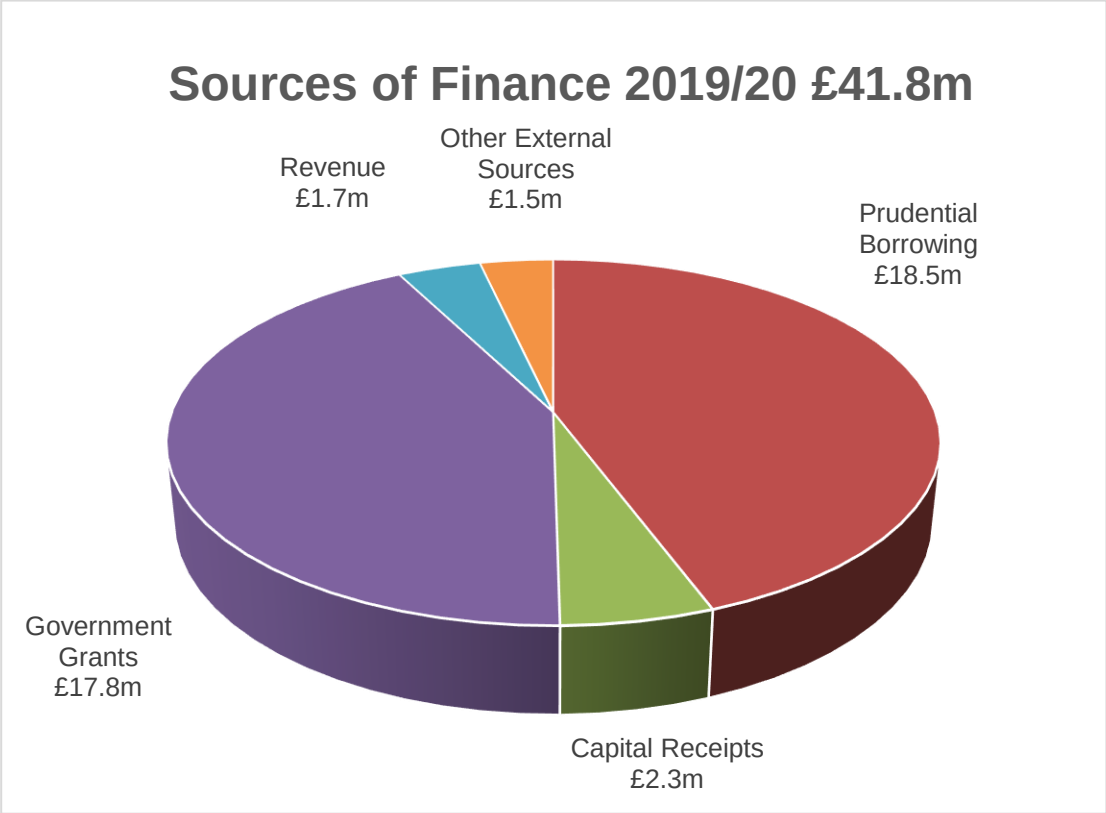
Overall the Council's net indebtedness is £232.4m (inclusive of equity investments) at 31st March 2020 which is a reduction of £7.2m from the previous year due in part to a benefit in cash flow and a slow down in capital spend.

The Council has a 28 year (from 2006/7) PFI contract in place for the building and servicing of school and leisure facilities at Hadley Learning Community and Queensway (which provides Education, Health and Social Care packages) for £289m. The costs of the contract are being met from a combination of Government support, school contributions and Council support. The Council has approved a budget strategy which makes provision for its commitments. In 2019/20 the Authority made payments of £10,548,882 (£10,404,356 in 2018/19) in respect of this PFI contract with Interserve Limited. The Authority is committed to making payments estimated at £9,071,500 per annum (index linked, starting point September 2006) until the contract expiry date of 2034 and receives £5.9m per annum from the Government to help offset this cost.

The Council entered into a 10 year Telford Land Deal with Homes England (HE) and Ministry of Housing, Communities and Local Government (MHCLG) in March 2016 through which HE/MHCLG have committed to invest £44.5m from the sale of Government owned land in Telford to invest in the local area supporting the delivery of new homes, jobs and commercial floor space. The total capital expenditure for 2019/20 includes expenditure relating to this deal.

The following two charts show Capital Spend by Service for 2019/20 and how it is funded.





5. Provisions (see Note 26)

Restructure Provision - the accounts include a provision to meet committed severance costs which relate to the ongoing restructuring programme which is part of the Council's strategy for delivering savings. The amount in the provision at 31 March 2020 was £0.085m. It is anticipated that this will be funded from Capital Receipts in 2020/21.

Single Status - Single Status is a national pay and conditions agreement for staff employed under NJC terms and conditions, who form a significant proportion of the Council's workforce. The agreement is effective from 1st April 2007, however the process is not yet complete and it has been necessary to include a provision against the potential costs in the 2019/20 accounts, as was the case last year and previous years. The total amount in the provision at 31 March 2020 was £12.649m which includes an element relating to schools. The amount held has reduced by £3m since 2018/19 following consideration by the Chief Financial Officer (see note 3. For further information)

NDR Appeals – under the business rates retention scheme, authorities are required to make a provision for refunding ratepayers who successfully appeal against the rateable value of their property on the rating list. Based on information relating to outstanding appeals provided by the Valuation Office, £5.3m is estimated as the amount required to be set aside for this purpose in the 2019/20 accounts (£5.8m 2018/19). Telford & Wrekin Council's proportion of this is £2.6m (49%) (£2.8m 2018/19).

6. Achievements During 2019/20

Through 2019/20 Telford & Wrekin Council continued to drive the efficiency and effectiveness of its services:

People

Children and Adults

Securing 'Outstanding' for Children's Safeguarding - the latest OFSTED inspection of children safeguarding services completed in January 2020, judged the service to be 'Outstanding'. The first Council in the West Midlands to achieve this judgement and only the second in England to move from 'Requires Improvement' to 'Outstanding'. This was as a direct result of our decision to invest in Children's Services, with £13.7m additional investment going to the service since 2018/19 to meet increased demand and to drive our improvement journey. Our focus has been on improving practice and by doing this we have seen outcomes improve for some of our most vulnerable young people and their families. We have strengthened leadership and capacity too.

The Council will join the DfE Strengthening Families Project in October 2020 and we expect to receive over £2m from the DFE to support this programme over a three year period. In addition, the Council unanimously agreed to commission its own Independent Inquiry into child sexual exploitation in light of non-recent cases highlighted by some media. This followed a series of reviews that the Council and partners had supported including external reviews commissioned by the then Local Safeguarding Children's Board and a Scrutiny Review of 'Multi-Agency Working Against Child Sexual Exploitation' which was the culmination of over 18 months work and demonstrated how scrutiny can successfully engage partners around a complex and sensitive issue and - critically - give people affected by exploitation a channel to be heard. An Independent Inquiry, however, was what victims were asking for. We expect the Inquiry to report at the end of 2020.

Strengthening Communities Adult Social Care (ASC) - we work on behalf of local people in an integrated way with partners both in the NHS and across our vibrant community and voluntary sector which the Council have continued to invest in over many years. This investment has enabled ASC to maximise the use of the community assets preventing too early access to funded ASC support. Through TWIPP we have developed an integrated Health and Social Care Rapid Response Team working to reduce unnecessary hospital admissions. Our performance on delayed transfer of care is better than the national and regional average, and we are in the best quartile nationally. We recently secured recognition from the Co-operative Council Innovation Network for this work.

We run local booked appointments from local hubs providing advice, information and where necessary more formal assessment freeing up time for more complex work to be undertaken by our social work staff who are linked to GP surgeries. Over 500 staff and volunteers have been trained on how to 'make every contact count' - to raise lifestyle issues with an individual and to direct them to further support.

Our in-house ASC Shared Lives service has been rated as **'Outstanding'** by the CQC and is an example of how we have used our resources creatively to avoid higher cost service provision by providing post hospital discharge re-ablement via Shared Lives.

A key objective for the Council is for every child to be in a good or outstanding school and making at least good progress with 88% (end of academic year 2018/19) of children attending a school which is judged as good or outstanding by OFSTED. Whist overall a positive picture, there are a small number of secondary schools which need to improve to achieve this level. Generally, the attainment of pupils at each of the Key Stages is at least in line with national averages and well above this across a number of individual indicators.

The Government has set targets which have been adopted by the Council to work with families who need additional support through the "Troubled Families" programme. In 2019/20 we had a target to work with 68 families and we and we worked with 712.

Health

Improving the health and lifestyle of the population remains a significant challenge in the Borough. Although there are still areas of challenge, progress continues to be made with breastfeeding initiation, reducing smoking and reducing excess weight. We are pleased that teenage pregnancy is the lowest it has ever been, but again, this remains a local priority.

Telford and Wrekin Integrated Place Partnership (TWIPP) - our local placed based board working with partners around the integration of health and social care which links in with the wider Shropshire and Telford and Wrekin Sustainability and Transformation Partnership (STP). TWIPP enables us to work across our local health and social care economy to develop more integrated ways of working for local people and collaboratively make the best use of the 'Telford pound'. This work also integrates a Community Asset Based Approach across health and social care. One example of this is the introduction of 'Live Well' which is an online directory of services used by all partners and community members in Telford but developed by the Council on behalf of partners

Place and Environment

Our 'Pride in Our Community' Programme is the core driver of our approach to this priority with the Council investing £45m, spread over a 3 year programme to maintain and improve the green spaces, neighbourhoods, street lighting, roads, structures and footpaths across the borough.

- Continuing to invest in road improvements and sustaining traffic flow around the borough as the economy and population grows. 'Overall satisfaction with highways and transport' is third best of unitary authorities.
- • Investing £1.6m on a 3G pitch - encouraging participation in our most deprived communities.

We have also established a £1m fund to support 'Pride in Our High Streets' to support nine high streets. This has delivered:

• Community events and physical regeneration - including improved parking, lighting, shop fronts and a series of 'false window' murals to enhance the appearance of empty properties.

• A training programme to improve the commercial skills of our high street businesses.

• Young Enterprise Challenge - young people shared their ideas to develop High Streets with 3 schools receiving between £10-£20k to bring their business idea to life, including a 'Retro Shack shop'.

• Social enterprise pop up shops - the first 'The Forge', used an empty retail unit in Wellington and was so popular, it moved to a permanent base in the town.

Core to supporting our ***Place Agenda*** is our ***enforcement activity*** – over the past 12 months we have continued to develop this agenda to sharpen its impact. This is a broad agenda ranging from the prosecution of private landlords who rent out dangerous or sub-standard properties, to utility companies working on our highways who breach their licence

conditions through to the prosecution of a minority of people who commit environmental crime and anti-social behaviour activity:

- We have combined Neighbourhood Enforcement and Anti-Social Protection team with Pubic Protection, invested significantly in staff training and the delegation of enforcement powers to key officers to allow them to issue fixed penalty notices but also giving them powers to gather evidence correctly should we need to undertake prosecutions for more serious and persistent offenders.
- In January 2020, became responsible for civil parking enforcement to address illegal and inconsiderate parking – with immediate impact on illegal parking through an education/warning model before moving to issuing fines.

Climate Emergency - in the summer of 2019, Telford & Wrekin Council declared a climate emergency and resolved to go carbon neutral by 2030. The Council has already done much to reduce its carbon footprint by 44% since 2005 through a number of measures, including:

- Solar Farm - bringing income to the Council but as importantly saving the production of CO2 emissions;
- Procurement of seven fully electric commercial vehicles;
- Transferring to a green energy tariff;
- Replacing 98% of street lights with LED;
- Disposing of 27 operational buildings;

We are achieving our waste recycling targets and our new Household Recycling Centre at Hortonwood is getting excellent customer feedback and usage. We have virtually no landfill left in our Borough with all household waste either being recycled or being burnt for energy usage. In September we also introduced introduction of kerbside collection of kitchen waste has been around 100 tonnes per week which is a gross saving 0.5 tonne of CO2 for each tonne collected.

Economy

We continue to see strong business investment inquiries which are translating into investment into the Borough – to the end of 2019 we had seen 83 inquiries compared to 43 across the whole of 2018/19. Advanced manufacturing remains core to this as does ICT and digital services.

'Gross Value Added' (GVA) has grown significantly over the last 10 years. The latest data shows that GVA has grown significantly faster than the England and West Midlands rates. GVA per capita is higher than the West Midlands rate. Employment and unemployment rate are better than the West Midlands position.

We are investing to create the opportunities to support new businesses, including the delivery of new start up/incubation space via land acquired at Hortonwood West where the Council is investing profit share earnt through the success of Telford Land Deal and Newport Innovation Park. This is alongside investment into site preparation and power upgrades to support investors acquiring suitable land quickly.

Fibre broadband infrastructure is key to the economic growth of the borough and underpins the benefits that digital connectivity brings. 98% coverage has been achieved and the authority is committed to getting quality broadband to as many as possible in a journey to 100%. Other existing initiatives beyond the build programme are in place and new opportunities are being explored over the coming months.

We continue to provide coordinated business support to companies across the Borough working effectively with the Marches LEP. For example, SMEs supported via the Marches Business Support Programme was up from 56 to 58 (6 months 2019/20) start-ups (retail; IT; office services).

The borough is the one of the best performing local authorities for housing growth facilitated by our ***"Business Supporting, business Winning"*** approach - ranked third in the 2020 Centre for Cities Report - with over 1000+ net new builds per year for the past 3 years.

Supporting this work is the ***Telford Land Deal*** - to drive disposal of Homes England assets in the borough, the Council secured stewardship of these assets generating capital receipts for Homes England and the Treasury whilst bringing development sites to the market and so attracting inward investors and retaining existing businesses that would otherwise have sought larger premises outside the borough. To the end of 2018/19 the Deal has delivered development of over 20 new significant commercial sites (including Magna Castings) and 10 sites for residential development delivering over 617 new homes and 1114 new jobs - attracting private sector investment of over £200m. A further four commercial sites and five residential sites have been delivered in 2019/20 delivering a further 375 jobs and over 140 new homes.

Organisation

In December 2015, the then Managing Director launched an organisational strategy 'Being the Change' to ensure the organisation was ready to meet the ongoing service and financial pressures it faces (see Section C of the Narrative Report). This has moved forward as 'Be the Change' and the five themes of this strategy have informed the development of the Council's Efficiency Strategy.

By the end of 2019/20, the Council had delivered budget savings of £123m. Despite the financial challenges the Council continues to face, our budget strategy has been to sustain essential public services. We have worked hard to develop new models of service delivery to ensure continued delivery of our priorities with a key part of our strategy to become a commercial council and to generate income to invest and protect front-line services. Effective budget management has allowed us to deliver on our priorities.

We have developed a track record of taking on new ventures to deliver income to the Council and protect front-line services:

- A solar farm providing £4.4m profit over 25 years.
- The Council's wholly owned housing company, NuPlace, now has 329 homes available for private rent. Demand for these properties is high and are oversubscribed.
- Established a Growth Fund to invest in development of premises for businesses to encourage job creation and retention as well as generating additional rental income and business rates income.

"Securing external funding" – we are a non-constituent member of the **West Midlands Combined Authority** and are actively working through this to maximise future opportunities for the borough to build on the £3.7m grant already secured from the WMCA. This grant is to kick-start building new homes on stalled brownfield sites in the borough and will see around 540 new homes built as well bringing 'derelict' brownfield land back into use and creating 240

jobs. Work on these sites has stalled because of high costs to developers to get the land ready for building.

F. STRATEGIC OUTLOOK

The Council has a rolling service and financial planning process. This was updated for 2020/21 formally by reports to the Council's Cabinet in January and February 2020 with final decisions taken at Full Council on 5 March 2020. The impact of Covid-19 is discussed in Section G below.

Savings proposals are developed as soon as they arise and consultation and engagement with our community and partners takes place throughout the year in a more meaningful and timely way to deliver more creative solutions. From the ongoing engagement with local people over many years, we know that the people of Telford & Wrekin want to live: - in a safe community; in a clean environment; in a place with good roads and pavements; where there are first class schools and education facilities; where there are excellent and accessible hospital and GP services; where they have a job and there is a thriving economy. These local priorities form a basis for resource allocation as part of the Service & Financial Planning process.

The decisions on the medium term budget strategy at Full Council reflect the outcome of consultation following publication of the budget proposals on the 2 January 2020.

The provisional funding settlement for 2020/21 was announced, on the 20 December 2019, followed by the final settlement on the 6 February 2020; as anticipated the Council faced a very significant reduction in funding. After delivering £123m of savings over the previous 11 years, further savings of £3.4m are required in 2020/21.

The agreed strategy for 2020/21 to meet the savings requirement and to continue to invest in the area to support both the community and businesses is:

- a savings package delivering an additional £3.3m from general fund budgets;
- funding for unavoidable service pressures totalling £9.2m, comprising £4.9m for Children's Safeguarding & Family Support, £3.9m for Adult Social Care and £0.3m for other services
- A commitment to work with partner organisations to seek new solutions to deliver services to minimise the impact of cuts;
- To continue to deliver jobs and investments and provide additional income business rates, council tax and New Homes Bonus.

The decision has been made to increase council tax by 3.99% for 2020/21, which includes the 2% Adult Social Care precept introduced by the Government in 2016/17. As a result, the Council Tax for Council Services in 2020/21 (Band B) is £1,052 per year (Band B is the typical band for Telford & Wrekin, Band D is £1,353). The Council will again have the lowest Council Tax out of all Councils areas in the Midlands region for the services which we provide.

2020/21 Net Revenue Budget - £m	
2020/21 Total Net Revenue Spend	**128.975**
Funded From:	
Government Grant (incl. RSG and Top Up)	**14.843**
Retained Business Rates (incl. S31 grant)	**41.987**
Council Tax	**70.211**
Collection Fund Surplus	**1.934**
Total Funding	**128.975**

Full Council approved the medium term financial strategy on the 5 March 2020 (available on the Council's web site).

G. COVID-19

The coronavirus pandemic is having a huge impact across the whole country. The UK went into full-scale lockdown on March 23 in an unprecedented step to attempt to limit the spread of the disease. The easing of lockdown commenced in May as part of the phased approach being adopted by Government.

Pre-empting lockdown, in early March, the Council immediately moved into an emergency response mode and has responded quickly to safeguard its community and employees as far as possible. In line with Government guidance, a number of council services and buildings were closed to the public including the main Council Offices, the Theatre, all Leisure Facilities and Libraries and carparks. The Town Park has remained open throughout the lockdown providing important green space for exercise. Other services adapted their working methods to continue, putting in place additional health and safety measures.

The major risks and challenges to the authority during this period are:

- Maintaining Children's Safeguarding function
- Maintaining Adult Social Care function and capacity to meet new requirements, such as the 2 hour hospital discharge target
- Supporting vulnerable and shielded members of the community
- Supporting individuals through Crisis Support mechanisms
- Mental health issues for carers, clients, staff, vulnerable residents
- Closure of building bases for services to vulnerable individuals
- Maintaining an Education service for key workers
- Supporting the business community, including care homes
- Supporting and working with partners
- supporting the voluntary sector and community resilience
- Managing Health and Safety, including supplies of PPE
- Financial Management

A risk register is in place which is regularly reviewed and updated by Senior Management Team.

The financial management key risk includes financial pressures, estimated to be in the region of £19m in 2020/21: including an allowance for an assumed reduction in income from council tax and business rates which will actually impact on the 2020/21 budget through deficit balances being carried forward on the collection fund accounts and before the use of the in-

year budget contingency or the specific COVID reserve created during the 2019/20 closedown process. Key elements within the projected pressure include:

- Increased costs relating to Adult Social Care provision
- Increased costs of Children's Social Care placements
- Purchase of essential Personal, Protective Equipment (PPE)
- Homeless support
- Income shortfalls relating to closed facilities
- Income shortfalls in relation to Council Tax and Non Domestic Rates (NDR) which are key funding streams for the Council

Work is ongoing to refine and update the implications however projections are very difficult with limited 2020/21 financial data available and uncertainty about the lock-down timescales, the Government's recovery plans and whether a second spike in cases will occur. The Local Government Association are actively lobbying Government on behalf of all Councils to stress the importance of additional funding being made available to Local Authorities who have been instrumental in providing support to local communities.

While the Government has provided some initial grant funding (the Council has received £10.1m of the £3.2bn National Emergency Response Funding) it is inevitable that the economy and local community will take time to recover and there will be significant pressure on the Council's budget unless more Government funding is forthcoming. Due to the significant impact on income, monitoring cash flow has become more important and a longer-term model has been developed to ensure sufficient funds are available to meet financial obligations, such as paying suppliers and care providers. This is being updated regularly as more information on cash inflows and outflows becomes available.

The Council has some reserves and balances available to support its financial position in 2020/21: £5.2m General Fund Balances, £19.7m balances earmarked to support the medium term financial strategy, £3.2m budget contingency in 2020/21 and £3.0m specific reserve to support CV-19 pressures.

A measured approach to using balances will be adopted in 2020/21 to protect future financial sustainability and other in-year mitigation is actively being explored.

The Council will also keep under close review changes in the value of assets and liabilities on the balance sheet and anticipated capital receipts.

The Council is doing all it can to support its supply chain with offers of Supplier Relief. We are also procuring in line with the Procurement Policy Note 02/20 to sustain the market but also to ensure fair, equal and transparent treatment of suppliers. We are paying our travel and transport providers and care sector to help them remain open to deliver services where they can or to be in a position to be able to quickly reopen when the time is right. We are currently purchasing significant quantities of PPE to support our workers and care sector and are carrying out due diligence with colleagues in central government to ensure product conformity. We are also challenging high costs and referring any suppliers charging inflated prices to the Competitions and Market Authority.

As part of the response, staff quickly moved to a home-working environment and ICT was put in place to support the change, rolling out Microsoft TEAMS software and headsets, providing remote working devices for staff without home broadband and ensuring the network speed and capability could deal with the higher remote working volumes. Currently over 1,400 employees are working from home and continuing to provide council services.

An employee taskforce was set up to temporarily reassigned staff to new duties, critical to our response such as delivering school meals, working alongside colleagues in foodbanks and

supporting vulnerable residents with tasks such as cooking, personal care, helping with shopping and collecting prescriptions. This included staff from closed services such as leisure, catering and cleaning.

Operation Shield was also set up, again to support vulnerable individuals, particularly those with medical related issues identified by the NHS. Through this initiative 4,200 residents were all supported and received calls from our teams.

The Council was quick to establish processes for awarding grants under the BIES support scheme and was amongst the top performing authorities nationally in distributing grants to businesses as quickly as possible. To date, in excess of £28m grants have been paid to over 2,300 businesses. In addition, business rates reliefs of almost £30m were processed and over 10,500 requests to defer council tax payments were processed.

The Council is now transitioning from emergency response to a recovery, reform and reset phase and a Recovery Coordinating Group has been established to manage this. There will be six thematic programmes of activity linked to the borough's overall recovery. A wider range of representatives will be brought together, such as the Chamber of Commerce, Faith Groups, Fire Service, NHS, Police, Community Groups) to support the delivery of longer term recovery, reform and reset. Moving forward, the economic and social landscape will be fundamentally different and our focus will be on the opportunity to reform, re-imagine and re-invent. It will be important to take a long term view, building confidence and ensuring that programmes and projects continue and develop. Key to recovery will be working with our communities and working with business, partners and employees.

H. LOOKING AHEAD

The impact of CV-19, discussed above, is likely to extend into 2021/22 and possibly beyond, depending on how quickly the economy recovers. The 2020/21 position is being closely monitored and the medium term financial strategy will also be updated to reflect the latest known position.

The funding outlook for the medium term is still very uncertain due to the impact of major proposed changes to the Local Government Finance System now being deferred and funding levels for 2020/21 unclear. There are no plans for a Comprehensive Spending Review and no confirmation of the continuation of specific grant funding for Social Care.

Future funding uncertainties include -

- the Fair Funding Review which is the most significant and fundamental change to local government financing in recent times and encompasses reviewing the Relative Needs formulae, and
- moving to 75% Business Rates Retention combined with the potential transfer of extra responsibilities and functions to local authorities and potential removal of remaining significant grant funding streams such as the £12m Public Health Grant which the Council currently receives.
- the Adult Social Care Green Paper
- Review of the New Homes Bonus system through which the Council currently receives over £6m per annum.

It is therefore not possible to have any real certainty on the further cuts that we will face, however based on the current strategy, we would need to identify further savings of around £20m over the period 2021/2 to 2022/23, prior to CV-19 implications. This would bring the total savings to around £148m by the end of this period. However, as stated earlier, the

longer term implications of CV-19 are as yet unknown and there are so many changes proposed to the local government finance system that the position for future years is very difficult to assess at the current time. It is clear that the financial climate ahead will still be one of significant financial challenge.

I. BASIS OF PREPARATION

The Council prepares its Statement of Accounts on a going concern basis, under the assumption that it will continue to operate into the foreseeable future. Disclosures are included in the Statement of Accounts based on an assessment of their materiality. Local Authorities can only be discontinued under statute.

Group Accounts – The Council's wholly owned Housing Investment Company, NuPlace Ltd, was incorporated on 1 April 2015. These accounts consolidate the Council and NuPlace's financial statements for both 2018/19 and 2019/20. The accounts for 2019/20 include an increased number of transactions as NuPlace's trading continues to grow.

The Council has examined the relationship with other partners including West Mercia Energy (see note 56 to the accounts) and has concluded that group accounts only need to be prepared in respect of NuPlace.

J. STATEMENT OF ACCOUNTS – EXPLANATORY OVERVIEW

The Statement of Accounts features the Expenditure and Funding Analysis, which does not form part of the Primary Statements and is included as a Note, and four Primary Statements reporting on the Council's core activities plus Group Accounts.

The Primary Statements include:

- the Comprehensive Income and Expenditure Statement;
- the Movement in Reserves Statement;
- the Balance Sheet; and
- the Cash Flow Statement.

The purpose of each is briefly described within this narrative report and they are followed by notes explaining the statements and any specific restatements required.

The main statements are supplemented by the Collection Fund Account, which receives all council tax and business rates income before passing this income to the Council, the Government, Shropshire Combined Fire Authority and the West Mercia Police & Crime Commissioner as appropriate.

The Council's accounts for the year 2019/20 are set out in the remainder of the report. They consist of:

... **The Expenditure and Funding Analysis (EFA)** – this is not one of the Primary Statements but is included as a note to the accounts. The EFA shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the local authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and

Expenditure Statement. This shows an adjustment of -£7.058m to move from an underspend of £0.146m to a surplus of £7.204m in the Comprehensive Income and Expenditure Statement. This adjustment reflects technical accounting requirements and does not alter the underlying position of £0.146m underspend reported in the Outturn Report to Cabinet.

... **The Comprehensive Income and Expenditure Account** - covering revenue income and expenditure during the year on all Council services. This statement reports on how the Authority performed financially during the year and whether its operations resulted in a surplus or deficit. This shows a surplus for the year of £7.204m (after technical accounting adjustments referred to above) compared with the outturn report which shows an underspend of £0.146m. The reasons for this difference relate to technical transactions required to put the accounts on an IFRS basis, including capital grants offset by losses on disposal of fixed assets, depreciation, Revenue Expenditure Financed from Capital Under Statute (REFCUS), impairments and pensions. **These technical accounting adjustments do not impact on either General Fund Balances or Council Tax.**

... **The Movement in Reserves Statement** - which brings together recognised movements in and out of Reserves including the General Fund Balance (which stands at £5.229m at 31st March 2020). This statement represents the Authority's net worth and shows its spending power. Reserves are analysed into two categories: usable and unusable.

... **The Balance Sheet** - this is a "snapshot" of the Authority's financial position which sets out the financial position of the Council on 31st March 2020 and shows net liabilities for the Council of £4.397m, a decrease from a net liability of £67.325m for the previous year.

... **The Cash Flow Statement** - summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties, analysing them into operating, investing and financing activities, and shows a net increase in Cash and Cash Equivalents of £15.085m.

... **The Notes to the Core Financial Statements** - provide further information supporting the financial statements including the Statement of Accounting Policies and provide further detailed information on specific items.

... **The Collection Fund** – is the statutory account in which income from business rates and council tax is held temporarily, pending payment to the precepting authorities. There is a increase on the council tax fund balance of £0.535m for the year and the Council's share of the surplus was £2.503m at 31st March 2020. The localisation of business rates means that we also show similar information in respect of this. The business rates show an increase in the balance on the account for the year of £2.025m and the Council's share of the surplus was £2.796m at 31st March 2020.

... **Group Accounts** - consolidates the Council's accounts with those of NuPlace Ltd, the Council's wholly owned Housing Investment Company, to give an overall picture of the Council's activities.

These accounts are supported by the Statement of Responsibilities, which follows this narrative report.

K. FURTHER INFORMATION

Further information is contained in the Council's Service & Financial Planning Strategy, which is available from the Corporate and Capital Finance Team, Addenbrooke House, Telford, [contact Pauline Harris on 01952 383701].

In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press and on the Council's website.

Details of all purchases made by the Council costing over £100 are published on a monthly basis on the Council's web site.

The Councillor Code of Conduct requires that members notify the Council's Monitoring Officer of their financial and other interests, by completing a declaration of interests form. The register is open to inspection by the public and you can view copies of the Declaration of Interest forms on line from this page or they can be accessed from each individual Councillor's webpage and for further information, please contact Democratic Services on 01952 383211.

Further information in relation to Information Governance is presented to the Council's Audit Committee which can be found via the Council's web site.

Ken Clarke MBA CPFA
Chief Financial Officer

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Assistant Director: Finance, & Human Resources (Chief Financial Officer);
- manage its affairs to secure economic, efficient and effective use of resources, safeguard its assets and to approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice') is required to present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2020.

In preparing this statement of accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

CERTIFICATE OF THE CHIEF FINANCE OFFICER

I hereby certify that the Statement of Accounts on pages 4 to 144 complies with the requirements of the Accounts and Audit Regulations 2015.

Ken Clarke MBA CPFA,
Assistant Director: Finance & H.R. (C.F.O.)
Dated:

APPROVED BY AUDIT COMMITTEE (Audited Accounts only)

The Statement of Accounts was approved at a meeting of the Audit Committee on

Councillor Nathan England
Chair of Audit Committee
Dated:

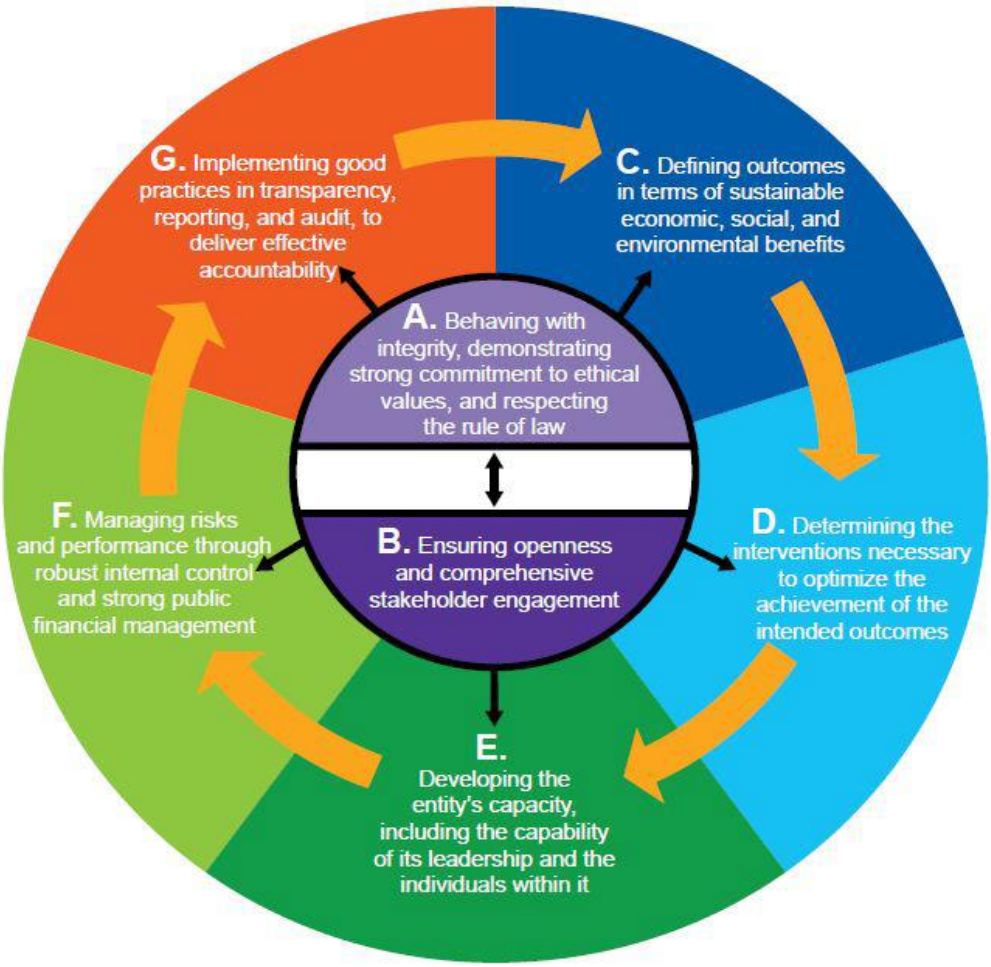
Annual Governance Statement 2019/20

1. Introduction

1.1 Under the Accounts and Audit Regulations 2015 the Council is required to produce an Annual Governance Statement to accompany the Statement of Accounts which is approved by the Audit Committee.

The Annual Governance Statement outlines that the Council has been adhering to the Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

The Council has adopted the Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government.



CIPFA's Principles of Good Governance

2. Standards of Governance

2.1 The Council expects all of its members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the employee and Members' Code of Conduct, Constitution, Corporate Priorities as well as applicable statutory requirements.

3. Scope of Responsibility

a. Telford & Wrekin Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. The Council needs to demonstrate that public money is safeguarded and properly accounted for and used economically, efficiently and effectively to secure continuous improvement.

b. To meet this responsibility, the Council puts in place proper governance arrangements for overseeing what it does including putting in place proper arrangements for the governance of its affairs including risk management, the requirements of regulations and ensuring the effective exercise of its functions. These arrangements are intended to make sure that the Council does the right things, in the right way, for the right people, in a timely, open and accountable manner. The Council takes into consideration all systems, processes, policies, cultures and values that direct and control the way in which we work and through which we account, engage and lead our communities.

4. The Governance Framework

a. The governance framework allows the Council to monitor how they are achieving their strategic aims and ambitions and how this contributes to the delivery of its vision and values:

4.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve priorities and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to appropriately identify, quantify and manage the risks to the achievement of the Council's priorities, objectives and policies.

5. Review of Effectiveness

5.1 Telford & Wrekin Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal control. The review of the effectiveness is informed by:-

5.2 The Council has faced considerable challenge during 2019/20 particularly in respect to the significant effects of heavy flooding in the region and the worldwide COVID-19 pandemic. Both of these challenges have meant changes to working practices which have required a greater degree of flexibility and risk based decision making at lower levels in the authority. However changes have been made within the boundaries of good governance which can be evidenced by the following examples:

- Gold/silver corporate groups set up to manage strategic and operational risk;
- Gold/silver groups including key stakeholders and regulatory roles, e.g. Section 151 Officer, Monitoring Officer, etc;
- Audit & Governance support with Business Rate Relief applications and other changes in practice across the Council;
- COVID-19 decision log kept to record decisions made using Chief Officer powers within the Council's Constitution; and
- COVID-19 risk registers maintained both at service area level and at a corporate level

The Council continues to deliver services to its community using new and developing practices in light of COVID-19. Underpinning this is support/instruction from central government and continued risk management from the corporate Gold and Silver Groups.

5.3 The Council recognises the importance of information governance and formalised its Information Governance Framework. The main focus of the Information Governance Team in 2019/20 has been to ensure the Council's continued compliance with the requirements of the General Data Protection Regulations (GDPR) / Data Protection Act 2018. The Information Governance Team has continued to report to the Audit Committee during the year including information on responses to information rights requests and data security breaches. During 2019/20 no enforcement action has been taken by the Information Commissioner's Office (ICO) against the Council in respect to data breaches.

5.4 The Chief Executive, Executive Directors, Directors and Service Delivery Managers have signed annual assurance certificates confirming that the governance framework has been operating within their areas of responsibility, subject to the actions outlined in Annex 1.

5.5 The Accounts and Audit Regulations 2015 require a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit, management, other internal assurance services and the External Auditors' review. The Internal Audit Annual Report 2019/2020 will set out the Internal Audit opinion.

5.6 The Council has been advised on the implications of the review of the effectiveness of the governance framework by the Cabinet, Standards Committee, Audit Committee, Scrutiny, Senior Managers, Internal Audit and external review. The Chief Internal Auditor concludes that the review of the governance arrangements provides a reasonable level of assurance that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Attached as Annex 1 is an agreed action plan to address any key governance issues and ensure continuous improvement.

5.7 Issues from the previous action plan (2018/19) that have been addressed or mainstreamed have been deleted and those that continue to be addressed are included in 2019/20 action plan.

5.8 The Senior Management Team has monitored implementation of the 2018/19 actions and reported back to the Audit Committee in January 2020.

5.9 Detailed below is a statement explaining how the Council has complied with the Code of Corporate Governance and meets the requirements of the Accounts and Audit Regulations 2015 and CIPFA Code on the Principles of Good Governance.

5.10 Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law.

5.10.1 Members and officers, in the main, recognise the importance of compliance with the Constitution, specifically Financial and Contract Rules; Procurement Regulations, Scheme of Delegation, Codes of Conduct and Gifts & Hospitality Policy. However, some improvements are needed in this area and recommendations have been included in the 2019/20 AGS action plan.

5.10.2 There is ongoing training, both classroom based and via the on-line learning platform (OLLIE) for Codes of Conduct, Equality Awareness, Leadership & Governance and Contract Procedure Rules/Procurement.

5.10.3 The Council has an Anti-Fraud & Corruption Policy, supported by the Whistleblowing (Speak Up) Policy, encouraging internal referrals. The Council has a zero tolerance policy in relation to fraud and corruption and it is service management's responsibility to ensure there are adequate controls in their areas to ensure the opportunities for fraud are minimised. It is everyone's responsibility to report suspicions and the Whistleblowing (Speak Up) Policy supports this internally. Internal Audit along with the Investigations Team undertakes proactive fraud work based on a fraud risk register and/or other intelligence. Other specific anti-fraud and corruption activities are undertaken by Trading Standards. An annual report on anti-fraud and corruption activities and an update to the Anti-Fraud & Corruption Policy and Whistleblowing (Speak Up) Policy is presented to the Audit Committee.

5.10.4 Officers comply with their professional organisations' codes of conduct when delivering services.

5.10.5 All Internal Audit reviews consist of an ethics questionnaire that is sent to a sample of staff in specific teams to demonstrate their understanding of key corporate policies. Responses have highlighted some lack of understanding of key policies such as the Gifts & Hospitality Policy. There is also a lack of awareness with regard to the Whistleblowing (Speak Up) Policy and how they should report a suspected fraud.

Ethic questionnaire findings have been shared when discussing individual audits with relevant Service Delivery Managers and Directors and taken to SMT as part of reporting corporate recommendations.

5.10.6 There are both internal and external reviews in social care to monitor compliance with the law, e.g. the Care Act, Deprivation of Liberties, Safeguarding and the Mental Health Act.

5.10.7 Ofsted undertook an inspection of the Council's children's social care services in January 2020. The outcome of the inspection was that Ofsted graded these services as 'Outstanding'. An extract from the inspection report is detailed below:

'Children's services in Telford and Wrekin are outstanding. Children benefit from high-quality social work and an impressive range of specialist services that improve their well-being and help to protect them from harm. Social workers and other staff who support children are very committed, and they are exceptionally well trained. Children are valued and receive child-focused services tailored to their individual needs. Children are listened to and their experiences are well understood and inform planning to improve their lives. Corporate parenting is exceptionally strong. Children are cared for, and they are cared about.

Children and their families benefit from creative high-quality services which support children to live with their families wherever possible. A significant number of children have been successfully diverted from alternative care and enabled to live safely with their birth families. When this is not in their interest, children benefit from high-quality carers and timely securing of permanence. Care leavers benefit from strong and enduring relationships with personal advisers, who are responsive to their needs well into adulthood.

Senior leaders have implemented a clear and ambitious vision for vulnerable children and families in Telford and Wrekin, which has resulted in outstanding services that are benefiting children. Despite this success, they continue to work to continually improve services. They aspire to a service for every child that they would welcome for their own. Workforce development, recruitment and retention are particularly strong. Staff at all levels are valued and very well supported. This has developed a positive culture where social workers can practise safely and effectively and where they are making a positive impact on the lives of children and their families'.

The Council's Children's Services therefore have become the first in the Midlands and the first outside of London to transform services from "requires improvement to be good" to "outstanding".

This is a very positive result especially when you compare Telford & Wrekin Council's grading against the national average.

5.10.8 Human Resource and recruitment polices and processes ensure the Council is fully compliant with employment law. Annual audits are undertaken in these areas and ongoing checks take place to ensure compliance with IR35 legislation. This year saw the implementation of the new HR ICT system (Resourcelink), which will be reviewed as part of the annual HR/Payroll audit.

5.10.9 Senior officers meet regularly and work closely with Members to ensure that they understand and can undertake their respective roles effectively and legally.

5.10.10 The Cabinet monitors the effectiveness of the governance framework through the consideration of regular service and financial management information reports from senior management. Individual Cabinet Members receive regular feedback from senior officers in respect to their areas of responsibility on the progress of priorities and objectives. Issues of strategic and corporate importance are referred to Cabinet.

5.10.11 Statutory responsibilities across the Council are discharged openly and proactively, examples include having key statutory officers in place, i.e. Head of Paid Service, Data Protection Officer, Section 151 Officer, Monitoring Officer, Director of Children Services, Director of Adult Social Services, Director of Public Health and Scrutiny Officer.

5.11 Ensuring openness and comprehensive stakeholder engagement

5.11.1 The Council's 'Shaping our Future – Our Journey to 2020' document is a community strategy for Telford & Wrekin. It shows how partnership working makes a positive difference to community life.

5.11.2 The Council actively contributes to, and collaborates with, partners to promote good governance and achieve the delivery of outcomes through increased joint working. The Council is a member of a number of sub regional partnerships and groups. Many of our services are delivered in partnership with other organisations such as West Mercia Energy, Town and Parish Councils, voluntary groups, etc.

5.11.3 Regular meetings take place between Children Safeguarding and key partner agencies such as the police, Telford & Wrekin CCG, Education and Health.

5.11.4 All Council services feed into transparent reporting processes through council committee meetings and this is further supported by the transparency agenda.

5.11.5 Annually the public is consulted on the budget for the forthcoming year.

5.11.6 There is regular engagement between Public Health, Telford & Wrekin Clinical Commissioning Group (CCG) and Social Care for the future provision of services.

5.11.7 The structure and provision of the Council's Scrutiny function has been reviewed in 2019/20 to ensure its operation is fit for purpose and complies with good practice. The revised Scrutiny provision will be in place operationally in 20/21 and will look at the development of policy, the decision-making process and areas of concern. The subject areas for review will be informed by community engagement, direct feedback to members from within the community, the results of review and inspection (both external and internal) and areas of policy being developed by the Council.

5.12 Defining outcomes in terms of sustainable economic, social and environmental benefits.

5.12.1 The Council can demonstrate its longer and medium term action plans through the 'Medium Term Council Plan' and the 'Shaping Our Future – Our Journey to 2020'. The Council is working on economic growth and marketing its services towards commercial activities in order to generate income and place less reliance on government grants. Plans are being reviewed in light of the current/future impact of Covid19. All service areas also have to

meet savings targets to ensure a sustainable budget for future years. These are under review in light of the impact of Covid19.

5.12.2 Digital transformation and changes in the way we work are intrinsic to the Council's service delivery model.

5.12.3 The Telford & Wrekin Local Plan sets out the Council's vision and strategy for the physical planning of the borough up to 2031 and a review of the Local Plan has commenced to ensure that it remains capable of meeting the needs of the borough.

5.12.4 All service areas have their own service plans which details how they intend to deliver their service for the coming year and the risks they face. These plans encompass identifying risks to service objectives being met.

5.12.5 The Council has a commercial strategy / investment strategy that demonstrates clear visions, objectives and outcomes. This includes financial, economic, social and environmental issues.

5.12.6 The Councils economic growth strategy supports and drives increased economic productivity.

5.12.7 The financial strategy sets out the short and long-term implications for service delivery across the Council. The Service & Financial Planning reports include various papers to Cabinet regarding the budget and sets out short/ medium and long-term implications, including the capital strategy and saving strategy.

5.12.8 Adult Social Services in respect to systems, financial management and implementation of the cost improvement plan have continued to provide updates during the year to Members including the Audit Committee. To support the revised target operating model there has been commissioned external support and management changes.

5.12.9 All Council reports to Members show relevant financial implications and risk.

5.12.10 Implementation of the ICT Strategy has continued, including infrastructure upgrades, the ongoing roll-out of Office 365 and further security improvements particularly in response to spam, phishing/ whaling and ransomware threats. Some implementation has been accelerated due to flooding and COVID-19.

5.13 Determining the interventions necessary to optimise the achievement of the intended outcome.

5.13.1 The Council can demonstrate its longer and medium term action plans through the 'Medium Term Council Plan' and the 'Shaping our Future – Our Journey to 2020' which are aligned to the Treasury Management Plan to ensure a joined up approach to delivering the organisation outcomes and savings plans.

5.13.2 Budget plans are produced for all service areas for planning purposes. Budget consultation is undertaken annually with Council Members and members of the public.

5.14 Developing the Council's capacity, including the capability of its leadership and the individuals within it.

5.14.1 To deliver the vision of 'being the change' a Workforce Development Strategy 2017-2019 is in place. This focuses on 4 key themes – Employer of Choice, Planning for the Future, Healthy Organisation and Workforce of the Future. The Organisational Delivery &

Development Team are in place to bring together the corporate values and planning function and to align these with workforce development.

5.14.2 Officers understand their respective roles and these are set out in job descriptions. The Constitution, Scheme of Delegation and Contract Procedure Rules clearly shows roles and responsibilities, specifically with regard to delegation and authorisation.

5.14.3 There are various training methods available to staff such as mentoring, Ollie (On-line learning platform) and classroom based. 2019/20 saw the second cohort of future leader training taking place. However, the ethics questionnaire issued by audit highlighted that some staff did not feel supported or developed in their roles. The results also highlighted that staff did not have time to complete Ollie training and felt they had not received proper induction into their role.

5.14.4 Other support includes CPD sessions, team meetings and ongoing 1:2:1s, however results of the ethics questionnaires have demonstrated that some staff still do not have regular 1:2:1 supervision meetings.

5.14.5 Members receive an induction session and annual training with regard to the Treasury Management Strategy and other training relevant to their position. All Members and staff have had the opportunity to undertake training on General Data Protection Regulations (GDPR) / Data Protection Act (DPA) 2018 legislation. There is also online training available to all staff on GDPR/DPA 18 Requirements.

5.14.6 The action plan at Appendix A of this statement detail issues highlighted from the results of the annual governance certification process

5.15 The Council continues to manage risks and performance through robust internal control and strong public financial management.

5.15.1 Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. Our approach to managing risk is explained in our Risk Management Strategy. The Strategic Risk Register is reviewed by SMT and considered by Audit Committee annually.

5.15.2 The Internal Audit plan is informed by the Council's service and financial planning processes, strategic risk register, external inspection reports, external networking intelligence, comments from Senior Management and their opinion of the current state of the governance risk and internal control arrangements.

5.15.3 During 2019/20 the Internal Audit team achieved 70% of their planned work and this has been used with the relevant output from unplanned work to form their opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control framework. Internal Audit output is lower than previous years and this is due to a number of factors including long-term sickness, concentration of audit resource on particular high risks to the Council and, more recently, the need to focus staff resources on responding to the Covid-19 pandemic.

All recommendations made in audit reports show a risk category which is used to inform the overall grading of the report.

5.15.4 The Chief Internal Auditor has undertaken checks on the work of Internal Audit as part of the Quality Assurance Improvement Program. A small number of minor issues have been identified through these checks and have been fed back to the Internal Audit Team to assist in their continuous improvement.

5.15.5 Internal Audit report to the Audit Committee 4 times a year. The Audit Committee has asked for additional information during the year and requested Executive Directors/Directors and Service Managers to attend to provide assurance on the management of risks and implementation of recommendations. The Audit Committee have also approved the Internal Audit Charter for 2019/20.

5.15.6 Large projects include the maintenance of a project risk register; this is an ongoing working document that is amended throughout the project. Where personal data is processed, projects also include the completion of Data Protection Impact Assessments.

5.15.7 The Council has adopted the CIPFA code of practice for managing the risk of fraud and corruption and this has been reflected in our updated Anti-Fraud & Corruption Policy and Whistleblowing (Speak Up) Policy.

5.15.8 Services report regularly to Council committees such as Audit Committee, Planning, Licensing, Cabinet etc. These reports detail any impact assessment, including risk and opportunity. Financial decisions are reported to Cabinet, full Council and Audit Committee, who often challenge to ensure appropriate financial management and to demonstrate transparency.

5.15.9 Financial Regulations set out our financial management framework for ensuring we make the best use of the money we have available. Financial roles and responsibilities are clearly shown in the Financial Regulations and it provides a framework for financial decision-making.

5.15.10 The Treasury Management Strategy and regular updates on treasury matters are provided to Audit Committee. This information clearly show investments, loans, and the financial position of the Council.

5.15.11 The Council's financial strategy identifies the short term budget plan and long term aspirational plan linked to the corporate plan to be a self-sustaining council.

5.15.12 Final accounts are produced on time and in line with best practice and our External Auditor's Report for 2018/19 included in its headlines:

- Value for Money conclusion - Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources
- In our opinion, the financial statements:
  - give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
  - have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
  - have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

5.15.13 The Council has continued to make savings in light of ongoing financial pressures. Over £123 million savings have been made to date by the Council with further future savings of £20 million required by 2022/23 which will be subject to review in the light of the impact of Covid19.

5.16 Implement good practices in transparency, reporting and audit to deliver effective accountability

5.16.1 As a public body we endeavour to be open and transparent in our activities and reporting. Council and committee agendas, reports and minutes are published on our corporate website to demonstrate decisions made. The Council undertake public consultation on areas such as the budget and selective licensing. We publish expenditure over £100 on our website, as part of the transparency agenda.

5.16.2 The Audit Committee has responsibility for internal and external audit matters, the Council's arrangements for Corporate Governance and risk management.

5.16.3 The Audit Committee terms of reference also incorporate the review and monitoring of the Council's Treasury Management arrangements. Members of the Committee are kept up to date through awareness training on factors that influence/affect delivery of the strategy and during the year were provided with an update on these matters by Arlingclose the Council's Treasury Management advisors.

5.16.4 There are various committees, all with their own terms of reference and areas of responsibility, i.e. Licensing Committee, Planning Committee, and there are elected members who are responsible for service areas within the Council.

5.16.5 Arrangements are in place to ensure Internal Audit fully complies with the Public Sector Internal Audit Standards (PSIAS).

5.16.6 The Internal Audit plan is developed using a risk-based approach taking into consideration the Strategic Risk Register, Service Plans and other audit intelligence. Audit recommendations made are communicated to relevant Service Delivery Managers and relevant Senior Management representatives for consideration and implementation of recommendations. Internal Audit will share best practice in the duty of their work.

5.16.7 The Council's Communication Team works with Officers and Members to ensure key messages are in plain English and in consistent format.

5.16.8 The Council's performance management framework is monitored by the Senior Management Team and has procedures in place that drive continuous improvement in performance.

5.16.9 The Annual Governance certification process demonstrated that service areas are aware that their intranet and web pages are not up to date and are in the process of updating them.

	Signed	Dated
David Sidaway Chief Executive		
Cllr Shaun Davies Leader of the Council		
Cllr Nathan England Chair of Audit Committee		

AGS ACTION PLAN FOR 2019/20 FOR IMPLEMENTATION DURING 2020/21

No	Findings	Actions	Lead Officers	Comments
1.	Ongoing savings proposals and continued strategic management of organisational changes to continue particularly in light of COVID19. *(Part) Follow on from 2018/19 AGS action plan.*	Continued management/reduced budgets, revised structures and commercial/ business approach which links to the continued development and implementation of revised governance framework. Recovery, Reform and Reset Group set up to look at financial impact of COVID19 Further consultations on future savings.	• Chief Executive • SMT	
2.	All internal audits consist of an ethics questionnaire that is sent to a sample of staff in the team/areas being audited to demonstrate their understanding of key corporate policies and whether staff feel supported. Results of these questionnaires in 2019/20 demonstrate that: • Some staff do not feel that they have had a proper induction • Some staff do not have regular 1:2:1 supervision or team briefs • Staff feel they do not receive adequate training	Induction process to be reviewed and re-publicised. Further guidance for managers in respect to completion of regular 121's, supervision and team briefs. Organisational Delivery & Development work on revised strategic service planning linking corporate objectives through to APPD's – the golden thread. This will include workforce development and training.	• SMT/SDM • Organisational Delivery & Development Manager	

No	Findings	Actions	Lead Officers	Comments
	These findings have been shared when discussing individual audit reports with relevant SDM's and Directors and taken to SMT as part of reporting corporate recommendations.			
3.	Results of the Internal Audit questionnaires also indicated a lack of awareness in some areas of key corporate policies such as the Gifts & Hospitality Policy and Whistleblowing Policy.	Campaign to be led by Audit & Governance aiming to raise the profile of key corporate policies.	• SMT/SDM • Organisational Delivery & Development Manager	
4.	The results of the annual governance certification process highlighted that in some service areas there were reductions in appropriate skilled staff numbers creating single points of failure. Service Delivery Managers are aware of these issues and where possible are putting measures in place to try and mitigate this. *Follow on from 2018/19 AGS action plan*	As part of strategic planning process, ODD to record resource needs from SDM and work with them to identify ways to address this eg. apprenticeship strategy, management and leadership development and similar	• Chief Executive • Director of Finance & Human Resources • Organisational Delivery & Development Manager	
5.	The results of the annual governance certification process has highlighted that service areas	Information Governance to:	• SIRO/SMT • SDM's	

No	Findings	Actions	Lead Officers	Comments
	have experienced data breaches and potential near misses in respect to personal data. Where data breaches have been experienced, these have been reported to the Information Governance Team and managers have changed processes and procedures, where possible, based on lessons learned to prevent similar breaches occurring. It should be noted that the Information Commissioners Office has not taken any action against the Council during this time.	• Update data protection training modules in 20/21 to ensure all officers are appropriately trained. • To refresh and re-publicise its Information Security Breach Procedure. • To ensure lessons are learnt after each breach and suggested improvements communicated corporately where applicable.		
6.	The annual governance certification process demonstrated that some service areas are aware that their web pages are not up to date but they are in the process of updating them. *Follow on from 2018/19 AGS action plan*	Customer Relations leading on periodic testing on Council web pages and lessons learnt will be fed back. Web authors and SDM's to be sent reminders on importance of keeping web content up to date.	• SMT • SDM's	

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EXPENDITURE & FUNDING ANALYSIS AND ACCOMPANYING NOTES

Expenditure & Funding Analysis

The EFA is not a Primary Financial Statement and as such should be treated as a note to the accounts. Further details of adjustments between the funding and the accounting basis are contained in the note to the EFA. The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the local authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19				2019/20		
Net Expenditure Chargeable to the General Fund Balance £000	**Adjustments Between the Funding and Accounting Basis £000**	**Net Expenditure in the Comprehensive Income & Expenditure Statement £000**	**SERVICE**	**Net Expenditure Chargeable to the General Fund Balance £000**	**Adjustments Between the Funding and Accounting Basis £000**	**Net Expenditure in the Comprehensive Income & Expenditure Statement £000**
40,815	193	41,008	Adult Social Care	43,473	1,605	45,078
(676)	13,434	12,758	Business, Development & Employment	(1,813)	2,737	924
2,277	(302)	1,975	Cooperative Council	2,051	2,634	4,685
6,245	5,593	11,838	Commercial Services	6,706	3,872	10,578
(3,134)	15,047	11,913	Council Wide	(5,472)	(23,246)	(28,718)
24,536	3,411	27,947	Customer & Neighbourhood Services	23,562	(4,242)	19,320
1,888	28,867	30,755	Education & Corporate Parenting	2,369	(16,564)	(14,195)
14,017	(11,428)	2,589	Finance & Human Resources	11,899	14,194	26,093
6,260	203	6,463	Governance, Procurement & Commissioning	6,748	451	7,199
241	72	313	Health & Well-being	219	323	542
28,778	(377)	28,401	Children's Safeguarding & Family Support	31,903	1,079	32,982
121,247	**54,713**	**175,960**	**Net Cost Of Services**	**121,645**	**(17,157)**	**104,488**
(121,522)	12,115	(109,407)	Other Income & Expenditure	(121,791)	10,099	(111,692)
(275)	**66,828**	**66,553**	**(Surplus) or Deficit**	**(146)**	**(7,058)**	**(7,204)**
4,808			Opening General Fund Balance	5,083		
275			Surplus or (Deficit) for year	146		
5,083			**Closing General Fund Balance**	**5,229**		

Expenditure & Funding Analysis Notes

1. Adjustments between funding and accounting basis

2019/20

	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Other* Adjustments £000	Total Adjustments £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Adult Social Care	43,473	91	0	1,514	1,605	45,078
Business, Development & Employment	(1,813)	(1,136)	0	3,873	2,737	924
Co-Operative Council	2,051	273	0	2,361	2,634	4,685
Commercial Services	6,706	2,207	0	1,665	3,872	10,578
Council Wide	(5,472)	1,351	13,324	(37,921)	(23,246)	(28,718)
Customer & Neighbourhood Services	23,562	(4,790)	0	548	(4,242)	19,320
Education & Corporate Parenting (Note 8)	2,369	(11,909)	0	(4,655)	(16,564)	(14,195)
Finance & Human Resources	11,899	509	0	13,685	14,194	26,093
Governance, Procurement & Commissioning	6,748	50	0	401	451	7,199
Health & Well-being	219	0	0	323	323	542
Children's Safeguarding & Family Support	31,903	165	0	914	1,079	32,982
Net Cost of Services	**121,645**	**(13,189)**	**13,324**	**(17,292)**	**(17,157)**	**104,488**
Other Income & Expenditure	(121,791)	(1,182)	7,372	3,909	10,099	(111,692)
(Surplus) or deficit on provision of services	**(146)**	**(14,371)**	**20,696**	**(13,383)**	**(7,058)**	**(7,204)**

* - Other Adjustments include technical adjustments for MRP, accumulated absences, revenue grants and movement in reserves.

2018/19

	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Other Adjustments £000	Total Adjustments £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Adult Social Care	40,815	848	0	(655)	193	41,008
Business, Development & Employment	(676)	6,709	0	6,725	13,434	12,758
Commercial Services	2,277	344	0	(646)	(302)	1,975
Co-Operative Council	6,245	4,765	0	828	5,593	11,838
Council Wide	(3,134)	2,498	13,403	(854)	15,047	11,913
Customer & Neighbourhood Services	24,536	1,826	0	1,585	3,411	27,947
Education & Corporate Parenting (Note 8)	1,888	36,113	0	(7,246)	28,867	30,755
Finance & Human Resources	14,017	434	0	(11,862)	(11,428)	2,589
Governance, Procurement & Commissioning	6,260	65	0	138	203	6,463
Health & Well-being	241	(75)	0	147	72	313
Safeguarding and Early Help	28,778	(2,410)	0	2,033	(377)	28,401
Net Cost of Services	**121,247**	**51,117**	**13,403**	**(9,807)**	**54,713**	**175,960**
Other Income & Expenditure	(121,522)	(4,014)	6,502	9,627	12,115	(109,407)
(Surplus) or deficit on provision of services	**(275)**	**47,103**	**19,905**	**(180)**	**66,828**	**66,553**

Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Adjustments

Other Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For financing and investment income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.
- For taxation and non-specific grant income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, e.g. for unringfenced government grants.

2. Segmental Income

	2018/19 £000	2019/20 £000
Adult Social Care	22,355	25,730
Business, Development & Employment	15,233	15,372
Co-Operative Council	159	139
Commercial Services	33,825	34,891
Council Wide	8,315	17,441
Customer & Neighbourhood Services	78,459	67,483
Education & Corporate Parenting	113,239	110,718
Finance & Human Resources	9,434	9,149
Governance, Procurement & Commissioning	2,731	3,034
Health & Well-being	12,246	11,904
Children's Safeguarding and Family Support	2,758	3,836
Net Cost of Services	**298,754**	**299,697**

CORE FINANCIAL STATEMENTS
AND
ACCOMPANYING NOTES

Comprehensive Income and Expenditure Account

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Expenditure & Funding Analysis.

SERVICE	2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Net Expenditure £000	2019/20 Gross Expenditure £000	2019/20 Income £000	2019/20 Net Expenditure £000
Adult Social Care	63,004	21,996	41,008	70,544	25,466	45,078
Business, Development & Employment	21,492	8,734	12,758	13,261	12,337	924
Co-Operative Council	2,610	635	1,975	4,843	158	4,685
Commercial Services	34,822	22,984	11,838	44,856	34,278	10,578
Council Wide	20,242	8,330	11,912	(11,292)	17,426	(28,718)
Customer & Neighbourhood Services	116,023	88,076	27,947	96,283	76,963	19,320
Education & Corporate Parenting (Note 8 provides details of DSG)	148,076	117,321	30,755	108,278	122,473	(14,195)
Finance & Human Resources	8,100	5,511	2,589	30,879	4,786	26,093
Governance, Procurement & Commissioning	9,323	2,860	6,463	10,237	3,038	7,199
Health & Well-being	12,641	12,328	313	12,404	11,862	542
Children's Safeguarding and Family Support	29,946	1,545	28,401	36,950	3,968	32,982
Net Cost of Services	**466,279**	**290,320**	**175,959**	**417,243**	**312,755**	**104,488**
Other Operating Expenditure (Note 7)			298			3,246
Financing and Investment Income and Expenditure (Note 8)			17,350			12,684
Taxation & Non Specific Grant Income and Expenditure (Note 9)			(127,054)			(127,622)
(Surplus) or deficit on provision of services			**66,553**			**(7,204)**
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets			(14,452)			(53,933)
(Surplus) or deficit on revaluation of Available for Sale financial assets			0			282
Re-measurements of the net defined benefit pension liability (Note 12)			36,060			(2,073)
Other Comprehensive Income & Expenditure			**21,608**			**(55,724)**
Total Comprehensive Income and Expenditure			**88,161**			**(62,928)**

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (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 for council tax setting purposes.

	General Fund Balance & Reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2018 carried forward	**81,563**	**2,943**	**84,506**	**(63,670)**	**20,838**
Total Comprehensive Income and Expenditure	(66,553)	0	**(66,553)**	(21,608)	**(88,161)**
Adjustments between accounting basis & funding basis under regulations (Note 14)	70,480	3,915	**74,395**	(74,395)	**0**
Increase/ (Decrease) in 2018/19	**3,927**	**3,915**	**7,842**	**(96,003)**	**(88,161)**
Balance at 31 March 2019 carried forward	**85,490**	**6,858**	**92,348**	**(159,673)**	**(67,325)**
Total Comprehensive Income and Expenditure	7,204	0	**7,204**	55,724	**62,938**
Adjustments between accounting basis & funding basis under regulations (Note 14)	(132)	15,568	**15,436**	(15,436)	**0**
Increase/ (Decrease) in 2019/20	**7,072**	**15,568**	**22,640**	**40,288**	**62,928**
Balance at 31 March 2020 carried forward	**92,562**	**22,426**	**114,988**	**(119,385)**	**(4,397)**

It should be noted that of the total usable reserves, £114.989m, only £5.229m is uncommitted general fund balances. The remainder includes earmarked reserves and school balances, see note 29 and 30. There are also unusable reserves see note 31.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2018 Restated £000	31 March 2019 Restated £000		Notes	31 March 2020 £000
465,740	452,675	Property, Plant & Equipment	15a	521,532
101,448	105,407	Investment Properties	15b	102,143
2,081	2,048	Intangible Assets	17	1,989
9,265	11,915	Long Term Investments	21,22,23	13,300
25,917	29,568	Long Term Debtors	21	32,859
604,451	**601,613**	**Long Term Assets**		**671,823**
323	297	Inventories		208
37,267	32,528	Debtors	23	34,869
14,213	6,062	Assets Held for Sale	18	6,999
19,746	15,498	Cash and Cash Equivalents	25	30,583
71,549	**54,385**	**Current Assets**		**72,659**
(20,160)	(18,574)	Provisions	26	(15,325)
(102,176)	(75,101)	Short term Borrowing	21,22	(67,149)
(62,352)	(68,259)	Creditors	27	(72,742)
(184,688)	**(161,934)**	**Current Liabilities**		**(155,216)**
(113,139)	**(107,549)**	**Net Current Assets/(Liabilities)**		**(82,557)**
(154,526)	(191,823)	Less Long Term Borrowing	21,22	(209,036)
(53,282)	(50,668)	Less Long Term Creditors (PFI & Finance Leases)	21,28	(48,027)
(258,739)	(314,704)	Less Pensions Liability	12	(333,327)
(3,928)	(4,194)	Capital Grants Receipts in Advance	41	(3,273)
(470,475)	**(561,389)**	**Long Term Liabilities**		**(593,663)**
20,837	**(67,325)**	**Net Assets/(Liabilities)**		**(4,397)**
84,506	92,348	Usable Reserves	29,30	114,989
(63,669	(159,673)	Unusable Reserves	31	(119,385)
20,837	**(67,325)**	**Net Reserves**		**(4,397)**

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. The amount of net cash flows arising from operating activities is 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 the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2018/19 £000		2019/20 £000
64,184	Net (surplus) or deficit on the provision of services	(7,204)
(89,137)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 36)	(35,608)
42,799	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 37)	39,208
17,846	**Net cash flows from Operating Activities**	**(3,604)**
(6,877)	Investing Activities (Note 38)	(4,602)
(6,721)	Financing Activities (Note 39)	(6,879)
4,248	**Net (increase) or decrease in cash and cash equivalents**	**(15,085)**
19,746	Cash and cash equivalents at the beginning of the reporting period	**15,498**
15,498	Cash and cash equivalents at the end of the reporting period (Note 25)	**30,583**

Notes to the Core Financial Statements

1. Accounting Policies

a) General

The accounts have been prepared in keeping with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (COP), based on International Financial Reporting Standards (IFRS), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by a number of detailed accounting recommendations including interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and interpretations of the Standing Interpretations Committee (SIC). They are further supplemented by International Public Sector Accounting Standards (IPSAS).

b) Concepts

These accounts have been prepared in accordance with the all-pervading concepts of accruals and going concern, together with comparability, verifiability, timeliness, understanding of and primacy of legal requirements as set out in the COP. Under the going concern concept, although the Council has net current liabilities of £82.6m, it is a going concern as the Council has access to Public Works Loan Board borrowing and future Council Tax revenues. (See Note 22 for detail on interest rate risk). Local Authorities can only be discontinued under statute.

c) Accruals of Expenditure & Income

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Practice, IAS 18 and IFRS 15. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. 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. Revenue is measured as the amount of the transaction price which is allocated to that performance obligation.
- 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 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 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 income not collected.

Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions.

d) Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Investments that are short-term are defined as highly liquid investments held at the Balance Sheet date that are readily convertible to known amounts of cash on the Balance Sheet date and which are subject to an insignificant risk of changes in value. Under this definition investments held in call accounts would count as cash equivalents but fixed term investments and investments in notice accounts would not, as they are not readily convertible to cash.

e) Contingent Asset

A contingent asset is a possible asset that arises for a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council. The Council does not recognise contingent assets, but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

f) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Council or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Council does not recognise a contingent liability but discloses its existence in the financial statements.

g) Employee Benefits

The accounting arrangements for Employee Benefits are covered by IAS 19. The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

The areas of remuneration that relate to the Council are as follows:

- Salaries and Wages
- Compensated Absences (paid annual leave and sick leave)
- Pensions Benefits
- Termination Benefits

Salaries and Wages

The amount of salary or wage earned by an employee will be recognised in the financial year to which it relates.

Compensated Absences

The expected cost of short-term compensated absences should be recognised as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

In relation to annual leave and time off in lieu an estimation of the value of any untaken annual leave and the time off in lieu position at the end of the financial year will be undertaken and an appropriate amount included in the accounts. Sick leave is non accumulating and is accounted for when absences occur.

Pensions Benefits

The Council participates in three formal pension schemes, the Local Government Pension Scheme, which is administered by Shropshire County Pension Fund, the National Health Service Pension Scheme, administered by NHS Pensions and the Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the DfE.

Under International Accounting Standards and accounting Code requirements, the Council recognises the cost of post-employment benefits in the reported cost of services when they are earned by employees, rather than when benefits are eventually paid as pensions. For the Local Government Pension Scheme, these costs are provided by the fund actuaries and are included as a cost in the financial statements. However, statutory provision requires that the General Fund Balance is charged with the amount payable by the Council and not the amount calculated according to the accounting standard, therefore compensating entries are posted through the Movement in Reserves Statement which result in the General Fund Balance not being impacted by future pension liabilities.

Arrangements for the Teachers' scheme and the NHS Scheme mean that liabilities for future benefits cannot be separately identified for the Council and no liability for future payments of benefits is therefore recognised in the financial statements for these, and the employer's contribution is charged to the CIES in the year.

See Notes 11, 12 and 13.

In accordance with International Accounting Standard No 19 – *Employee Benefits* (IAS 19) disclosures and transactions in relation to the assets, liabilities, income and expenditure related to pension schemes for employees are required. Valuation methods are in compliance with the 2019/20 COP. The information is only necessary in relation to the Local Government Pension Scheme, as it is not possible to identify any Authority's share of the assets and liabilities under the Teachers' scheme or the National Health Service scheme.

The age profile of this Council's Local Government Pension Scheme is not currently rising significantly, so we should not see the current liabilities of the scheme rising significantly as the members approach retirement.

Termination Benefits

Any termination benefits awarded during the financial year will be included in the Comprehensive Income and Expenditure Statement in that year. Where the amount has not been paid at the balance sheet date, a provision will be created in the accounts for that year.

h) Events After the Reporting Period

Where a material post balance sheet event occurs which

- Provides additional evidence relating to conditions existing at the balance sheet date; or
- Indicates that application of the going concern concept to a material part of the Authority is not appropriate;

Changes will be made in the amounts to be included in the statement of accounts or disclosed in a note.

i) Exceptional Items and Prior Period Adjustments

Exceptional items are material items which derive from events or transactions that fall within the ordinary activities of the authority, and which need to be disclosed separately by virtue of their size or incidence if the financial statements are to give a true and fair view.

Prior Period Adjustments relate to corrections of errors in the financial statements of prior periods, retrospective adjustments resulting from changes to accounting policy or adoption of new accounting treatments. The correct accounting treatment for prior period adjustments for a comparative financial statement is to restate the amount to be adjusted and show the impact on the accounts. Please see Note 2.

j) Financial Instruments

Financial Liabilities

Financial liabilities 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 carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

- Financial Assets Measured at Amortised Cost

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. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the authority has made two loans to local organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise from the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

- Expected Credit Loss Model

  The authority recognises expected credit losses on all of its financial assets held at amortised cost, 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 (debtors) held by the authority.

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

- Financial Assets Measured at Fair Value through Profit & Loss

  Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority 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.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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 from the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

k) Government Grants and Other Contributions

Where the acquisition of a fixed asset is financed either wholly or in part by a Government grant or other contribution, the amount of the grant or contribution is recognised in the comprehensive income and expenditure statement (CIES) unless there is an outstanding condition, where it is transferred to capital grant receipts in advance until the condition is met or the grant is returned. Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

l) Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the Authority as a result of past events, and future economic benefits must be expected to flow from the intangible asset to the Authority. Usually within local authorities this relates to in house developed software.

m) Inventories and Long Term Contracts

Stocks are valued in accordance with IAS 2 at current value with an allowance made for obsolescent and slow-moving items. Any long term contracts in existence at 31 March are apportioned to the year in relation to when the work was carried out rather than the year in which the contract was completed.

n) Investment Properties

Investment property is property (land or a building – or part of a building – or both) held solely to earn rentals or for capital appreciation or both, rather than for:
(a) Use in the production or supply of goods or services or for administrative purposes; or
(b) Sale in the ordinary course of operations.

o) Leases

The Council accounts for leases as Finance Leases when substantially all the risks and rewards relating to the ownership of the leased asset are transferred to the Council. Leases that do not meet this definition are accounted for as Operating Leases. The Council also operates as Lessor for its Property Investment Portfolio.

The use of leasing, together with the amount of rentals paid during the year and the undischarged obligation, is explained in Note 49 to the Core Financial Statements.

Rentals payable under operating leases are charged to revenue on an accruals basis.

The cost of assets acquired under operating leases and the related liability for future rentals payable are not included in the balance sheet.

p) Non-current Assets Held for Sale

Assets are classified as being held for sale if the following conditions are met:

- management is committed to a plan to sell,
- the asset is available for immediate sale,
- an active programme to locate a buyer is initiated,
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions),
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value,
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

q) Interests in Companies and Other Entities

The Council has a wholly owned Company, NuPlace Ltd for the provision of market rented housing in the borough and is required to prepare Group Accounts. Group Accounts have been prepared on a line for line basis; accounting policies are aligned between NuPlace and the Council; and intra-group transactions have been eliminated. In the authority's own single-entity accounts, the interest of NuPlace is recorded as a financial asset, less any provision for losses.

The Council is one of four constituent authorities for the West Mercia Energy purchasing consortium (WME). WME transactions are excluded from the Council's financial statements on the basis that they are not material to the fair presentation of the financial position of the Council. Note 56 shows an extract of WME's balance sheet at 31 March 2020.

r) Overheads

The revenue accounts for the various services include charges for the related support services. These are agreed annually and are based on agreed criteria. Support Services are allocated in line with CIPFA recommended practice. As the Code of Practice does not allow transactions between segments in the service analysis, internal recharges have been eliminated from gross income and gross expenditure in the Comprehensive Income and Expenditure Statement.

s) Private Finance Initiative

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. The Council has one PFI scheme which was entered into in March 2006 and is for the provision of school and leisure facilities at Hadley Learning Community and Queensway for £289m.

IFRIC 12 Service Concession Arrangements requires the Council to assess the level of control each party has within the PFI contract. The result of this assessment is that the Council is deemed to control the services that are provided under its PFI scheme and as ownership of the property, plant and equipment will pass to the Council at the end of the contract for no additional charge, the Council carries on the Balance Sheet the property, plant and equipment used under the contracts.

An asset has been recognised and a long term financial lease creditor created to reflect the asset in the accounts and recognise the commitment to make future payments to the operator.

The original recognition of this property, plant and equipment was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. Property, plant and equipment recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

Amounts payable to PFI operators are analysed into five elements. Fair value for the services received in the year (debited to the appropriate service). Finance cost (debited to interest payable and similar charges). Contingent rent – increases in the amount to be paid for the property arising during the contract (debited to interest payable and similar charges). Payment toward liability (applied to write down the Balance Sheet liability towards the PFI operator). Lifecycle replacement costs (recognised as a fixed asset on the balance sheet).

t) Property, Plant & Equipment

All expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. Expenditure on property, plant and equipment is capitalised, provided that the fixed asset yields benefits to the Authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance of property, plant and equipment, which is charged direct to service revenue accounts.

Property, plant and equipment are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institute of Chartered Surveyors (RICS). Property, plant and equipment are classified into the groupings required by the Code of Practice on Local Authority Accounting and valued on the following bases:

- land, operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost or net realisable value.
- non-operational assets and assets that are surplus to requirements, are included in the balance sheet at the lower of net current replacement cost or net realisable value. In the case of investment properties, this is normally open market value.
- infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation.

Revaluations of property, plant and equipment are planned at five yearly intervals, where circa 70% of the value of all properties will be completed on an annual basis as the Council transitions to three yearly intervals for revaluation. Three yearly intervals should be implemented by 31 March 2022. Material changes to asset valuations will be adjusted in the interim period, as they occur. Surpluses or deficits arising from revaluation are credited or debited to the revaluation reserve respectively as long as there is a sufficient balance on the reserve in respect of deficits. Where there is an insufficient balance or a clear consumption of economic benefits, deficits are charged to the income and expenditure account as impairments.

Assets acquired under finance leases are capitalised in the Authority's accounts, together with the liability to pay future rentals. Other assets previously acquired under advance and deferred purchase schemes are also recognised and included in the balance sheet.

Income from the disposal of property, plant and equipment is accounted for on an accruals basis. Such income that is not reserved for the repayment of external loans and forms part of the capital financing account, and has not been used, is included in the balance sheet as usable capital receipts.

Expenditure on site clearance carried out prior to contract signature is capitalised as part of the Council's land value.

As at 31st March 2020 there was 1 significant capital contract in place. This totalled £4.681m and is detailed in Note 15a.

u) Depreciation

Depreciation is provided for on all property, plant and equipment with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- newly acquired assets are depreciated from the start of the year after they are acquired, assets in the course of construction are not depreciated until the year after they are brought into use. Depreciation is applied in the year of disposal.
- depreciation is calculated using the straight-line method over its estimated life.
- depreciation is not provided for on Investment Properties.

v) Charges to Revenue in Respect of Property, Plant and Equipment

General fund service revenue accounts, central support services and statutory trading accounts are charged with a capital charge for all property, plant and equipment used in the provision of services. The total charge covers the annual provision for depreciation and impairments. Where there is sufficient balance in the Revaluation Reserve, impairments are charged there, otherwise they are charged to the Revenue Account. The aggregate charge to individual services is determined on the basis of the capital employed in each service.

w) Provisions

The Council sets aside provisions for specific future expenses which are likely, or certain, to be incurred, based on the best estimate available.

x) Reserves

The Council maintains certain reserves to meet general, rather than specific, future expenditure. The purpose of the Council's reserves is explained in Notes 29, 30 and 31.

The current system of capital accounting also requires the maintenance of two accounts in the balance sheet:

- the revaluation reserve, which represents principally the balance of the upward revaluations of property, plant and equipment and;
- the capital adjustment account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on property, plant and equipment or for the repayment of external loans and certain other financing transactions.

y) Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Legislation allows some expenditure to be classed as capital for funding purposes when it does not result in an asset on the balance sheet, for example work on properties owned by another organisation. This is charged to the relevant service in the Comprehensive Income

& Expenditure Account and then transferred via the Movement in Reserves Statement to the Capital Adjustment Account so that there is no impact on the General Fund balance.

z) Value Added Tax

Local Authorities pay VAT on purchases and charge VAT on supplies of goods and services. Usually the amount of VAT paid on purchases is greater than that received for goods and services and the difference is reclaimed. The figures included in the statement of accounts exclude VAT except in infrequent circumstances where it is not reclaimable.

aa) Direct Revenue Financing of Capital Expenditure

The Council is permitted by law to finance unlimited amounts of expenditure for capital purposes through its revenue accounts.

ab) Interest on Surplus Funds and Balances

All interest earned on surplus cash or funds and balances is taken to the General Fund, except appropriate interest that is credited to the school balances, section 106 agreements, commuted sums, insurance provision (Ex Shropshire Council) and certain Adult Social Care balances.

ac) Capital Receipts

Capital receipts from the disposal of assets are held in the usable capital receipts account until such time as they are used to finance other capital expenditure or to repay debt. During 2019/20, the Council funded £1.4m of expenditure in its Comprehensive Income and Expenditure Account from capital receipts under the Government's flexible use of capital receipts announced as part of the 2015 Spending Review.

ad) The Redemption of Debt

The Council makes provision for the repayment of debt in accordance with the Local Authorities (Capital Finance & Accounting) (England) (Amendment) Regulations 2008 and Explanatory Memorandum and Guidance.

The "Minimum Revenue Provision" (MRP) is calculated on the basis of the life of the asset and the ultimate funding of that asset. MRP is not charged until the year after the asset comes into operation.

ae) Estimation Techniques

Estimation techniques are methods adopted by the Authority to arrive at an estimated monetary amount, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at using an estimation technique.

af) Heritage Assets

Heritage assets are held or maintained principally for their contribution to knowledge and culture. They are initially recognised at cost if this is available. If cost is not available, values are only included in the Balance Sheet where the cost of obtaining valuation is not disproportionate to the benefit derived. For the Council's heritage assets no cost information is available and the cost of obtaining that value is disproportionate to the benefit.

A list of the Council's Heritage assets is included in Note 19.

The cost of maintenance and repair of heritage assets is written off in the year incurred.

ag) Capitalisation Of Interest

Following a change in guidance the Council amended its policy on capitalisation of interest in 2013/14. Previously all interest has been charged to revenue in the year incurred, however, part of this interest cost relates to capital schemes under construction. With effect from 1 April 2013, interest costs relating to assets under construction will be capitalised, but only during the construction phase of the scheme. A threshold of £1m will be applied to this policy i.e. interest will only be capitalised for programme items where prudential borrowing exceeds £1m in year. This change in policy will generate revenue savings in the short term, but these will be offset by higher debt repayments in future years spread over the life of the respective assets. For 2019/20 £0.000m (£0.074m for 2018/19) was charged to capital rather than revenue.

ah) Accounting for Council Tax and Non Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

The Council Tax income included in the Comprehensive Income & Expenditure Statement is the accrued income for the year, and not the amount required under regulation to be transferred from the Collection Fund to the General Fund (the Collection Fund Demand). The difference is taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

As the collection of Council Tax for preceptors (the West Mercia Police and Crime Commissioner, and Shropshire & Wrekin Fire & Rescue Authority) is an agency arrangement, the cash collected belongs proportionately to Telford & Wrekin Council as the billing authority and to the preceptors. This gives rises to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation. The Balance Sheet also includes the authority's share of the year end balances relating to arrears, impairment allowances for doubtful debts and prepayments.

In relation to Non-Domestic Rates, Telford & Wrekin Council collects income due as an agency arrangement. As with council tax, the cash collected belongs proportionately to Telford & Wrekin Council as the billing authority, and to Central Government and Shropshire & Wrekin Fire & Rescue Authority as preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation. The Balance Sheet also includes the authority's share of the year end balances relating to arrears, impairment allowances for doubtful debts, appeals and prepayments.

ai) Accounting for Local Authority Maintained Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are

recognised in the local authority financial statements of the authority as if there were transactions, cash flows and balances of the authority.

The Council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

The Council recognises on balance sheet the non-current assets of schools where the Council legally owns the assets or where the school is in the legal ownership of a non religious body, on the basis that they are the assets of the school and need to be consolidated in to the Council's accounts.

Community schools are owned by the Council and therefore recognised on the balance sheet.

The majority of Voluntary Aided and Voluntary Controlled schools in the Council area are owned by the respective Diocese. The School/Council uses the school building to provide education under the provisions of the School Standards and Framework Act 1998.

Foundation schools owned by the Diocese are not recognised on the Council balance sheet as the position is the same as Voluntary Aided and Voluntary Controlled. Where ownership lies with the school or the school's Governing Body the School is recognised on the Council's Balance Sheet.

Academy schools are not maintained schools controlled by the Council and as such are not accounted for in the Council's Accounts. Schools in Council ownership (Community Schools) which become Academies are provided to the Academy either on a 125 year peppercorn lease or the freehold of land and buildings has been transferred to the Academy. When schools transfer to Academy status the assets are written out of the balance sheet as at the date that the asset transfers.

2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted and Prior Period Adjustments

At the balance sheet date the following new standards and amendments to existing standards have been published and will be introduced by the 2020/21 Code of Practice of Local Authority Accounting in the United Kingdom:

- Amendments to **IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement** will require the re-measurement of net pension assets/liabilities following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1st April 2020 and since this could result in positive or negative or no movement in the net pension liability no prediction can be made of the possible accounting impact.
- **IFRS 16 Leases** will require local authorities that are lessees to recognise most leases on their balance sheet as right of use assets with corresponding lease liabilities. CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1st April 2021. The impact will be assessed for inclusion in the 2020/21 Statement of Accounts.

Prior Period Adjustments

A Prior Period Adjustment is required to the Balance Sheet to reflect a reassessment of how to present the constructions costs associate with Investment Property prior to them coming into use. Section 4.4 of the Code requires the constructions costs to be classed as Investment Property and note as Assets Under Construction within Property, Plant & Equipment (PPE).

Balance Sheet as at 31st March 2018

	As issued £000	**Adjustment £000**	**Restated £000**
Property Plant & Equipment	471,531	(5,791)	465,740
Investment Property	95,657	5,791	101,448

Balance Sheet as at 31st March 2019

	As issued £000	**Adjustment £000**	**Restated £000**
Property Plant & Equipment	464,669	(11,994)	452,675
Investment Property	93,413	11,994	105,407

The following Notes to the Accounts were also amended to correspond with these figures –

- Note 15a – Property, Plant & Equipment, and
- Note 15b – Investment Property

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for Local Government. However, given levels of uncommitted reserves and the long track record of managing significant budget reductions and sound financial management, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

- The Council has one PFI contract for the provision of school and leisure facilities at Hadley Learning Community and Queensway. Under the requirements of IFRIC 12, it has been determined that the arrangements is controlled by the Council and the accounting policy (Note 1(s)) relating to PFI schemes has been applied.

- West Mercia Energy – the Council has determined that the exclusion of WME's transactions from the Council's own accounts will not materially impact the fair presentation of the financial position and transactions of the Council and to the understanding of the Statement of Accounts by the reader. Note 56 provides details of the arrangement and an extract of the balance sheet of the West Mercia Energy Joint Committee.

- Pension Fund Liability – an actuarial evaluation of the Shropshire Local Government Pension Fund is undertaken every three years by the Fund actuary, Mercers, with annual updates in the intervening years. The methodology used is in line with IAS 19. Estimates of Pension Assets and Liabilities are sensitive to actuarial assumptions and can vary significantly based on changes to these assumptions.

- Recognition of Schools – the Council recognises the land and buildings used by schools in line with the provisions of the Codes of Practice. An assessment of the different schools operated has been undertaken to determine the accounting treatment (see Note 1(ai) above).

- Revenue from contracts with service recipients (IFRS 15) – IFRS 15 requires the Council to recognise revenue only when its obligations are delivered and accepted by 'service recipients'. A service recipient is a party that has contracted with an authority to obtain goods or services that are an output of the authority's normal operating activities in exchange for consideration.

  Any delay between receipt of income and performance of obligations is considered to be minimal and below the materiality limit for qualifying, non-statutory services.

  Where payments are received in advance of the Council fully discharging its obligations, for example in relation to planning fees or registration fees, these are appropriately recognised in the correct year through applying the accruals policy.

- Provision for single status – the council has taken into consideration a number of factors to determine the level in the single status provision including the nature of service delivery (grounds, refuse and cleansing are all provided by external contractors) and the restructuring programme which has taken place over the past 10+ years which reduces the potential future risk. The provision has been reduce by just over 24% while over 1,600 post (around 40%) have been deleted over the past 10 years as the Council has made significant savings in the face of Government grant cuts and other financial pressures.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	It is estimated that the annual depreciation charge for buildings and equipment would increase by £1.8m for every year that useful lives had to be reduced.
Property, Plant and Equipment	The effects of the COVID-19 Virus will affect the work carried out by valuers in a variety of ways, with varying impacts. The exact consequences of the COVID-19 outbreak are unknown. For the period up to the end of March 2020 there was no impact on the values with regard to development, although nervousness around timescales to achieve elements such as planning was beginning to show. All properties to be valued were accessed prior to the pandemic outbreak. Going forward inspecting property may be difficult either through the valuers own internal procedures, Government imposed restrictions or unwillingness of occupants to grant access. Access to evidential data such as comparables, may also be less freely available. Valuations may therefore be reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Future values may therefore, be based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid.	A 1% movement on the valuation of Land & Buildings equates to +/- £3.1m With regard to 20/21 we currently have a number of sites on the market and/or coming to the market and are still seeing interest in these. It is difficult to predict what impact Covid-19 will have on the development land values at this stage, although we are aware that smaller housing developers may be more risk averse. Where housing grant funding is integral to the development this may still uphold values, but this remains to be seen until offers are received.
Property Investment Portfolio	The effects of the COVID-19 Virus will affect the work carried out by valuers in a variety of ways, with varying impacts. The exact consequences of the COVID-19 outbreak are unknown. With regard to TWC asset valuations for the Property Investment Portfolio, we will not experience devaluation for the period to end of March 2020 as	A 1% movement on the valuation of Investment Properties equates to +/- £1.1m With regard to values in 20/21 we can expect that a number of companies / occupiers will not weather the storm and we

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	with Government financial assistance measures in place occupiers have continued to pay rents. All properties were accessed prior to the pandemic outbreak. Going forward inspecting property may be difficult either through the valuer's own internal procedures, Government imposed restrictions or unwillingness of occupants to grant access. Access to evidential data such as comparables, may also be less freely available. Valuations may therefore be reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Future values may therefore, be based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid.	will be left with empty properties due to liquidations, however, to counteract this increased supply, it is envisaged that the Banks will be reluctant to lend and that development will slow. It is very likely that rent reviews will not see rental increases and therefore values will remain constant.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. In March 2020 there have been substantial falls in equity markets around the world in relation to the COVID-19 pandemic. This will have consequences for asset values, and these falls in equity markets will be reflected in the accounting figures as at 31 March 2020. The ongoing impact of COVID-19 has created uncertainty around future actuarial valuations although it is not possible to predict the long-term impact.	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £14.1m. However, the assumptions interact in complex ways.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31 March 2020, the Authority had a balance of £41.141m for sundry debtors. The Council has set aside a bad debts provision of 15.2% (£6.252m) in relation to these. It is our view that this level of provision is sufficient. The ongoing impact of COVID-19 has created uncertainly around future collection rates although it is not possible to predict the long-term impact.	If collection rates were to deteriorate, an increase in the provision of 5% would require an additional £2.1m to be set aside as an allowance.
Single Status	Single Status is a national pay and conditions agreement for staff employed under NJC terms and conditions, who form a significant proportion of the Council's workforce. The agreement is effective from 1st April 2007, however the process is not yet complete and it has been necessary to include a provision against the potential costs in the 2019/20 accounts, as was the case last year.	The costs in relation to the scheme could be lower or higher than the sum provided. If the costs are lower, then any excess in the provision would be transferred into the General Fund Balance. If the costs are higher than the provision then there will be an impact on general fund balances and future Council Tax increases.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Brexit

The UK's has left the European Union and is now in a transition period until the end of 2020 while arrangements are negotiated. The current rules of trade, travel and business for the UK and EU will continue to apply during the transition period. New rules will take effect on 1 January 2021. The Council will monitor the position as more information become available. The Government has allocated £0.315m across 2018/19 and 2019/20 to all Unitary Authorities to assist with preparations for Brexit. Furthermore, Government departments will assess, and if appropriate, provide the necessary funding for new burdens falling on Local Authorities as a direct consequence of any additional requirements placed on them. The Local Government Association is representing local government during the negotiations with the aim of ensuring that councils can mitigate key risks.

COVID-19

The coronavirus pandemic is having a huge impact across the whole country. The UK went into full-scale lockdown on March 23 in an unprecedented step to attempt to limit the spread of the disease which is referenced in the table above with further detail provided in the Narrative Report.

5. Events After the Reporting Period

The draft Statement of Accounts was authorised for issue by the Director: Finance & HR on 5 June 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6. Disclosure of Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2019/20 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2019/20			152,498
Academy figure recouped for 2019/20			(56,357)
Total DSG after Academy recoupment for 2019/20			**96,141**
Brought forward from 2018/19			20
Agreed budgeted distribution in 2019/20	16,890	79,271	**96,161**
In Year Adjustments	0	493	**493**
Final Budget Distribution for 2019/20	**16,890**	**79,764**	**96,654**
Actual Central Expenditure	17,104		17,104
Actual ISB deployed to Schools		79,430	79,430
Carry Forward to 2020/21	**(214)**	**334**	**120**

The in-year adjustment of £493,000 is derived from adjustments to early years funding made after the year end.

7. Other Operating Expenditure

2018/19 £000		2019/20 £000
4,170	Parish Council Precepts	4,330
142	Payment of RSG to Parishes	98
0	(Gains)/losses on the disposal of non-current assets – Academies and Trust Schools	0
(4,014)	(Gains)/losses on the disposal of non-current assets – Other Assets	(1,182)
298	**Total**	**3,246**

8. Financing and Investment Income and Expenditure

2018/19 £000		2019/20 £000
7,074	Premiums/Discounts on debt redemption	0
10,661	Interest payable and similar charges	11,103
(1,478)	Interest receivable and similar income	(1,621)
6,502	Pensions interest cost and expected return on pensions assets	7,372
(5,409)	Income and expenditure in relation to Property Investment Portfolio and changes in their fair value	(4,170)
17,350	**Total**	**12,684**

9. Taxation and Non Specific Grant Income and Expenditure

2018/19 £000		2019/20 £000
(66,500)	Council tax income	(70,664)
(1,944)	Collection Fund Surplus/Deficit	(1,750)
(36,801)	Non domestic rates	(36,832)
(4,597)	Non domestic rates Top Up Grant	(4,702)
(14,147)	Revenue Support Grant	(9,812)
(3,065)	Section 31 Grant	(3,862)
(127,054)	**Total**	**(127,622)**

10. Expenditure and Income Analysed by Nature

2018/19 £000		2019/20 £000
	Expenditure	
88,766	Employee benefits expenses	94,807
348,020	Other services benefits	329,283
72,642	Depreciation, amortisation and impairment	16,008
9,119	Interest Payments	9,409
4,312	Precepts and levies	4,428
(4,014)	Gains / (losses) on disposal of assets	(1,182)
518,845	**Expenditure Total**	**452,755**
	Income	
(73,664)	Fees, charges and other service income	(70,162)
(134)	Interest & investment income	(132)
(105,285)	Income from Council Tax & NDR	(109,246)

(273,209)	Government Grants and other contributions	(280,420)
(452,292)	**Income Total**	**(459,960)**
66,553	**(Surplus) / Deficit on the Provision of Services**	**(7,204)**

Revenue from Contracts with Service Recipients

IFRS 15 requires the Council to recognise revenue only when its obligations are delivered and accepted by 'service recipients'. A service recipient is a party that has contracted with an authority to obtain goods or services that are an output of the authority's normal operating activities in exchange for consideration.

Any delay between receipt of income and performance of obligations is considered to be minimal and below the materiality limit for qualifying, non-statutory services.

Where payments are received in advance of the Council fully discharging its obligations, for example in relation to planning fees or registration fees, these are appropriately recognised in the correct year through applying the accruals policy.

11. Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to fund payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in three formal Pension Schemes:

- The Local Government Pension Scheme, administered by Shropshire County Pension Fund
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department of Education
- The NHS Pension Scheme, administered by NHS Pensions

12. Defined Benefit Pension Schemes Participation in Pension Schemes

The Local Government Pension Scheme is a Defined Benefit Scheme and as such falls under IAS 19 and has resulted in transactions impacting on the Income and Expenditure Account.

The cost of retirement benefits are recognised in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge required against council tax is the cash paid in the year, so the cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

In accordance with International Accounting Standard No 19 – *Employee Benefits* (IAS 19) the Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. Further information is contained in Note 1(g) of the Accounting Policies.

The Council's share of the deficit on the Local Government Pension Scheme has increased by £18.62m; this has been as a result of a reduction in the projected asset value caused by

the substantial falls in equity markets around the world in March 2020 in relation to the COVID-19 pandemic (see main assumptions table on page 77).

The Superannuation Act 1972 provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The weighted average duration of the defined benefit obligation for scheme members is 17 years. (18 years 2018/19).

The estimated contributions expected to be paid into the Local Government Pension Scheme next year is £14.124m The contribution rate was set for 2020/21 at 15.8% (2019/20 14.1%), plus a lump sum. The combined rate for 2020/21 is estimated at 19.8%.

Actuarial Gains and Losses are recognised immediately through Other Comprehensive Income. As at the 31/3/20 the cumulative amount of actuarial losses recognised in the statements is £163.714m.

The Council's assets and liabilities related to the Local Government Pension Scheme operated by Shropshire Council amounted to:

2018/19 £000		2019/20 £000
(843,099)	Present Value of Funded Benefit Obligations	(846,133)
(9,775)	Present Value of Unfunded Benefit Obligations	(8,379)
(852,874)	**Total Present Value of Benefit Obligations**	**(854,512)**
538,170	Fair Value of Pension Fund Assets	521,185
(314,704)	**Surplus/(Deficit)**	**(333,327)**

Change in Benefit Obligation during year

2018/19 £000		2019/20 £000
(777,821)	Benefit Obligation at Beginning of Year	(852,874)
(21,280)	Current Service Cost	(24,650)
(20,015)	Interest on Pension Liabilities	(20,268)
(4,280)	Member Contributions	(4,552)
(43,325)	Re-measurements (Liabilities)	29,874
(5,679)	Past Service Costs	(3,120)
(761)	Curtailment Cost	(133)
20,287	Benefits / Transfers Paid	21,211
(852,874)	**Benefit Obligation at End of Year**	**(854,512)**

Change in Plan Assets during year

2018/19 £000		2019/20 £000
519,082	Fair Value of Plan Assets at Beginning of Year	538,170
13,513	Expected Return on Plan Assets	12,896
7,265	Re-measurements (Assets)	(27,801)
14,732	Employer Contributions	15,018

2018/19 £000		2019/20 £000
4,280	Member Contributions	4,552
(415)	Administration Expenses	(439)
(20,287)	Benefits / Transfers Paid	(21,211)
538,170	**Plan Assets at End of Year**	**521,185**

Assets are valued at fair value, principally market value for investments, and consist of:

2018/19			2019/20	
£000	%		£000	%
272,422	50.6	Equity Investments	260,592	50.0
40,094	7.5	Government Bonds	75,051	14.4
46,283	8.6	Other Bonds	41,174	7.9
28,684	5.3	Property	22,411	4.3
34,335	6.4	Cash/Liquidity	6,775	1.3
116,352	21.6	Other	115,182	22.1
538,170	**100.0**	**Total**	**521,185**	**100.0**

The expected rate of return on assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The expected returns are adjusted for risk and are appropriate to each of the asset classes weighted by the proportion of the assets in the particular asset class.

Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. The valuations are based on a valuation as of 31 March 2019 and updated for the following 36 months, by Mercer Human Resource Consulting, the independent actuaries to the fund. The next valuation is due at 31 March 2020 and will be implemented in April 2020.

The main assumptions used in the calculations are:

2018/19		2019/20
2.2%	- rate of inflation (CPI)	2.1%
3.7%	- rate of increase in salaries	3.4%
2.3%	- rate of increase in pensions	2.2%
50.0%	- proportion of employees opting to take a commuted lump sum	50.0%
2.4%	- rate for discounting scheme liabilities	2.4%
	- longevity at 65 for current pensioners	
23.2	Male	22.9
26.4	Female	25.0
	- longevity at 65 for future pensioners	
25.4	Male	24.2
28.7	Female	26.6

Changes to the pension scheme permit employees retiring on or after 6th April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring will take maximum cash and 50% will take 3/80ths cash.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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 while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

Sensitivity Analysis as at 31/3/2020

Disclosure Item	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
	£000	+0.1%p.a. discount rate £000	+0.1%p.a. inflation/ pensions £000	+0.1%p.a. pay growth £000	1 year increase in life expectancy £000
Liabilities	854,512	840,389	868,873	856,198	877,551
Assets	(521,185)	(521,185)	(521,185)	(521,185)	(521,185)
Deficit/(Surplus)	333,327	319,204	347,688	335,013	356,366
Projected Service Cost for next year	22,490	21,830	23,178	22,490	23,161
Projected Net Interest Cost for next year	7,710	7,679	8,063	7,758	8,271

Pensions Asset/Liability Account

2018/19 £000		2019/20 £000
(258,739)	Opening Balance	(314,704)
(6,440)	Past Service Cost - Added Years	(3,253)
(21,280)	Current Service Cost	(24,650)
(20,015)	Interest Cost	(20,268)
13,513	Return On Assets	12,896
14,732	Payments to Pension Fund	15,018
(415)	Administration Expenses	(439)
(36,060)	Actuarial Gain or (Loss)	2,073
(314,704)	**Closing Balance**	**(333,327)**

Pensions Reserve

2018/19 £000		2019/20 £000
258,739	Opening Balance	314,704
6,440	Past Service Cost - Added Years	3,253
(14,732)	Charging Pensions Costs Payable	(15,018)
28,197	Reversing Out IAS 19 Items	32,461
36,060	Actuarial (Gain) or Loss	(2,073)
314,704	**Closing Balance**	**333,327**

Risk Management

Shropshire Council, the administering body, has a formal risk management strategy and risk registers for Pension Fund Investment, Investment Pooling and Pension Administration

within their overall Pension Strategy. A summary of the Pension Fund's key risks can be found in the Pension Fund Annual report. The Shropshire County Pension Fund uses a number of techniques to manage risks within the Fund. The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities. Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price, currency and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

13. Pensions Schemes Accounted for as Defined Contribution Schemes

The Teachers' and NHS Pension Schemes are technically Defined Benefits Schemes. However, the Schemes are unfunded and the Department for Education and NHS use a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, these are therefore accounted for on the same basis as a defined contribution scheme.

Teachers Pensions Authority:

In 2019/20 the Council paid an employer's contribution of £6,798,364 (£5,501,477 in 2018/19), representing 20.73% (16.48% in 2018/19) of Teachers' pensionable pay, into the Teachers' Pension Authority. The scheme provides members with defined benefits related to pay and service. Contributions are set at rates determined by the Secretary of State, taking advice from the Scheme's Actuary. Changes from the most recent valuation will be implemented from 1 September 2020.

National Health Service Pension Scheme:

In 2019/20 the Council paid an employer's contribution of £51,742 (£36,829 in 2018/19) representing 14.38% (14.38% in 2018/19) of pensionable pay into the NHS Pension Scheme. The scheme provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on quadrennial actuarial valuations, the results of the latest valuation will be implemented in April 2020. Under Pension Regulations, contribution rates are set to meet 100% of the overall liabilities of the fund. This relates to Public Health which transferred to the Council on 1 April 2013.

14. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. The adjustments affect General Fund Balances and Reserves, Capital Receipts and Capital Grants Unapplied.

2019/20	General Fund Balance & Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	11,859	0	0	(11,859)
Movement in the market value of Investment Properties	4,152	0	0	(4,152)
Revenue expenditure funded from capital under statute	7,702	0	0	(7,702)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	806	0	0	(806)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(3,928)	0	0	3,928
Adjustment primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(36,607)	0	36,607	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(21,039)	21,039
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,287)	2,287	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(2,287)	0	2,287
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(238)	0	0	238
Adjustments primarily involving the Pensions Reserve:				

2019/20	General Fund Balance & Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 12)	35,714	0	0	(35,714)
Employer's pensions contributions and direct payments to pensioners payable in the year	(15,018)	0	0	15,018
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	(1,403)	0	0	1,403
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(884)	0	0	884
Total Adjustments	**(132)**	**0**	**15,568**	**(15,436)**

2018/19	General Fund Balance & Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	74,311	0	0	(74,311)
Movement in the market value of Investment Properties	(1,669)	0	0	1,669
Revenue expenditure funded from capital under statute	9,573	0	0	(9,573)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,512	0	0	(1,512)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(1,239)	0	0	1,239

2018/19	General Fund Balance & Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustment primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(28,028)	0	28,028	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(24,113)	24,113
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(8,596)	8,596	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(8,596)	0	8,596
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	6,851	0	0	(6,851)
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 12)	34,637	0	0	(34,637)
Employer's pensions contributions and direct payments to pensioners payable in the year	(14,732)	0	0	14,732
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	(1,221)	0	0	1,221

2018/19	General Fund Balance & Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(919)	0	0	919
Total Adjustments	**70,480**	**0**	**3,915**	**(74,395)**

15. Property, Plant & Equipment and Investment Properties

15a. Property, Plant & Equipment

Movements in 2019/20:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2019	**276,852**	**39,009**	**201,935**	**5,021**	**5,000**	**527,817**	**22,261**
Additions	9,400	1,346	15,948	18	0	**26,712**	762
Revaluation increases/(decreases) recognised in the Revaluation Reserve	55,243	0	0	0	0	**55,243**	1,757
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,206)	(114)	0	(3)	0	**(9,323)**	(648)
Derecognition – disposals	0	0	0	0	0	**0**	0
Assets reclassified (to)/from PPE	4,678	0	0	(4,678)	0	**0**	0
Assets reclassified (to)/from Investment Properties	40	0	0	0	0	**40**	0
Assets reclassified (to)/from Intangible Assets	0	0	0	0	0	**0**	0
Assets reclassified (to)/from Assets Held for Sale	(29)	0	0	0	0	**(29)**	0
At 31 March 2020	**336,978**	**40,241**	**217,883**	**358**	**5,000**	**600,460**	**24,132**
Less Accumulated Depreciation and Impairment							
At 1 April 2019	**24,086**	**28,419**	**22,637**	**0**	**0**	**75,142**	**7,077**
Depreciation charge	7,588	2,281	5,045	0	0	**14,914**	293
Depreciation written out to the Revaluation Reserve	(2,277)	0	2	0	0	**(2,275)**	(1)

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Depreciation written out recognised in the Surplus/Deficit on the Provision of Services	(8,698)	(153)	(2)	0	0	**(8,853)**	(278)
Impairment loss/(reversals) recognised in the surplus/deficit on the Provision of Services	0	0	0	0	0	**0**	0
Derecognition – disposals	0	0	0	0	0	**0**	0
At 31 March 2020	**20,699**	**30,547**	**27,682**	**0**	**0**	**78,928**	**7,091**
Net Book Value							
at 31 March 2020	**316,279**	**9,694**	**190,201**	**358**	**5,000**	**521,532**	**17,041**
at 31 March 2019	**252,766**	**10,590**	**179,298**	**5,021**	**5,000**	**452,675**	**15,184**
Nature of Holding							
Owned	299,238	9,079	190,201	358	**5,000**	**503,876**	
Leased	0	615	0	0	0	**615**	
PFI	17,041	0	0	0	0	**17,041**	
Total	**316,279**	**9,694**	**190,201**	**358**	**5,000**	**521,531**	

Comparative Movements in 2018/19:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2018	**311,279**	**38,747**	**179,980**	**5,066**	**0**	**535,072**	**19,280**
Deminimus items added in year	31	0	0	0	0	**31**	0
Additions	12,416	1,893	21,954	616	0	**36,879**	2,981
Revaluation increases/(decreases) recognised in the Revaluation Reserve	15,792	0	0	0	0	**15,792**	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(63,028)	(1,659)	1	(661)	0	**65,347**	0
Derecognition – disposals	(378)	0	0	0	0	**(378)**	0
Assets reclassified (to)/from Property, Plant & Equipment	(28)	28	0	0	0	**0**	
Assets reclassified (to)/from Investment Properties	(30)	0	0	0	0	**(30)**	0
Assets reclassified (to)/from Intangible Assets	0	0	0	0	0	**0**	0
Assets reclassified (to)/from Held for Sale	798	0	0	0	5,000	**5,798**	0
At 31 March 2019	**276,852**	**39,009**	**201,935**	**5,021**	**5,000**	**527,817**	**22,261**
Less Accumulated Depreciation and Impairment							
At 1 April 2018	**24,397**	**26,794**	**18,141**	**0**	**0**	**69,332**	**6,804**
Depreciation charge	7,471	2,610	4,494	0	0	**14,575**	273
Depreciation written out to the Revaluation Reserve	1,070	7	2	0	0	**1,079**	0
Depreciation written out recognised in the Surplus/Deficit on the Provision of Services	(8,793)	(992)	0	0	0	**(9,785)**	0

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Impairment loss/(reversals) recognised in the surplus/deficit on the Provision of Services	0	0	0	0	0	**0**	0
Derecognition – disposals	(59)	0	0	0	0	**(59)**	0
At 31 March 2019	**24,086**	**28,419**	**22,637**	**0**	**0**	**75,142**	**7,077**
Net Book Value							
at 31 March 2019	**252,766**	**10,590**	**179,298**	**5,021**	**5,000**	**452,675**	**15,184**
at 31 March 2018	**286,882**	**11,953**	**161,839**	**5,066**	**0**	**465,740**	**12,476**
Nature of Holding							
Owned	237,582	9,609	179,298	5,021	5,000	**436,510**	0
Leased	0	981	0	0	0	**981**	0
PFI	15,184	0	0	0	0	**15,184**	15,184
Total	**252,766**	**10,590**	**179,298**	**5,021**	**5,000**	**452,675**	**15,184**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings – 30 to 60 years
- Vehicles, Plant, Furniture & Equipment – 3 to 25 years
- Infrastructure – 25 to 40 years

Capital Commitments

At 31 March 2020, the Authority has entered into one contract for the construction of Property, Plant and Equipment in 2019/20 and future years budgeted to cost £4.681m. Similar commitments at 31 March 2019 were £1.1m. The major commitment is:

- Construction works associated with Newport Innovation Park - £4.681m

15b. Investment Property

The authority holds a number of individual sites for investment, regeneration and economic development purposes: the Property Investment Portfolio (PIP). Continued investment has allowed the PIP to strengthen and grow and is being used to invest directly into land and property enabling local businesses to expand and attracting new investors which boosts jobs, the economy and generated additional income for the Council, directly through rental income but also from business rates.

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

2018/19 £000		2019/20 £000
101,448	Balance at 1st April 2019	**105,407**
106	Deminimus assets added	0
7,630	Additions	2,120
0	Revaluation increase/(decrease) recognised in the revaluation reserve	(60)
571	Revaluation increase/(decrease) met from the Net Surplus/Deficit on the Provision of Services	(4,092)
(4,400)	Disposals	(40)
	Transfer:	
30	to/(from) Property, Plant & Equipment	(40)
22	to/(from) Assets Held for Sales	(1,152)
105,407	**Balance at 31st March 2020**	**102,143**

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:

2018/19 £000		2019/20 £000
(9,293)	Rental income frok Property Portfolio	(9,388)
5,553	Direct operating expenses arising from Property Portfolio	3,719
(3,740)	**Net Operational (Gain)/Loss**	**(5,670)**
(1,669)	Net (gain)/loss on revaluation of properties	1,500
(5,409)	**Total (Gain)/Loss**	**(4,170)**

16. Valuation of Property Plant & Equipment and Investment Properties

The Council's property, that was due to be valued this year, was valued on 1 April 2019 by internal valuers, Dawn Toy MRICS, David Scrimgeour MRICS and Marc Jones MRICS, all Registered Valuers of Telford & Wrekin Council.

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. The Authority is currently transitioning the rolling programme to ensure revaluations are completed every three years. The transition will be completed by 31 March 2022. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The valuations were in accordance with the requirements of the RICS Valuation – Global Standards 2017 and RICS Valuation - Professional Standards UK January 2014 (revised April 2015) (The Red Book), IVS 300, FRS 102, the International Valuation Standards Council (IVSC).

The valuation of the property was on the basis of:

- existing use value (EUV) assuming that the property would be sold as part of the continuing business and subject to the following special assumptions (owner occupied property).
- fair value (which equates to market value for accounting purposes) for investment property assuming that it would be sold subject to any existing leases and subject to the following special assumptions (Investment Property).
- Market Value assuming that the property would be sold with vacant possession in its existing condition and subject to the following special assumptions (surplus property and property held for development).

The valuer's opinion of Market Value and EUV was primarily derived using:

- The Comparable method for types of property where there is good evidence of previous sales on arm's-length terms,
- Investment method for most commercial (and residential) property that is producing, or has the potential to produce, future cash flows through the letting of the property,
- Depreciated replacement cost approach, because the specialised nature of the asset means that there are no market transactions of this type of asset, except as part of the business or entity.

- The value is being reported on the basis of market value. However, because of the specialist nature of the properties, the values are estimated using a DRC method and is not based on the evidence of sales of similar assets in the market

Special assumptions – Operational Property:

- There would be no bids from Special Purchasers.
- It is assumed that the interest being valued can be offered freely and openly in the market, although based on Existing Use.
- We will ignore any impending or proposed change in the physical circumstances of the property, for example, a new building to be constructed or an existing building to be refurbished or demolished as at the valuation date. These will be dealt with by you by way of capital spend adjustments and / or Asset Amendment Sheets during the course of the year.
- There will be no anticipated changes in the mode of occupation or trade at the properties.
- It is assumed that there are no alterations and improvements to be carried out under the terms of any leased property.
- Inherent constraints do not exist at the Valuation Date, nor are there any foreseeable consequences of a particular event on any particular property.
- Any individual standalone property is let on defined terms when, in reality, at the date of valuation it is vacant.

Lotting assumptions – Property Investment Portfolio (PIP) & Groups of Properties:

- It is assumed that there are no physically separate properties that are occupied by the client where there is a functional dependence between the properties. e.g. a separate car park that is exclusively used by the occupier of the building.
- Due to the nature of the business of the Council, no account will be made where the ownership of a number of separate properties would be of particular advantage to someone as a single owner, because of economies that could result from either increased market share or savings in administration or distribution, such as with a block of offices, shops, factory units, libraries, schools, or drop in or contact centres.
- Where physically-adjoining properties that have been acquired separately by the Council for site assembly for future development/regeneration, the proposed development scheme will be used as the basis of valuation for the assembled site(s).
- No account will be made where individual properties are used collectively or are an essential component of the Council's operation, even though they may cover a large geographical area.
- You have not told us of any groups of properties that you do not want valuing together.
- We will value units with industrial estates, office complexes and local shopping centres within the Property Investment Portfolio as groups of properties

Not all of the properties were inspected. This was neither practicable nor considered by the valuer to be necessary for the purpose of the valuation.

Other Land & Buildings are valued over a 3 year rolling programme, Infrastructure and Vehicles, Plant & Equipment are valued at depreciated historical cost and Community Assets are valued at historical cost. Investment Properties are valued annually.

17. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT System and accounted for as part of the hardware item of Property, Plant and Equipment. The Intangible Assets include purchased licenses.

The carrying amount of Intangible Assets is amortised on a straight-line basis.

The movement on Intangible Asset balances during the year is as follows:

2018/19 £000		2019/20 £000
	Balance at start of the year	
8,357	- Gross Carrying Amount	9,448
(6,276)	- Accumulated Amortisation	(7,400)
2,081	**Net Carrying Amount at Start of Year**	**2,048**
	In year movements	
1,091	- Purchases	942
(1,124)	Amortisation for the Period	(1,001)
2,048	**Net Carrying Amount at Year End**	**1,989**
	Comprising	
9,448	- Gross Carrying Amount	10,390
(7,400)	- Accumulated Amortisation	(8,401)
2,048	**Total**	**1,989**

18. Assets Held for Sale

2018/19 £000		2019/20 £000
14,213	Balance outstanding at start of year	6,062
(5,820)	Reclassified from / (to) - Property, Plant and Equipment	29
0	Reclassified from / (to) – Investment Properties	1,152
0	Revaluation gains	0
0	Impairment losses met from the revaluation reserve	(1,756)
(2,211)	Impairment losses met from income and expenditure	2,696
0	Assets sold	(1,065)
(120)	Acquisitions	(119)
6,062	**Balance outstanding at year end**	**6,999**

19. Heritage Assets

The Council has identified a number of Heritage Assets, as listed below. These are held for the appreciation of the history of the local area. The Council has no cost records for the assets and due to their nature, they cannot be valued effectively. The assets are therefore not recognised in the balance sheet.

Asset	Location
Anstice Backwalls & Ice House	Ironbridge
Bridge Structure, Former Castle	Little Dawley
Canal & 2 Railway Bridges	Coalport
Canal & Lock Gates	Hadley
Canal Basin	Granville Park
Canal Blists Hill to Sutton Hill	Madeley

Asset	Location
Captain Webb Memorial	Dawley
Crossing Gates, Station Platform, Sidings	Ironbridge
Furnaces	Granville Park
Incline	Ironbridge
Incline Plane	Coalbrookdale
Incline Plane	Madeley
Ladywood Brickworks	Ironbridge
Loam Hole Dingle	Jiggers Bank
Lydbrook Sandstone Outcrop	Jiggers Bank
Mining Landscape	Shortwood, Wellington
Monument	Lilleshall
Newport Canal	Newport
Norman Chapel	Town Park
Overhead Bridge, Footbridge at Low Level	Madeley
Pumping Engine House Including Reservoir Weirs	Ironbridge
Railway Bridge	Newport
Railway Bridge (Wings)	West of Newport
Shafts Compressor House	Granville Park
Slag Block Wall	Ironbridge
Station Yard	Coalport
Stirchley Chimney	Stirchley
Stirchley Railway Station	Stirchley
Stirchley Tunnels	Stirchley
Track Beds/Railway Lines	Ironbridge
Ventilation Shaft	Ironbridge
Wappenshall Canal Basin	Wappenshall
Wide waters, Canal Basin	Little Dawley

20. Impairment Losses

During 2019/20, the Authority has recognised a net revaluation gain of £49.286m (2018/19 revaluation loss £56.555m) in relation to Property, Plant & Equipment, Assets Held for Sale and Investment Properties. The impairment losses (£2.226m) will be charged to the Comprehensive Income and Expenditure Statement where there is an insufficient balance held in the Revaluation Reserve for a specific asset being impaired. The charge to the CIES is then reversed out as part of the Movement in Reserves Statement. Revaluation gains (£51.512m) will be held in the Revaluation Reserve or credited to the Comprehensive Income and Expenditure Statement.

21. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

Financial Assets

	Non-current				Current				
	Long Term Investments		Long Term Debtors		Investments (inc. Cash & Cash Equivalents)		Debtors		Total
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2019/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fair Value through Profit and Loss									
Amortised Cost									
Cash & Cash Equivalents					15,370	30,455			**30,455**
Debtors*			568	300			33,040	36,080	**36,380**
Debtors with Subsidiaries							143	160	**160**
NuPlace Loan			29,000	32,559					**32,559**
Nuplace Equity	11,600	13,300							**13,300**
Shropshire Waste Management (SWM) Equity	315	0							**0**
Fair Value through other comprehensive income - designated equity instruments									**0**
Fair value through other comprehensive income - other									**0**
Total Financial Assets	**11,915**	**13,300**	**29,568**	**32,859**	**15,370**	**30,455**	**33,183**	**36,240**	**112,854**
Non-Financial Assets - Other					128	128	5,507	4,881	**5,009**
Total	**11,915**	**13,300**	**29,568**	**32,859**	**15,498**	**30,583**	**38,690**	**41,121**	**117,863**

Financial Liabilities

	Non-Current				Current				Total
	Long Term Borrowing		Long Term Creditors		Short Term Borrowing		Creditors		
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2019/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fair Value through Profit and Loss									
Amortised Cost									
Borrowing	191,823	209,036			75,101	67,149			276,185
PFI and finance lease liabilities			50,668	48,027			3,196	3,261	51,289
Other Creditors*			0	0			53,628	57,900	57,900
Total Financial Liabilities	**191,823**	**209,036**	**50,668**	**48,027**	**75,101**	**67,149**	**56,824**	**61,161**	**385,373**
Non-Financial Liabilities							11,435	11,581	11,581
Total	**191,823**	**209,036**	**50,668**	**48,027**	**75,101**	**67,149**	**68,259**	**72,742**	**396,954**

* The value of debtors and creditors reported in the above tables are solely those amounts meeting the definition of a financial instrument. The balance sheet and notes also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

Income, Expense, Gains and Losses

	2018/19		2019/20	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000	£000	£000
Net Gain/Losses on:				
Financial assets measured at fair value through profit and loss	0	0	0	0
Financial asset measured at amortised cost	0	0	0	0
Investment in equity instrument designated at fair value through other comprehensive income	0	0	0	0
Financial assets measured at fair value through other comprehensive income	0	0	0	0
Financial liabilities measured at fair value through profit and loss	0	0	0	0
Financial liabilities measured at amortised cost	0	0	0	0
Total net gains loss	**0**	**0**	**0**	**0**
Interest revenue:				
Financial assets measured at amortised cost	0	(1,478)	0	(1,621)
Other financial assets measured at fair value through other comprehensive income	0	0	0	0
Total interest revenue	**0**	**0**	**0**	**0**
Interest expense	**0**	**10,661**	**0**	**11,103**
Fee income				
Financial assets or financial liabilities that are not at fair value through profit and loss	0	0	0	0
Trust and other fiduciary activities	0	0	0	0
Total fee income	**0**	**0**	**0**	**0**
Fee expense				

	2018/19		2019/20	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000	£000	£000
Financial assets or financial liabilities that are not at fair value through profit and loss	0	0	0	0
Trust and other fiduciary activities	0	0	0	0
Total fee expense	**0**	**0**	**0**	**0**

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated ranges of interest rates are based on new lending rates for equivalent loans at that date.
- no early repayment or impairment is recognised.
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	2018/19		2019/20	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial liabilities	266,924	320,598	276,185	339,059
Long-term creditors	50,668	50,668	48,027	48,027

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2020) arising from a commitment to pay interest to lenders above current market rates.

	2018/19		2019/20	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Amortised Cost	11,915	11,915	13,300	13,300
Long-term debtors	29,568	29,568	32,859	32,859

The fair value of the assets is the same as the carrying amount due to the nature of the assets held.

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

22. Nature and Extent of Risks Arising from Treasury Related Financial Instruments

Fair Value of Assets & Liabilities

Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

We have worked in conjunction with Arlingclose, our treasury advisors, to produce the following portfolio valuation:

	Nominal/ Principal 31/3/2020 £000	Fair Value 31/3/2020 £000
Financial Assets		
Fixed Term Deposits	0	0
Other	13,300	13,300
	13,300	**13,300**
Financial Liabilities		
Money Market Loans (inc. LOBO's)	40,000	73,849
PWLB Loans	176,637	205,662
Temporary Loans	59,548	59,548
	276,185	**339,059**

The assets and liabilities are shown in the balance sheet at Nominal/Principal cost. The above table shows that the fair value of our assets (investments) is the same as the nominal value as they are non-tradeable shares. Whereas, the fair value of our liabilities is more than the amount held on the balance sheet due mainly to the penalties we would incur if we wanted to redeem our liabilities early.

Methodology and Assumptions

The fair value of an instrument is determined by calculating the Net Present Value of future cashflows, which provides an estimate of the value of payments in the future in today's terms. This is the widely accepted valuation technique commonly used by the private sector.

The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, we have used the prevailing rate of a similar instrument with a published market rate, as the discount factor.

Complexities of the NPV calculation

It is unlikely that the future cash instalments of an instrument will fall in equal time periods from the date of valuation, and there is likely to be a "broken" period from the valuation date to the next instalment. This means that an adjustment needs to be made to each discount factor, in order to take account of the timing inequality.

Evaluation of PWLB debt

We have used the new borrowing rate, as opposed to the premature repayment rate, as the discount factor for all PWLB borrowing. This is because the premature repayment rate includes a margin which represents the lender's profit as a result of rescheduling the loan, which is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

Inclusion of accrued interest

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, we have also included accrued interest in the fair value calculation. This figure will be calculated up to and including the valuation date.

Discount rates used in NPV calculation

The rates quoted in this valuation were obtained by Arlingclose from the market on 31st March, using bid prices where applicable.

Assumptions:

It is noted that the following assumptions do not have a material effect on the fair value of the instrument:

- Interest is calculated using the most common market convention, Actual Days/365.
- Where interest is paid/received every 6 months on a day basis, the value of interest is rounded to 2 equal instalments.
- For fixed term deposits it is assumed that interest is received on maturity, or annually if duration is > 1 year.
- We have not adjusted the interest value and date where a relevant date occurs on a non-working day.

Exposure to Risk

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

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 on investments is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. 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.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum short term rating of A+, a minimum long term rating of F1+, a minimum support rating of 3, a minimum individual rating of C and a minimum sovereign rating of AA-. In conjunction with our treasury advisors these are overlaid with credit default swaps to produce a lending list governing both value and length of investment. The Authority has a policy of not lending more than £15m to any one institution.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2020 £000s	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2020 (rounded to 3 decimal place) %	Estimated maximum exposure to default and uncollectability £000s
	A	B	C	A * C
Deposits with banks and financial institutions	0	0	0	0
Other	13,300	0	0	0
Debtors	41,121	0	15.2	6,252
Total	**54,421**	**0**	11.5	**6,252**

The Council has not experienced any defaults with any of the above counterparty types in the last 10 years. 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 and bonds. The Council has one long term investment which is our wholly owned subsidiary NuPlace where we hold a mixture of equity (classed as 'Other' in the above analysis) and debt. The equity is not traded therefore has no credit risk. Arlingclose, the Council's independent treasury advisor, have reviewed the Expected Credit Losses associated with the debt and these are not deemed to be material.

Liquidity risk

As the Authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 20% of loans are due to mature within any rolling three year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

The maturity analysis of long term financial liabilities can be found in the table on pages 100/101.

All trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk

The Authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise.
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance pound (£) for pound (£). Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Account.

The Authority has a number of strategies for managing interest rate risk. The policy is to have a maximum of 70% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

In line with our Treasury Strategy, the Authority has taken advantage of low level of interest on short-term borrowing in order to reduce cost. The Authority will continue to engage with our external treasury advisor, Arlingclose, to monitor interest rates and lock into long term borrowing when it is prudent to do so.

Price risk

The Authority does not generally invest in equity shares. The Authority is not consequently exposed to losses arising from movements in the prices of the shares. We do however hold shares in NuPlace and have a historic holding in Shropshire Waste Management however these are non-traded stocks and therefore there is no price risk.

Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Financial Instruments Adjustment Account – this account holds the accumulated difference between the financial costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund balance.

The **Available-for-Sale Reserve** is a revaluation reserve used to manage the fair value process for these financial assets. It is permitted to have a negative value provided that the losses posted to it are not impairment losses.

Sensitivity Analysis

At the 31st March 2020 the Council had both fixed and variable investments and borrowings. A sensitivity analysis has been carried out to assess the impact that increases or decreases in interest rates would have on the budget.

The table below shows an analysis of investments and borrowing into fixed and variable together with the impact of a 1% change in interest rates.

	Investments £000	Borrowing £000	Net Total £000	1% Movement £000
Variable	(30,455)	67,149	36,694	366.9
Fixed	(13,300)	209,036	195,736	0.0
Total	**(43,755)**	**276,185**	**232,430**	**366.9**

A 1% change in interest rates would have an impact on the budget of £366,940, this is because at 31st March 2020 more variable borrowing than variable investments were held. The most likely next move in interest rates at 31 March 2020 is upward and this would lead to a net increase in borrowing costs based on the position at 31st March 2020. The Council is managing ongoing maturity profiles for both investments and borrowing.

Long Term Borrowing

Source of Loan	Range of Interest rates payable (%)		Total Outstanding	
	Min.	Max.	2018/19 £000	2019/20 £000
Public Works Loan Board	1.2	9.375	151,823	169,036
Money Market Loans (including LOBOs)	3.98	4.50	40,000	40,000
			191,823	**209,036**

An analysis of loans by maturity is:		
	2018/19 £000	2019/20 £000
Maturing in 1-2 years	7,226	7,128
Maturing in 2-5 years	20,318	21,549
Maturing in 5-10 years	30,115	29,751
Maturing in more than 10 years	134,164	150,608
	191,823	**209,036**

	2018/19 £000	2019/20 £000
Total Long Term Borrowing	191,823	209,036
Temporary Borrowing	75,101	67,149
Total Borrowing	**266,924**	**276,185**

In total, fixed and temporary borrowing increased by £9.261m, from £266.924 to £276.185m during the year. This was due to capital expenditure incurred during 2019/20.

23. Debtors

2018/19 £000		2019/20 £000
	Amounts falling due in one year:	
2,810	Central Government	1,893
266	Other Local Authorities	230
2,431	NHS Bodies	2,758
0	Public Corporations and Trading Funds	0
143	Amounts due from Subsidiaries	160
33,040	Other Entities and Individuals	36,080
38,690	**Gross Debtors**	**41,121**
(6,162)	Provision for Expected Credit Loss & Incurred Loss	(6,252)
32,528	**Total**	**34,869**

Provision for Expected Credit Loss & Incurred Loss

2018/19 £000		2019/20 £000
(162)	Rent associated with Property Investment	(190)
(160)	Sales Ledger	(160)
(3,052)	Benefits overpayments	(3,009)
(2,788)	Other provisions	(2,893)
(6,162)	**Total**	**(6,252)**

24. Investments

In total the Council's investments have increased by £15.970m as a result of the cash flow (£14.585m) and additional share capital in our wholly owned subsidiary (£1.385m).

The Council has long term investments, totalling £13.3m, comprising of share capital in its wholly owned subsidiary. Investments are shown in the Balance Sheet at cost.

The Council has no short fixed term deposits, with the exception call accounts or investments placed overnight with the Debt Management Office (DMO). Such investments are shown within cash and cash equivalents.

Summary of Investments

2018/19 £000	Category	2019/20 £000
	Long Term Investments	
0	Fixed Term Deposits	0
11,915	Other	13,300
11,915	**Total Long Term**	**13,300**
	Short Term Investments	
0	Fixed Term Deposits	0
	Total Short Term	**0**
15,370	**Cash & Cash Equivalent Investments**	**30,455**
27,285	**Total Investments**	**43,755**

Investments are valued as "loans and receivables". See also note 22 on fair value.

25. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2018/19 £000		2019/20 £000
128	Cash held by the Authority	129
5,688	Bank current accounts	6,974
9,682	Call Accounts	23,480
15,498	**Total Cash and Cash Equivalents**	**30,583**
0	Bank Account Overdrawn	0
15,498	**Net Cash Position for Cash Flow Purposes**	**30,583**

26. Provisions

	2019/20 Opening £000	Transfers/ Receipts in year £000	Transfers/ Payments in year £000	2019/20 Closing £000
Restructure Provision	**15**	70	0	**85**
Single Status Provision – Schools	**3,300**	5	(73)	**3,232**
Single Status Provision – Non Schools	**12,417**	0	(3,000)	**9,417**
NDR Appeals Provision	**2,842**	2,592	(2,842)	**2,592**
Total	**18,574**	**2,667**	**(5,915)**	**15,326**
2018/19	20,160	2,942	(4,528)	18,574

Restructure Provision - the accounts include a provision to meet committed severance costs which relate to the ongoing restructuring programme which is part of the Council's strategy for delivering savings. The amount in the provision at 31 March 2020 was £0.085m. It is anticipated that this will be funded from Capital Receipts in 2020/21.

Single Status - Single Status is a national pay and conditions agreement for staff employed under NJC terms and conditions, who form a significant proportion of the

Council's workforce. The agreement is effective from 1st April 2007, however the process is not yet complete and it has been necessary to include a provision against the potential costs in the 2019/20 accounts, as was the case last year and previous years. The total amount in the provision at 31 March 2020 was £12.649m (of which 9.417m related to General Fund).

NDR Appeals – under the new arrangements for the retention of business rates, authorities are required to make a provision for refunding ratepayers who successfully appeal against the rateable value of their property on the rating list. Based on information relating to outstanding appeals provided by the Valuation Office, £5.3m is estimated as the amount required to set aside for this purpose in the 2019/20 accounts (£5.7m in 2018/19). Telford & Wrekin Council's proportion of this is £2.6m (49%) (£2.8m in 2018/19).

27. Creditors

2018/19 £000		2019/20 £000
9,747	Central Government	9,944
1,688	Other Local Authorities	1,637
0	NHS Bodies	0
922	Public Corporations and Trading Funds	976
0	Amounts due to Subsidiaries	0
52,706	Other Entities and Individuals	56,924
3,196	PFI and Leases	3,261
68,259	**Total**	**72,742**

28. Private Finance Initiatives and Similar Contracts

The Council has one PFI scheme in relation to Hadley Learning Community and Queensway. We have assets held of £17.0m shown within Property, Plant & Equipment. The equivalent figure for 2018/19 was £15.1m. The PFI scheme relates to a number of properties of which Hadley Learning Community Primary and Secondary schools and Queensway North converted to Academy status during 2017/18 and as such these assets do not appear on our Balance Sheet. The Bridge School and four properties formerly used as children's residential homes remain with the Council.

A finance lease creditor has also been recognised to the value of £50.931m as at 31st March 2020 (£53.250m as at 31st March 2019). The payment made to the operator has been analysed between the service element and the interest charge. The latter has added £4.3m to the interest paid for 2019/20 (£4.4m in 2018/19). Amounts due are shown in the table below:

	2018/19				2019/20			
	Service £000	Lifecycle £000	Interest £000	Finance Lease £000	Service £000	Lifecycle £000	Interest £000	Finance Lease £000
Within 1 year	2,784	472	4,441	2,319	2,854	1,786	4,303	1,208
2 to 5 years	11,850	6,397	16,783	6,417	12,146	5,097	16,196	8,581
6 to 10 years	16,557	7,391	16,628	14,609	16,972	7,342	15,403	16,124
11 to 15 years	18,733	4,227	8,757	25,139	18,174	4,522	6,584	25,018
16 to 20 years	3,006	732	320	4,766	0	0	0	0

29. Usable Reserves - Transfers to/from Earmarked Reserves & Balances

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and below.

This note sets out the amounts set aside from 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 2019/20.

	General Fund Balance £000	Earmarked General Fund Reserves* £000	School Balances £000	Revenue Grants & Other Balances £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Balance at 31 March 2018 carried forward	**4,808**	**70,114**	**3,788**	**2,853**	**2,943**	**84,506**
Movement / Use of reserves during 2018/19	275	3,226	1,971	(1,545)	3,915	**7,842**
Balance at 31 March 2019 carried forward	**5,083**	**73,340**	**5,759**	**1,308**	**6,858**	**92,348**
Movement / Use of reserves during 2019/20	146	8,334	(310)	(1,098)	15,568	**22,640**
Balance at 31 March 2020 carried forward	**5,229**	**81,674**	**5,449**	**210**	**22,426**	**114,988**

Analysis of Earmarked General Fund Reserves

	Opening Balance £000	Payments £000	Receipts £000	Closing Balance £000
Covid 19 Emergency Fund	0	0	8,167	8,167
Capacity Fund & Invest to Save	8,609	(1,859)	0	6,750
HCA Land Deal funds	5,146	(23)	454	5,577
VAT & Taxation Reserve	450	0	4,614	5,064
Self Insurance Fund	2,763	(150)	525	3,138
Pride in our Community funding reserve	3,285	(434)	0	2,851
Hadley PFI Sinking Fund	1,462	(10,816)	11,081	1,727
CSE Inquiry	306	(956)	1,950	1,300
Environmental Mtce. & Improvements (Pride)	1,129	(200)	300	1,229
Severance Fund	1,247	(43)	0	1,204
Public Health Grant	672	0	362	1,034
Pride in Our Community 2019 – Regeneration projects	1,000	0	0	1,000
Pride in Your High Street 2019	1,000	0	0	1,000
Reserves earmarked as part of medium term Service and Financial Planning Strategy(1)	24,250	(3,401)	293	21,142
Other reserves below £1,000,000(2)	22,022	(9,999)	8,468	20,491
Total	**73,341**	**(27,881)**	**36,214**	**81,674**
Previous Year	**70,115**	**(31,777)**	**35,003**	**73,341**

1 These balances have been set aside to support the medium term financial strategy, following a review of one-off resources undertaken as part of the 2020/21 budget process. Due to the number of uncertainties about future funding, including a completely new Relative Needs Assessment due, the 2020 Comprehensive Spending Review, and the Adult Social Care Green Paper, and the impact of CV-19, it is prudent to hold sufficient reserves to ensure a sustainable financial position.

2 The total includes residual grant balances: Public Health Grant, Troubled Families Programme Grant and Improved Better Care Fund Grant; provision for insurance excesses and funding committed for the capital programme. There are also a number of service balances which support the delivery and development of services, such as to provide Youth Unemployment support, Public Transport Initiatives and homelessness prevention. A robust review of all reserves and balances is untaken annually as part of the Service & Financial Planning Process and a detailed schedule is included in the Service & Financial Planning Strategy.

30. School Balances

School balances do not form part of the Council's General Fund Balances. They are held separately and are solely for use by schools. The balances held are as follows:

2018/19 £000		2019/20 £000
4,477	School Balances – Revenue	4,541
1,282	School Balances - Capital	908
5,759	**Total School Balances**	**5,449**

31. Unusable Reserves

2018/19 £000		2019/20 £000
48,005	Revaluation Reserve	99,154
113,766	Capital Adjustment Account	119,285
282	Available for Sale Financial Investment Reserve	0
(8,183)	Financial Instruments Adjustment Account	(7,945)
(314,704)	Pensions Reserve	(333,327)
3,898	Collection Fund Adjustment Account	5,301
(2,737)	Accumulated Absences Account	(1,853)
(159,673)	**Total Unusable Reserves**	**(119,385)**

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost,
- 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.

2018/19 £000		2019/20 £000
34,633	**Balance brought forward**	**48,005**
14,451	Upwards revaluation of assets	53,933
0	Downward revaluations of assets and impairment losses not charged to the Surplus/Deficit on provision of services	0
(1,079)	Difference between fair value depreciation and historical cost depreciation	(2,279)
0	Accumulated gains and losses on assets sold or scrapped	(505)
48,005	**Balance carried forward**	**99,154**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.
The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 15 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2018/19 £000		2019/20 £000
162,466	**Balance Brought Forward**	**113,766**
137	Deminimus items added to asset register	0
(55,397)	Charges for depreciation and impairment of non-current assets	35,634
(1,125)	Amortisation of intangible assets	(1,001)
(9,573)	Revenue expenditure funded from capital under statute	(7,702)
(1,649)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(805)
(13,372)	Adjusting amounts written out of the Revaluation Reserve	(51,149)
8,596 24,113	Capital financing - Capital receipts - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,287 21,039
1,239	Minimum Revenue Provision	3,928
(1,669)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	3,288
113,766	**Balance Carried Forward**	**119,285**

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 benefiting from gains per statutory provisions.

The Authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

2018/19 £000		2019/20 £000
(1,332)	**Balance at 1 April**	**(8,183)**
223	Proportion of premiums/discounts incurred in previous financial years to be apportioned against the General Fund Balance in accordance with statutory requirements	238
(7,074)	Premium/discount on loan redemption	0
(8,183)	**Balance at 31 March**	**(7,945)**

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 Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the 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.

2018/19 £000		2019/20 £000
258,739	**Balance at 1 April**	314,704
36,060	Actuarial (gains) or losses on pensions assets and liabilities	(2,073)
6,440	Added Years	3,253
28,197	Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	32,461
(14,732)	Employer's pensions contributions and direct payments to pensioners payable in the year	(15,018)
314,704	**Balance at 31 March**	**333,327**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2018/19 £000		2019/20 £000
2,677	**Balance at 1 April**	**3,898**
1,221	Amount by which council tax and Non Domestic Rate income credited to the CIES is different from council tax and Non Domestic Rate income calculated for the year in accordance with statutory requirements	1,403
3,898	**Balance at 31 March**	**5,301**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2018/19 £000		2019/20 £000
(3,656)	**Balance at 1 April**	**(2,737)**
3,656	Settlement or cancellation of accrual made at the end of the preceding year	2,737
(2,737)	Amounts accrued at the end of the current year	(1,854)
(2,737)	**Balance at 31 March**	**(1,854)**
919	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	883

Available for Sale Financial Investment Reserve

2018/19 £000		2019/20 £000
282	**Balance at 1 April**	**282**
0	Upward revaluation of investment	26
0	Disposal	(308)
282	**Balance at 31 March**	**0**

32. Revenue Expenditure Funded from Capital Under Statute

Revenue Expenditure funded from Capital under Statute is created when expenditure, classified as capital expenditure with respect to capital controls, does not result in the creation of a fixed asset. During 2019/20 expenditure on this totalled £7.702m. However, none of this expenditure created a benefit to the Authority beyond the financial year in which it was incurred. Consequently, the net cost has been transferred to the Capital Adjustment Account during the year.

33. Usable Capital Receipts Reserve

2018/19 £000		2019/20 £000
0	Opening balance	0
8,596	Capital receipts received during year	2,287
(8,596)	Less Capital receipts used for financing during year	(2,287)
0		**0**

The usable capital receipts reserve represents the capital receipts available to finance capital expenditure. The balance was nil at 31st March.

34. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP 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. The CFR is analysed in the second part of this note.

2018/19 £000		2019/20 £000
420,809	**Opening Capital Financing Requirement**	**445,020**
	Capital Investment	
44,180	Property, Plant & Equipment	26,712
329	Investment Properties	2,120
(120)	Assets Held for Sale	(119)
1,091	Intangible Assets	942
9,573	Revenue Expenditure funded from Capital under Statute (REFCUS)	7,702
2,650	Long Term Investments	1,700
3,524	Capital Loans	3,559
228	Leased Vehicles	29
	Sources of Finance	
(8,596)	Capital Receipts	(2,287)
(3,296)	Finance Leases & De Minimis Capital Expenditure	(327)
(24,113)	Government Grants and Other Contributions	(21,039)
(1,239)	Revenue Provision (NB: includes MRP)	(3,928)
445,020	**Closing Capital Finance Requirement**	**460,084**
24,211	Movement for Year	15,064
	Explanation of movements in the year	
0	Increase in underlying need to borrow (supported by Government financial assistance)	0
24,211	Increase in underlying need to borrow (unsupported by Government financial assistance)	15,064
24,211	Increase/(decrease) in Capital Financing Requirement	15,064

The main items of capital expenditure during the year related to improving schools, roads, local housing improvements, ICT, Town Centre Regeneration, Property Investment Programme and Street Lighting, some of which would be classed as REFCUS.

At 31 March 2020 there was 1 significant contract in place with outstanding commitments of £4.7m, as detailed in note 15.

The Council entered into a PFI transaction in March 2006 for the provision of school and leisure facilities at Hadley Learning Community and Queensway for £289m.

Unitary payments are being paid to the operator, and PFI credits received from the Government as a specific annual grant from 2007/08, when all of the buildings became operational. The Council has approved a budget strategy which makes provision for its future commitments. In 2019/20 the Authority made payments of £10.5m in respect of this PFI contract with Interserve Limited. The Authority is committed to making payments estimated at £9,071,500 pa (index linked starting point September 2006) until the contract expiry date of 2034.

35. Minimum Revenue Provision

The net amount charged to revenue in compliance with the statutory requirement to set aside a minimum revenue provision is as follows:

2018/19 £000		2019/20 £000
3,552	Principal Repayment of external loans	3,661
(2,718)	Adjustment for prior year overpayments	0
405	Principal Repayment of leases	267
1,239	**Total**	**3,928**

36. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services for non-cash movements

2018/19 £000		2019/20 £000
(61,915)	Impairment and depreciation of property, plant and equipment and intangible assets	(15,360)
(397)	(Increase)/decrease in interest creditors	58
(5,416)	(Increase)/decrease in creditors	(4,430)
0	Increase/(decrease) in interest/dividend debtors	(4)
250	Increase/(decrease) in debtors	338
(26)	Increase/(decrease) in inventories	(89)
(19,905)	Pension Liability	(20,696)
1,586	Contribution (to)/from provisions	3,248
(4,983)	Carrying amount of non-current assets sold	(1,105)
1,669	Movement in Investment Property Values	2,432
(89,137)	**Total**	**(35,608)**

37. Cash Flow Statement – Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

2018/19 £000		2019/20 £000
28,029	Capital grants credited to surplus or deficit on the provision of services	36,606
0	Proceeds from sale of short and long term investments	315
14,770	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,287

2018/19 £000		2019/20 £000
42,799	**Total**	**39,208**

38. Cash Flow Statement – Investing Activities

2018/19 £000		2019/20 £000
46,855	Purchase of property, plant and equipment, investment property and intangible assets	29,380
2,650	Purchase of short-term and long-term investments	1,700
3,525	Other payments for investing activities	3,559
(21,914)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(280)
0	Proceeds from short-term and long-term investments	(315)
(37,993)	Other receipts from investing activities	(38,642)
(6,877)	**Net cash flows from investing activities**	**(4,602)**

39. Cash Flow Statement – Financing Activities

2018/19 £000		2019/20 £000
(258,850)	Cash receipts of short and long term borrowing	(195,500)
347	Other receipts from financing activities	(251)
200	Appropriation to/from Collection Fund Adjustment Account	(423)
248,628	Repayments of short and long term borrowing	186,239
2,954	Cash payments in relation to finance leases and PFI agreements	3,056
(6,721)	**Net cash flows from financing activities**	**(6,879)**

40. Cash Flow Statement – Operating Activities

The cash flow for operating activities includes the following items:

2018/19 £000		2019/20 £000
(1,478)	Interest received	(1,621)
10,661	Interest paid	11,103
9,183	**Net cash flows from operating activities**	**9,482**

41. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2018/19 £000		2019/20 £000
	Credited to Taxation and Non Specific Grant Income	
14,147	Revenue Support Grant	9,812
4,597	Non Domestic Rates Top Up Grant	4,702
3,065	Section 31 Grant	3,862

2018/19 £000		2019/20 £000
21,809	**Total – Credited to Taxation and Non Specific Grant Income**	**18,376**
	Credited to Services	
99,176	Dedicated Schools Grant	96,141
64,028	Mandatory Rent Allowances Subsidy	54,712
12,338	Public Health Grant	12,012
6,550	Pupil Premium Grant	6,231
6,242	New Homes Bonus	6,187
1,866	Universal Free School Meals	1,675
5,487	Improved Better Care Fund	6,820
484	Adult Social Care Grant	1,323
0	Covid-19 LA Support Grant	5,167
9,784	Other grants	10,171
205,955	**Total Credited to Services**	**200,439**
227,764	**Total Grant Income**	**218,815**

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 if the conditions are not met. The balances at the year-end are as follows:

2018/19 £000		2019/20 £000
	Capital Grants Receipts in Advance	
4,004	Standards Fund	3,178
190	Park for People 10 year Maintenance Programme	95
4,194	**Total**	**3,273**

42. Market Undertaking and Industrial Units

The Council no longer operates any markets. The responsibility for these has passed to Parish Councils.

The Council operates industrial units whose financial results were as follows:

2018/19 £000		2019/20 £000
7,896	Income from rents	7,978
1,397	Other income	1,410
1,669	Net gains/(losses) on revaluation of property	(1,500)
(5,553)	Direct operating expenses	(3,718)
5,409	**(Deficit)/Surplus taken to General Fund**	**4,170**

43. Pooled Budgets

The Better Care Fund is a pooled fund governed by a Section 75 agreement. The parties to this joint arrangement are Telford & Wrekin Council and Telford & Wrekin Clinical Commissioning Group. The fund was established for the first time in 2015/16 in order to meet the Government's requirement to encourage closer working and integration between health and care services and to improve outcomes for Patients and Service Users and Carers. There are performance targets regarding the reductions in non-elective admissions

to hospital and to deliver more care in the community helping people to remain independent.

In 2019/20 the Government provided additional grant funding through the BCF and iBCF (improved better care fund), totalling £6.861m. This was used to provide stability to the market, including funding core Social Care activity and providing support to the NHS by maintaining an already well performing discharge from hospital scheme.

Better Care Fund where Telford & Wrekin Clinical Commissioning Group was the host in 2019/20

The revenue fund is hosted by the Telford & Wrekin Clinical Commissioning Group and a Section 75 pooled budget agreement governs how it is to be operated and reported and includes a risk sharing agreement which details how risks are to be managed and shared. These risks arise from the management of overspends and underspends from Commissioned Services and the delivery of performance metrics. The relevant funding contributions are reported below, but the contribution by the Telford & Wrekin Clinical Commissioning Group includes revenue funding targeted to the protection of Adult Social Care for which the local authority commissions services.

The net surplus will be retained in the fund and carried forward by the Council into 2019/20.

2018/19 £000	Better Care Fund Revenue Pooled Budget	2019/20 £000
592	Surplus from 2018/19 brought forward	801
6,604	Funding from Telford & Wrekin Council	8,982
12,154	Funding from Telford & Wrekin Clinical Commissioning Group	12,831
(12,763)	Expenditure met from pooled budget Telford & Wrekin Council	(16,607)
(5,786)	Expenditure met from pooled budget Telford & Wrekin Clinical Commissioning Group	(5,788)
801	**Net Surplus/(Deficit) arising on Pooled budget carried forward**	**219**

Better Care Fund where Telford & Wrekin Council was the host in 2019/20

The capital fund is hosted by Telford & Wrekin Council, and a section 75 Pooled Budget agreement governs how it is to be operated and reported and includes a risk sharing agreement which details how risks are to be managed and shared. These risks arise from the management of overspends and underspends from Commissioned Services and the delivery of performance metrics.

The expenditure has been incurred in the year entirely on local authority commissioned services. The relevant funding contributions are reported below, and the underspend in 2019/20 will be retained in the fund and carried forward by the council into 2020/21.

2018/19 £000	Better Care Fund Capital Pooled Budget	2019/20 £000
620	Brought forward from 2018/19	513
1,884	Funding from Telford & Wrekin Council	2,033
(1,991)	Expenditure met from pooled budget Telford & Wrekin Council	(2,534)
0	Capital Grant Adjustment	21

513	**Net Surplus/(Deficit) arising on Pooled budget carried forward**	**33**

Transforming Care Partnership (TCP) Revenue Pooled Budget

TCPs are made up of clinical commissioning groups, NHS England's specialised commissioners and local authorities. They work with people with a learning disability, autism or both and their families and carers to agree and deliver local plans for the programme.

In England there are 48 TCPs who are changing services in a way that is making a real difference to the lives of local people. This includes making community services better so that people can live near their family and friends, and making sure that the right staff with the right skills are supporting people.

Shown below is the summary for the Section 75 Pooled budget movements arising from the joint working of Telford & Wrekin Council and Telford & Wrekin Clinical Commissioning Group, part of the Shropshire footprint of the TCP.

2018/19 £000	Transforming Care Partnership (TCP) Revenue Pooled Budget	2019/20 £000
0	Brought forward from 2018/19	840
37	Funding from Telford & Wrekin Council	0
1,657	Funding from Telford & Wrekin Clinical Commissioning Group	1,384
(82)	Expenditure met from pooled budget Telford & Wrekin Council	(299)
(772)	Expenditure met from pooled budget Telford & Wrekin Clinical Commissioning Group	(1,147)
840	**Net Surplus/(Deficit) arising on Pooled budget carried forward**	**778**

44. Members' Allowances

The Authority paid the following amounts to members of the Council and Co-optees during the year.

2018/19 £000		2019/20 £000
620	Allowances	761
0	Expenses	0
620	**Total**	**761**

45. Senior Officers' Remuneration & Employee Remuneration in Bands

This note shows the amounts paid to Senior Officers in 2019/20 and 2018/19. Senior Officers are defined as:

- named employees whose annualised salary is £150,000 or more
- posts where the annualised salary is £50,000 or more and who are either: statutory chief officers (per the Local Government and Housing Act 1989); or non-statutory chief officers who report directly to the Head of Paid Service (Chief Executive); or posts which have responsibility for management of the Authority, whether solely or collectively.

2019/20

Post Holder Information (Post title)	*Note*	Annualised salary £	Salary, Fees & Allowances £	Compensation for Loss of Office £	Total Remuneration excluding Pension contributions 2019/20 £	Pension contributions £	Total Remuneration including pension contributions 2019/20 £
Current Posts							
Chief Executive (David Sidaway)	*1*	155,000	48,558	0	**48,558**	5,170	**53,728**
Executive Director: Adult Social Care, Health Integration & Wellbeing			116,321	0	**116,321**	16,401	**132,722**
Executive Director: Children's & Family Services			116,321	0	**116,321**	16,401	**132,722**
Executive Director: Housing, Communities & Customer Services	*1*	116,321	25,328	0	**25,328**	3,571	**28,899**
Director: Finance & Human Resources			89,097	0	**89,097**	12,563	**101,660**
Director: Education & Corporate Parenting			89,097	0	**89,097**	0	**89,097**
Director: Governance, Procurement & Commissioning			89,097	0	**89,097**	12,563	**101,660**
Director: Commissioning, Health & Wellbeing	*2*		89,097	0	**89,097**	17,958	**107,055**
Director: Adult Social Care			89,097	0	**89,097**	12,563	**101,660**
Director: Children's Safeguarding & Family Support			89,097	0	**89,097**	12,563	**101,660**
Director: Policy, Customer & Commercial Services			89,097	0	**89,097**	12,563	**101,660**
Assistant Director: Business, Development & Employment			89,097	0	**89,097**	12,563	**101,660**
Managing Director	*3*	145,401	86,769	36,350	**123,119**	6,834	**129,953**
Chief Operating Officer	*5*		7,678	0	**7,678**	1,083	**8,761**
Assistant Director: Customer & Neighbourhood Services	*4*	89,097	69,697	0	**69,697**	9,827	**79,524**
Service Delivery Manager: Community Participation	*3*	63,298	26,204	44,615	**70,819**	3,695	**74,514**
			1,209,652	**80,965**	**1,290,617**	**156,318**	**1,446,935**

Notes

Those roles shown in bold above represent the current posts.

1) This post holder was appointed part way through the year
2) Current post holder is part of the NHS Pension Scheme
3) This post holder left part way through the year

4) The post holder was appointed to an Executive Director role part way through the year
5) Honorarium payment paid to post holder for acting as Chief Operating Officer for part of the year

2018/19

Post Holder Information (Post title)	Note	Annualised salary £	Salary (Including Fees & Allowances) £	Compensation for Loss of Office £	Total Remuneration excluding Pension contributions 2018/19 £	Pension contributions £	Total Remuneration including pension contributions 2018/19 £
Managing Director			142,550	0	142,550	20,100	**162,650**
Director: Customer, Neighbourhood & Wellbeing Services			114,040	0	114,040	16,080	**130,120**
Director: Children's & Adult Services			114,040	0	114,040	16,080	**130,120**
Assistant Director: Finance & Human Resources			87,350	0	87,350	12,316	**99,666**
Assistant Director: Business, Development & Employment			87,350	0	87,350	12,316	**99,666**
Assistant Director: Education & Corporate Parenting			87,350	0	87,350	0	**87,350**
Assistant Director: Governance, Procurement & Commissioning			87,350	0	87,350	12,316	**99,666**
Assistant Director: Customer & Neighbourhood Services			87,350	0	87,350	12,316	**99,666**
Assistant Director: Health & Wellbeing	*1*		87,350	0	87,350	12,561	**99,911**
Assistant Director: Adult Social Care			86,492	0	86,492	12,195	**98,687**
Assistant Director: Children's Safeguarding and Specialist Services			87,350	0	87,350	12,316	**99,666**
Assistant Director: Commercial Services			87,350	0	87,350	12,316	**99,666**
Service Delivery Manager: Organisational Delivery & Development			62,056	0	62,056	8,750	**70,806**
Service Delivery Manager: Community Participation			62,056	0	62,056	8,750	**70,806**
			1,280,034	**0**	**1,280,034**	**168,412**	**1,448,446**

Notes

Those roles shown in bold above represent the current posts.

1) Current post holder is part of the NHS Pension Scheme

The following table excludes Senior Officers shown above.

The number of employees whose remuneration, excluding pension contributions, but including redundancy payments, was £50,000 or more, in bands of £5,000 were:

Number of Employees 2018/19	Salary Band	Number of Employees 2019/20
28	£50,000 - £54,999	31
33	£55,000 - £59,999	40
15	£60,000 - £64,999	14
5	£65,000 - £69,999	8
3	£70,000 - £74,999	4
3	£75,000 - £79,999	3
1	£80,000 - £84,999	2
0	£85,000 - £89,999	1
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0

The 2019/20 figures include 54 school based employees (53 in 2018/19). The 2019/20 figures include 2 employees (4 in 2018/19) who left under redundancy or retired during the year.

46. Exit Packages

The number of exit packages with total cost per band and the total cost of the compulsory and other redundancies included in the 2019/20 financial statements are set out in the table below.

Exit package cost band	Number of Compulsory Redundancies		Number of other Departures Agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
							£	£
£0 - £20,000	6	2	10	7	16	9	112,260	100,567
£20,001 - £40,000	4	0	3	2	7	2	217,238	69,854
£40,001 - £60,000	0	0	2	3	2	3	106,200	139,071
£60,001 - £80,000	0	0	1	0	1	0	63,347	0
£80,001 - £100,000	0	0	1	0	1	0	93,880	0
Total	**10**	**2**	**17**	**12**	**27**	**14**	**592,925**	**309,492**

An analysis of the total cost of exit packages shows:	Redundancy etc. £	Pension Fund Charges* £	Total £
Exit Packages agreed and charged to the Income & Expenditure Account during 2019/20	211,071	13,385	224,456

An analysis of the total cost of exit packages shows:	Redundancy etc. £	Pension Fund Charges* £	Total £
Provision Included in the Authority's Income & Expenditure Account for the cost of exit packages where the authority had made a commitment at 31 March 2020 (i.e. Employees who had received formal notice at 31 March 2020 and will leave during 2020/21)	42,594	42,442	85,036
Total	**253,665**	**55,827**	**309,492**

* Charges made by Shropshire Pension Fund in respect of early payment of pensions. Please note that the exit packages charged to the Income & Expenditure Account during 2019/20 were funded from Capital Receipts under the Government's flexible use of capital receipts announced as part of the 2015 Spending Review.

47. External Audit Costs

The Council's accounts were audited by Grant Thornton in 2018/19 and again and in 2019/20. The Council incurred the following fees relating to external audit and inspection:

2018/19 £000		2019/20 £000
90	Fees payable to Grant Thornton with regard to external audit services	110
4	Fees payable to Cabinet Office in respect of statutory inspection	0
9	Fees payable to Grant Thornton for the certification of grant claims and returns	11
1	Fees payable in respect of other services provided by the appointed auditor. Includes dealing with elector questions under statutory responsibilities.	0
0	Reimbursements from PSAA	(11)
104	**Total**	**110**

48. Related Parties

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

Central Government

Central Government has effective control over the general operations of the Authority – 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 (e.g. council tax bills, housing benefits). Grant receipts are shown in Note 41.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2019/20 is shown in Note 44. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Council Offices during office hours.

During the year transactions with related parties arose as follows:

Councillor Shaun Davies is a member of Marches LLP and Wrekin Housing Trust.

Councillor Stephen Burrell is a Director of Peace of Mind Homecare a company that provided services to the Council through service contracts and received £423,445 in 2019/20 (£362,096 in 2018/19).

Councillor Joy Francis (left office in May 2019) is the owner of Tortoise Day Nursery and Managing Director of Smiley Faces Day Nursery. The Council administers the payment of 2/3/4 year old nursery place funding on behalf of the government. The money offsets the cost of this care to the parent and is deducted off their invoice. The Council made total payments in relation to this of £44,473 during the period they were in office (£243,531 in 2018/19).

Councillor's Kuldip Sahota, Vanessa Holt and Amril Jhawar are voluntary directors of Meeting Point Trust and as such has no financial interest in the company. The Council makes payments to the Trust in relation to Room Hire at Meeting Point House. During 2019/20 the Council made payments totalling £49,345 (£57,598 in 2018/19).

Councillor Barry Tillotson (left office in May 2019) is a director of Shropshire County Training Ltd who lease two council owned properties at market rates totalling £3,167 during the period they were in office. Cllr Tillotson is also Chairman of Admaston House Community Centre Trust who hire facilities to council services for the delivery of adult and young people cookery classes and for use as a polling station. The value of the hires during the period they were in office was £600.

Councillor Rae Evans performs a number of Trustee roles for organisations as the Council's nominated representative who have received monies in 2019/20 as follows:

	Amount Received by Organisation (£)
• Park Lane Centre	£69,587
• Meeting Point House Trust	£49,345
• Telford and Wrekin CVS	£532,809

Councillor Richard Overton is centre manager for Donnington Charitable Trust. The value of all financial transactions between Donnington Charitable Trust and Telford and Wrekin Council in 19/20 is £35,759 including £10,000 Partnership Grant and £10,000 for a Community Support Grant relating to COVID-19.

Councillor Stephen Bentley manages Waters Upton Stores in Telford which receives 100% Rural Rate Relief in line with national legislation and Council Policy.

Councillor's Chris Turley and Caroline Healy are Council nominated directors of Severn Gorge Countryside Trust. The value of all financial transactions between the Trust and the Council is £282,748 which includes the payment of rental incomes, £251,029, collected by the Council on behalf of the Trust. Neither Councillor receives remuneration or personal benefit for this role.

Councillor Caroline Healy is a Director of Red Kite Network Ltd who provided services as part of the Festival of Imagination. The value of transactions between the Council and Red Kite Network Ltd in 2019/20 £921.80. The company was successful in winning a tender to provide services at Horsehay Pool. Services are to commence from April 2020.

Other Public Bodies [subject to common control by Central Government]

The Authority has pooled budget arrangements with Telford & Wrekin Clinical Commissioning Group. Transactions and balances outstanding are detailed in Note 43.

Subsidiaries

NuPlace Ltd is a Wholly Owned Company for the provision of market rented housing in the Borough. For 2019/20 the company had a Profit Before Taxation of £0.574m (£0.492m in 2018/19) and Net Assets of £22.187m (£15.814m in 2018/19). There are 3 Council employees, Jonathan Rowe, Angie Astley and Kate Callis, who are Directors of NuPlace Ltd and receive no remuneration or benefit for this role. The Council produces Group Accounts in relation to NuPlace Ltd and these can be found on page 133.

49. Leases

Finance Leases

During 2019/20 the value of vehicles, plant and equipment acquired under finance lease arrangements amounted to £9,183. Finance lease rentals of £266,252 were paid during the year. Total outstanding obligations net of financing costs at the end of the year were as follows:

	Within 1 Year £000	2 to 5 years £000	Over 5 years £000	Total £000
Outstanding Obligations	205	152	0	357

The aggregate amount of finance charges in respect of finance leases was £18,732 for 2019/20 (£25,965 for 2018/19).

The value of assets held, which have been financed by, is shown within Vehicles, Plant and Equipment (see note 15a)

Operating Leases

During 2019/20 the value of vehicles, plant and equipment acquired under operating leases amounted to £0. Operating lease rentals of £0 were paid during the year. Total outstanding obligations at the end of the year were as follows:

	Within 1 Year £000	2 to 5 years £000	Over 5 years £000	Total £000
Outstanding Obligations	0	0	0	0

Hire Purchase Contracts

During 2019/20 no hire purchase payments were made to lessors. No new hire purchase agreements were entered into during the year and the total obligation outstanding at the end of the year was zero.

Building Leases

The Council owns a number of industrial units, commercial premises and offices throughout the Borough. The Council acts as lessor in respect of these properties which are rented out at commercial rates, these are classified as operating leases. The rental and other income received from these properties for 2019/20 amounted to £9.388m (£9.293m for 2018/19). See also Note 42 Market Undertaking and Industrial Units and Note 15b in respect of the valuation of these assets as Property Portfolio.

50. Contingent Liabilities

At 31 March 2020, the Authority had no known material contingent liabilities.

51. Contingent Assets

At 31 March 2020, the Authority had no material contingent assets.

52. Special Fund Revenue Account

Net Expenditure 2018/19 £000		Gross Expenditure 2019/20 £000	Income 2019/20 £000	Net Expenditure 2019/20 £000
	EXPENDITURE ON SERVICES			
(69)	Cemeteries	223	(278)	(55)
559	Highways – footway lighting	723	(8)	715
490	**Total expenditure on services**	**946**	**(286)**	**660**
	INCOME			
(750)	Council Tax			(788)
(260)	**(Surplus) or deficit for year**			**(128)**
	Special Fund			
756	Balance at beginning of the year			1,016
0	Adjustment to Balance in relation to previous years charges			0
260	Surplus or (deficit) for year			128
1,016	**Balance at end of year**			**1,144**

The Special Fund covers the cost of providing footway lighting and cemetery services in the former unparished areas of the Borough (excluding the parishes of Lawley & Overdale, Oakengates, St Georges & Priorslee and Wrockwardine Wood & Trench which have taken over responsibility for the footway lighting in their parishes). The above costs for footway lighting relate to the remaining parishes of Great Dawley, Dawley Hamlets, Hollinswood & Randlay, Madeley, Stirchley & Brookside, The Gorge and Wellington.

53. Soft Loan

During 2013/14 the Council extended for 10 years a loan to the Ironbridge Gorge Museum Trust of £500,000 at an interest rate of 2.85% which was below the market rate and therefore constitutes a Soft Loan in the accounting statements. Part of this has been repaid during 2019/20 and the balance at 31st March is £160,604. This is shown as a debtor on the Balance sheet at a fair value of £149,784 and a notional £10,820 has been charged to the I&E account to reflect the preferential rate given. There is however a financial guarantee in place from The Ironbridge (Telford) Heritage Foundation Limited, which covers the outstanding amount of the loan.

During 2015/16 the Council advanced a loan for 40 years to AFC Telford of £45,000 at an interest rate of 4.66%, which was below the market rate and therefore constitutes a Soft Loan in the accounting statements. Part of this has been repaid during 2019/20 and the balance at 31st March is £43,482. This is also shown as a debtor in the Balance sheet at a fair value of £22,258 and a notional £21,224 has been charged to the I&E account to reflect the preferential rate given. The Council owns the freehold of the ground and the loan was provided to fund a new fire alarm system at the ground.

54. Building Control Account

Expenditure	Chargeable 2019/20 £000	Non-Chargeable 2019/20 £000	Total Building Control 2019/20 £000
Employee Expenses	147	195	342
Support Services	106	140	246
	253	**335**	**588**
Income			
Building Regulation Charges	(262)	0	(262)
(Surplus)/Deficit	**(9)**	**335**	**326**
(Surplus)/Deficit 2018/19	**(6)**	**277**	**271**

Note the Building Control Account is not covered by the Audit Opinion.

55. Insurance Reserves

The Council has insurance reserves on its General Fund and specifically for Education.

The reserves are in existence for the following purposes:

- to enable the Council to move towards an element of self-insurance and risk management to mitigate premium increases.
- to provide for unbudgeted potentially significant increases in annual premiums and late premium adjustments in a volatile insurance market.
- to meet any potential liabilities resulting from the winding up of MMI.

An analysis of the reserves for 2019/20 indicates the following:

	General Fund		Education	
	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000
Balance b/f	2,900	3,248	945	926
Charges in the Year	(332)	(311)	(19)	(3)
Transfers to other reserves	0	0	0	0
Contributions	680	706	0	0
Balance c/f	**3,248**	**3,643**	**926**	**923**

The charges relate to additional premium costs and excesses and the contributions to interest as well as contributions from services.

There are two general fund insurance provisions as follows:

	General Provision		Self-Insurance	
	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000
Balance b/f	453	485	2,447	2,763
Charges In Year	(168)	(161)	(164)	(150)
Contributions	200	181	480	525
Balance c/f	**485**	**505**	**2,763**	**3,138**

For 2019/20 self-insurance relates to the first £100,000 of each and every loss for all non-Education property claims, £250,000 in relation to Education property claims, £10,000 in relation to Investment property claims and £50,000 on each public liability claim, employers liability, libel and slander and officials' indemnity claims. Also note 26 Provisions

56. West Mercia Energy Joint Committee

West Mercia Energy (WME) is a Purchasing Consortium (formerly West Mercia Supplies (WMS) established in 1987) which is constituted as a Joint Committee (JC). Telford & Wrekin Council is one of four constituent authorities, the other three Councils are Worcestershire County Council, Herefordshire Council and Shropshire Council. On 19 April 2012, the stationery division of WMS - JC was sold with only the energy division being retained by the four member authorities. The energy division trades under the name "West Mercia Energy".

Telford & Wrekin Council has reviewed the accounting treatment that should be applied and has concluded that WME is a Joint Venture. Under International Accounting Standards, Group Accounts should be prepared unless it is considered not to be material.

The conclusion of the Council is that the exclusion of its share of WME's assets, liabilities, income, expenditure and cash flows from the Council's own accounts will not be material to the fair presentation of the financial position and transactions of the Council and to the understanding of the Statement of Accounts by a reader.

However, in the interests of transparency and accountability the unaudited 2019/20 balances of WME - JC are included below, along with an analysis of this Council's proportion of those balances based on an estimated share of 24.9%. The WME balance sheet has been provided by Shropshire Council, in their capacity as provider of the Section 151 role to the joint committee.

Extract from WME Balance Sheet	2019/20	Telford & Wrekin Share
	£000	£000
Long Term Assets		
Property, Plant & Equipment	14	4
Current Assets		
Short Term Debtors	11,794	2,945
Cash and Cash Equivalents	7,371	1,840
Current Liabilities		
Short Term Creditors	(17,421)	(4,350)
Long Term Liabilities		
Other Long Term Liabilities	(6,928)	(1,730)
Total Assets Less Liabilities	**(5,170)**	**(1,291)**
Financed By		
General Fund	864	216
Net Operating surplus	880	220
Capital Adjustment Account	14	3
Pension Reserve	(6,928)	(1,730)
	(5,170)	**(1,291)**
Turnover	**70,246**	**3,060**

57. Apprentice Levy

The Apprentice Levy came into effect in April 2017. It is a Government tax which aims to deliver new apprenticeships. All UK employers who have a total employee pay bill above £3m must pay the levy. The levy rate is 0.5% of the pay bill and includes schools. The money is collected by HMRC and is held in a Digital Apprenticeship Service (DAS) account which can be accessed to fund apprentice training. The levy has been treated as an employee expense in the CIES. The total amount paid in 2019/20 was £0.486m.

COLLECTION FUND ACCOUNT

Collection Fund Account

	NDR 2018/19 £000	Council Tax 2018/19 £000	Total 2018/19 £000	NDR 2019/20 £000	Council Tax 2019/20 £000	Total 2019/20 £000
Income						
Income from Council Tax (Note CF1)		83,723	83,723		89,092	89,092
Transfers from the Council's General Fund						
– Transitional Relief	157	0	157	371	0	371
Income collectable from business ratepayers (Note CF2)	73,574		73,574	75,191		75,191
Contributions						
Adjustment of previous years' community charges		0	0		0	0
Total Income	**73,731**	**83,723**	**157,454**	**75,562**	**89,092**	**164,654**
Expenditure						
Precepts, demands and Shares						
Telford & Wrekin Council	35,316	64,474	99,790	35,731	67,661	103,392
West Mercia Police Authority		10,054	10,054		11,228	11,228
Shropshire & Wrekin Fire Authority	721	4,967	5,688	729	5,203	5,932
Parish Councils		4,170	4,170		4,330	4,330
Central Government	36,036		36,036	36,460		36,460
Cost of Collection	218		218	215		215
Bad and Doubtful Debts/Appeals						
– Write Offs	708	349	1,057	482	267	749
– Provisions	(2,142)	(52)	(2,194)	(80)	(132)	(212)
Contributions						
Adjustment of previous years' community charge		0	0		0	0
Total Expenditure	**70,857**	**83,962**	**154,819**	**73,537**	**88,557**	**162,094**
Movement on fund balance (Increase)/Decrease	**(2,874)**	**239**	**(2,635)**	**(2,025)**	**(535)**	**(2,560)**

Notes To Collection Fund Accounts

CF1. Council Tax Base for 2019/20

2018/19 Equivalent Band D Dwellings		Number of Dwellings	Discounted Dwellings	Net Dwellings	2019/20 Equivalent Band D Dwellings
10,974	Band A	26,626	(9,845)	16,781	11,188
12,139	Band B	20,654	(4,644)	16,010	12,452
8,976	Band C	12,175	(1,785)	10,390	9,236
7,778	Band D	8,749	(809)	7,940	7,940
5,312	Band E	4,745	(343)	4,402	5,381
2,906	Band F	2,165	(124)	2,041	2,949
1,617	Band G	1,069	(82)	987	1,645
73	Band H	49	(13)	36	71
49,775	**TOTAL**	**76,232**	**(17,645)**	**58,587**	**50,862**
(195)	Adjustments for growth and losses				(222)
49,580	Tax base for year				50,640
£1,639.73	Average Council Tax for year				£1,703.97
2018/19 £000					**2019/20 £000**
81,297	Gross Yield				86,289
0	Less Benefits and Transitional Relief				0
2,426	Add increase in debit net of exemptions and reliefs				2,803
83,723					**89,092**

CF2. Income Collectable from Business Rate Payers

2018/19 £000		2019/20 £000
152,176	Effective Non-Domestic Rateable Value for the year	148,917
49.3p	Uniform Business Rate for the year	50.4p
75,023	Gross yield for the year	75,054
(1,449)	Less reductions & Transitional Relief	137
73,574	**Total**	**75,191**

The rateable value was £184,304,997 at 31/03/2020 (£181,169,735 at 31/03/2019)

CF3. Allocation of Fund Balance (Council Tax)

2018/19 £000		2019/20 £000
(2,080)	Telford & Wrekin Council	(2,503)
(308)	West Mercia Police Authority	(390)
(150)	Shropshire Fire Authority	(180)
(2,538)	**Total**	**(3,073)**

CF4. Allocation of Fund Balance (NDR)

2018/19 £000		2019/20 £000
(1,804)	Telford & Wrekin Council	(2,796)
(37)	Shropshire Fire Service	(57)
(1,841)	Central Government	(2,853)
(3,682)	**Total**	**(5,706)**

GROUP ACCOUNTS

Group Accounts

Introduction

During 2015/16 the Council established a Wholly Owned Company (NuPlace Ltd) for the provision of market rented housing in the Borough. The standard financial statements consider the Council only as a single entity, accounting for its interests in other organisations only to the extent of its investment, and not current performance and balances. Thus a full picture of the Council's economic activities, financial position, service position, accountability for resources and exposure to risk is not presented in the Council's single entity financial statements.

As a result, group financial statements are produced to reflect the extent of Telford & Wrekin Council's involvement with its group undertakings in order to provide a clearer picture of the Council's activities as a group. The group accounts contain core financial statements similar to those included in the Council's single entity statements, consolidated with figures from organisations considered to be part of the group.

The following pages include:

- Group Expenditure and Funding Analysis
- Group Comprehensive Income and Expenditure Statement
- Reconciliation of the Single Entity Deficit to the Group Deficit
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts where they differ from the notes to the Single Entity Accounts

The Narrative Report has not been replicated in the Group Accounts as the overview below provides a summary of NuPlace performance for 2019/20.

The group financial statements are presented in accordance with the IFRS based Code.

NuPlace Ltd's property assets were valued on 31 March 2020 by Registered Valuer's of Telford & Wrekin Council. The valuations were in accordance with the required valuation standards. The valuation of each property was on the basis of current value, which equates to the Market Value. Investment property is initially valued at cost, and recognised once the entire development has been completed, and then revalued annually. Investment properties are not depreciated as they are anticipated to appreciate in value.

Accounting policies are aligned between the group members.

NuPlace – 2019/20 Overview

Nuplace Limited was incorporated on 1 April 2015. NuPlace is a wholly owned subsidiary of Telford and Wrekin Council, limited by shares.

The principal activity of the company is the procurement of the construction and management of private and affordable residential property for rent. In addition, the company aims to:

- Raise the standard of rental provision, both in terms of the quality of the rental homes and the landlord service.
- Deliver added value and stimulate local economic growth through supply chain engagement, offering skills and employment opportunities and working with the community.
- Develop brownfield and stalled sites in order to deliver widespread regeneration benefits.

The company is financed by Telford and Wrekin Council, through a combination of equity in the form of share capital and debt finance in the form of a 30 year loan.

The year ended 31 March 2020 was the fifth year of operation for NuPlace Ltd. During the year, the company completed the development of 39 units at Coppice Court, Snedshill, taking the number of properties completed and available to let at 31 March 2020 to 329, (309 properties, 2018/19) of which 42 are let as affordable rents.

In accordance with the Company's/Group accounting policy, the housing portfolios were revalued at the year end, which has resulted in an increase in value of 9.11% (£4.246m) over the completed sites.

NuPlace Ltd is a separate legal entity and as such will prepare its own Statement of Accounts and comply with company regulations. The accounts will be audited by Grant Thornton, who also audit the Council's accounts.

As planned, no dividends were distributed at the end of 2019/20 and the company ended the year with an operating profit before taxation of £0.574m. It should be noted that the Council has received income totalling £1.5m from NuPlace during 2019/20 net of additional interest and other costs which is a combination of interest paid relating to the loan agreement and services NuPlace purchased from the Council. The Council will also benefit from additional Council Tax, and New Homes Bonus as NuPlace properties are completed.

NuPlace final audited accounts will be published on the Council's website once finalised.

GROUP EXPENDITURE & FUNDING ANALYSIS

Group Expenditure & Funding Analysis

The EFA is not a Primary Financial Statement and as such should be treated as a note to the accounts. The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the local authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. See Note 1 of the Expenditure and Funding Analysis to the main accounts.

2018/19				2019/20		
Net Expenditure Chargeable to the General Fund Balance	**Adjustments Between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income & Expenditure Statement**	**SERVICE**	**Net Expenditure Chargeable to the General Fund Balance**	**Adjustments Between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income & Expenditure Statement**
40,815	193	41,008	Adult Social Care	43,473	1,605	45,087
(636)	19,608	18,972	Business, Development & Employment	(1,753)	2,737	984
2,277	(302)	1,975	Co-Operative Council	2,051	2,634	4,685
5,954	36	5,990	Commercial Services	6,290	4,638	10,921
(3,134)	15,046	11,912	Council Wide	(5,473)	(23,246)	(28,719)
24,536	3,411	27,947	Customer & Neighbourhood Services	23,562	(4,242)	19,320
1,888	28,867	30,755	Education & Corporate Parenting	2,369	(16,564)	(14,195)
14,076	(11,428)	2,648	Finance & Human Resources	11,970	14,194	26,194
6,260	203	6,463	Governance, Procurement & Commissioning	6,749	451	7,200
241	72	313	Health & Well-being	219	323	542
28,778	(377)	28,401	Children's Safeguarding & Family Support	31,903	1,079	32,982
121,055	**55,329**	**176,384**	**Net Cost Of Services**	**121,360**	**(16,398)**	**104,962**
(121,522)	11,499	(110,023)	Other Income & Expenditure	(121,791)	9,340	(112,451)
(467)	**66,828**	**66,361**	**(Surplus) or Deficit**	**(431)**	**(7,058)**	**(7,489)**
4,149			**Opening General Fund Balance**	**4,149**		
467			Surplus of (Deficit) for year	431		
4,616			**Closing General Fund Balance**	**4,580**		

GROUP CORE
FINANCIAL STATEMENTS AND
ACCOMPANYING NOTES

Group Comprehensive Income and Expenditure Account

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

SERVICE	2018/19 Gross Expenditure £000	2018/19 Income £000	2018/19 Net Expenditure £000	2019/20 Gross Expenditure £000	2019/20 Income £000	2019/20 Net Expenditure £000
Adult Social Care	63,004	21,996	41,008	70,544	25,466	45,078
Business, Development & Employment	27,666	8,694	18,972	13,261	12,277	984
Co-Operative Council	2,610	635	1,975	4,843	158	4,685
Commercial Services	28,770	22,780	5,990	44,952	34,031	10,921
Council Wide	20,242	8,330	11,912	(11,293)	17,426	(28,719)
Customer & Neighbourhood Services	116,023	88,076	27,947	96,283	76,963	19,320
Education & Corporate Parenting	148,076	117,321	30,755	108,278	122,473	(14,195)
Finance & Human Resources	8,100	5,452	2,648	30,879	4,715	26,164
Governance, Procurement & Commissioning	9,323	2,860	6,463	10,237	3,037	7,200
Health & Well-being	12,641	12,328	313	12,404	11,862	542
Children's Safeguarding & Family Support	29,946	1,545	28,401	36,950	3,968	32,982
Net Cost of Services	**466,401**	**290,017**	**176,384**	**417,338**	**312,376**	**104,962**
Other Operating Expenditure			298			3,246
Financing and Investment Income and Expenditure			16,733			11,925
Taxation & Non Specific Grant Income and Expenditure			(127,054)			(127,622)
(Surplus) or deficit on provision of services			**66,361**			**(7,489)**
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets			(15,307)			(58,179)
(Surplus) or deficit on revaluation of Available For Sale Financial Assets			0			282
Re-measurements of the net defined benefit pension liability			36,060			(2,073)
Other Comprehensive Income & Expenditure			**20,753**			**(59,970)**
Total Comprehensive Income and Expenditure			**87,114**			**(67,459)**

Reconciliation of the Single Entity Deficit on Provision of Services to the Group Deficit

2018/19 £000		2019/20 £000
66,553	Deficit/(Surplus) from the Single Entity Accounts (Page 52)	(7,204)
(365)	Deficit/(Surplus) contained within Subsidiary Accounts	(428)
173	Removal of Trading Surpluses from Single Entity Accounts	143
66,361	**Deficit in Group Accounts (Page 138)**	**(7,489)**

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Group'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 for council tax setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance & reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of the reserves of the subsidiary	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018 carried forward restated	**81,563**	**2,943**	**84,506**	**(63,670)**	**20,836**	**1,800**	**22,636**
Total Comprehensive Income and Expenditure	(66,553)	0	(66,553)	(21,608)	**(88,161)**	1,047	**(87,114)**
Adjustments between accounting basis & funding basis under regulations	70,480	3,915	74,395	(74,395)	**0**	0	**0**
Increase/ (Decrease) in 2018/19	**3,927**	**3,915**	**7,842**	**(96,003)**	**(88,161)**	**1,047**	**(87,114)**
Balance at 31 March 2019 carried forward	**85,490**	**6,858**	**92,348**	**(159,673)**	**(67,325)**	**2,847**	**(64,478)**
Total Comprehensive Income and Expenditure	7,204	0	7,204	55,724	**62,928**	4,531	**67,459**
Adjustments between accounting basis & funding basis under regulations	(132)	15,568	15,436	(15,436)	**0**	0	**0**
Increase/ (Decrease) in 2019/20	**7,072**	**15,568**	**22,640**	**40,288**	**62,928**	**4,531**	**67,459**
Balance at 31 March 2020 carried forward	**92,562**	**22,426**	**114,988**	**(119,385)**	**(4,397)**	**7,378**	**2,981**

It should be noted that of the total usable reserves, £114.988m, only £5.0m is uncommitted general fund balances. The remainder includes earmarked reserves and school balances. There are also unusable reserves.

Group Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2018 Restated £000	31 March 2019 Restated £000		Notes	31 March 2020 £000
465,740	452,675	Property, Plant & Equipment		521,532
140,419	150,201	Investment Properties	3	156,804
2,081	2,048	Intangible Assets		1,989
315	315	Long Term Investments		0
441	0	Long Term Debtors		300
608,996	**605,239**	**Total Long Term Assets**		**680,625**
323	297	Inventories		208
39,280	32,392	Debtors		34,720
14,213	6,062	Assets Held for Sale		6,999
20,071	16,310	Cash and Cash Equivalents		30,953
73,887	**55,061**	**Current Assets**		**72,880**
(20,306)	(18,769)	Provisions		(15,533)
(102,176)	(75,101)	Short term Borrowing		(67,149)
(65,931)	(68,989)	Creditors		(73,093)
(188,413)	**(162,859)**	**Current Liabilities**		**(155,775)**
(114,526)	**(107,798)**	**Net Current Assets/(Liabilities)**		**(82,895)**
(154,526)	(191,823)	Less Long Term Borrowing		(209,036)
(54,640)	(51,198)	Less Long Term Creditors		(49,113)
(258,739)	(314,704)	Less Pensions Liability		(333,327)
(3,928)	(4,194)	Capital Grants Receipts in Advance		(3,273)
(471,833)	**(561,919)**	**Long Term Liabilities**		**(594,749)**
22,637	**(64,478)**	**Net Assets**		**2,981**
83,848	91,882	Usable Reserves		114,807
(61,211)	(156,360)	Unusable Reserves		(111,826)
22,637	**(64,478)**	**Net Reserves**		**2,981**

Group 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. The amount of net cash flows arising from operating activities is 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 the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2018/19 £000		2019/20 £000
63,992	Net (surplus) or deficit on the provision of services	(7,489)
(88,486)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(35,256)
36,625	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	39,208
12,131	**Net cash flows from Operating Activities**	**(3,537)**
(2,477)	Investing Activities	(4,239)
(5,893)	Financing Activities	(6,867)
3,761	**Net (increase) or decrease in cash and cash equivalents**	**(14,643)**
20,071	Cash and cash equivalents at the beginning of the reporting period	16,310
16,310	Cash and cash equivalents at the end of the reporting period	30,953

Notes to the Group Financial Statements

Group Note 1. Accounting Policies

a) General

The single entity accounting policies are detailed on pages 56 - 67 have been adopted and applied to the group accounts.

b) Reasons for Consolidation

Nuplace Ltd is wholly owned by Telford & Wrekin Council. As the Council has significant influence and control over the company, in line with the CIPFA Code of Practice Group Accounts are produced which consolidate Telford & Wrekin single entity accounts and Nuplace accounts.

c) Basis for Consolidation

Nuplace has been included in the accounts as a subsidiary under the requirements of IFRS 10 (Consolidated Finance Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and Balance Sheet. Figures have been consolidated based on the statement of accounts for 31 March 2020. Where figures in the group accounts differ materially from the Council's single entity accounts, the relevant explanatory notes have been prepared.

d) PPE Recognition and Measurement

Nuplace Ltd's property assets are valued by Registered Valuer's of Telford & Wrekin Council in accordance with the required standards. The valuation of each property is on the basis of current value, which equates to the Market Value. Property is initially valued at cost and recognised once the entire development has been completed, and then revalued annually. Investment properties are not depreciated as it is anticipated that they will appreciate in value.

Group Note 2. Prior Period Adjustments

A Prior Period Adjustment is required to the Balance Sheet to reflect a reassessment of how to present the constructions costs associate with Investment Property prior to them coming into use. Section 4.4 of the Code requires the constructions costs to be classed as Investment Property and note as Assets Under Construction within Property, Plant & Equipment (PPE).

Balance Sheet as at 31 March 2018

	As issued £000	Adjustment £000	Restated £000
Property Plant & Equipment	487,521	(21,781)	465,740
Investment Property	118,638	21,781	140,419

Balance Sheet as at 31 March 2019

	As issued £000	Adjustment £000	Restated £000
Property Plant & Equipment	468,235	(15,560)	452,675
Investment Property	134,641	15,560	150,201

The following Notes to the Accounts were also amended to correspond with these figures –

- Note 2 – Investment Property

Group Note 3. Investment Property

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

201819 £000		2019/20 £000
140,419	Balance at 1st April 2019	**151,201**
106	Deminimus assets added	0
12,598	Additions	7,218
0	Revaluation increase/(decrease) recognised in the revaluation reserve	(60)
1,426	Revaluation increase/(decrease) recognised in the Surplus/Deficit on the Provision of Services	154
(4,400)	Disposals	(40)
	Transfer:	
30	to/(from) Property, Plant & Equipment	523
22	to/(from) Assets Held for Sales	(1,152)
150,201	**Balance at 31st March 2020**	**156,804**

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:

2018/19 £000		2019/20 £000
(11,442)	Rental income from investment property	(11,931)
6,222	Direct operating expenses arising from investment property	4,499
(5,220)	**Net Operational (gain)/loss**	**(7,432)**
(1,669)	Net (gain)/loss on revaluation of properties	1,500
(6,889)	**Total Net (gain)/loss**	**(5,932)**

There are no restrictions on the Authority's ability to realise the value inherent in its property portfolio or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop properties or repairs, maintenance or enhancement.

Glossary

Accounting Policies	The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 issued by the Chartered Institute of Public Finance & Accountancy and comply with the International Financial Reporting Standards (IFRS) approved by the Financial Reporting Advisory Board.
Balances	See Reserves and Balances.
Balance Sheet	A statement of recorded assets and liabilities at a given point in time i.e. 31st March for Local Authorities.
Business Rates	This is the income collected from business premises in respect of National Non Domestic Rates. Also known as Non Domestic Rates (NDR) and Retained Business Rates.
Budget	The financial statement reflecting the Council's policies over a period of time i.e. what the Council is going to spend to provide services.
Capital Expenditure	Expenditure on items that have a life of more than one year, such as buildings, land, major equipment.
Capital Receipts	The proceeds from the disposal of land or buildings, or other assets. These can be used to finance new capital expenditure.
Capping	The Government has the power to tell Councils to set a lower council tax requirement if it thinks the year on year increase is excessive.
CIPFA	The Chartered Institute of Public Finance and Accountancy.
CIPFA/SOLACE	CIPFA/SOLACE Delivering Good Governance in Local Government - Framework - CIPFA - the Chartered Institute of Public Finance and Accountancy, have worked with SOLACE - the Society of Local Authority Chief Executives and Senior Managers, to develop the good governance framework for local authorities based on the "The Good Governance Standards for Public Services" produced by the Office for Public Management.
Collection Fund	A separate statutory fund maintained by the Council, as billing authority, which records council tax and non-domestic rates collected, together with payments to precepting authorities (Police, Fire, Parishes), the Government and the Council's own General Fund.
Comprehensive Income & Expenditure Statement (CIES)	Summarised income and expenditure during the year by service area. Includes both revenue and capital items.
Council Tax	The main source of local taxation to local authorities. Council tax is levied on dwellings within the local authority area by the billing authority.

Creditors	Represent the amount that the Council owes other parties, shown on the balance sheet at year end.
Debtors	Represents the amounts owed to the Council, shown on the balance sheet at year end.
Depreciation	The accounting term used to describe the write off of the reduction in value of a fixed asset due to wear and tear, passing of time.
Dedicated Schools Grant (DSG)	Specific ring-fenced grant allocated by the Department for Education for the funding of schools.
Discounts	The benefit obtained from re-scheduling debt.
International Accounting Standard 19 (IAS19)	Accounting for Retirement Benefits – local authorities are required to reflect the true value of the assets and liabilities relating to the Pension Fund in their financial statements. This creates a notional amount in the balance sheet and does not impact on council tax.
Leases	A method of funding expenditure by payment over a defined period of time. An **operating lease** is similar to renting, the ownership of the asset remains with the lessor and the transaction does not fall within the capital control system. **Finance leases** are more akin to borrowing and do fall within the capital system.
LOBO	A LOBO is a market loan to the Authority. LOBO stands for Lenders Option Borrowers Option. What this means is that the loan has a fixed interest rate but the lender has the option to increase that rate at specified intervals. If they exercise that option then the Authority has an option to either accept the new rate or repay the loan.
Local Services Support Grant (LSSG)	Local Services Support Grant is a general grant that is not allocated to the cost of services but is shown with other grants such as RSG.
MRP	Minimum Revenue Provision – This is the amount charged against the Income and Expenditure Account for the year in relation to the repayment of debt on borrowing in order to fund capital expenditure.
Non Domestic Rates (NDR)	This is the income collected from business premises in respect of National Non Domestic Rates (NNDR). Also known as Non Domestic Rates (NDR), Business Rates and Retained Business Rates.
Outturn	Actual Expenditure and Income within a particular year.
Pension Fund	An employee's pension fund is maintained in order to make pension payments on retirement to participants. It is financed from contributions from the employing authority (The Council), the employee and investment returns.
Premia	A penalty payment that may be incurred when debt is repaid early.

Private Finance Initiative (PFI)	A central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance.
Provisions	Amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise is uncertain.
Public Works Loans Board (PWLB)	A Government agency providing long and short term loans to local authorities at interest rates only slightly higher than those at which Government itself can borrow.
Revenue Expenditure	Expenditure on the day to day running costs of the Council, such as salaries, wages, utility costs, repairs and maintenance.
Revenue Expenditure funded from Capital under Statute	This is expenditure that is classified as capital although it does not result in the creation of a fixed asset. Examples of this are grants, advances and financial assistance to others, costs of stock issues, expenditure on properties not owned by the authority and amounts directed by the Government.
Revenue Support Grant (RSG)	The main Government grant given to Local Authorities to assist in paying for local services. The amount of RSG paid is calculated on the basis of a Settlement Funding Assessment, also determined by Government.
Reserves & Balances	Amounts set aside to meet future expenditure. Every local authority must maintain general balances as a matter of prudence.
Section 151	Section 151 of the Local Government Act 1972 requires that Council's nominate an officer to be responsible for the proper administration of their financial affairs (The Chief Financial Officer). For Telford & Wrekin this is the Assistant Director Finance and Human Resources.
Soft Loan Special Fund Revenue Account	A loan granted at lower than the prevailing interest rate Included in the Income And Expenditure Account but specifically summarises the cost of providing some specific services that in some areas are provided by Parish Councils but in others are provided by the Council.
Special Purchaser	A particular buyer for whom a certain asset has special value because of advantages arising from its ownership that would not be available to general buyers in the market.
Trading Services	A service run in a commercial style and provides services that are mainly funded from fees and charges levied on users.
Variance	The difference between budgeted expenditure and actual outturn. Also referred to as an over or under spend.
Virement	A switch of resource from one budget head to another. The rules concerning virement are contained in the Financial Regulations.