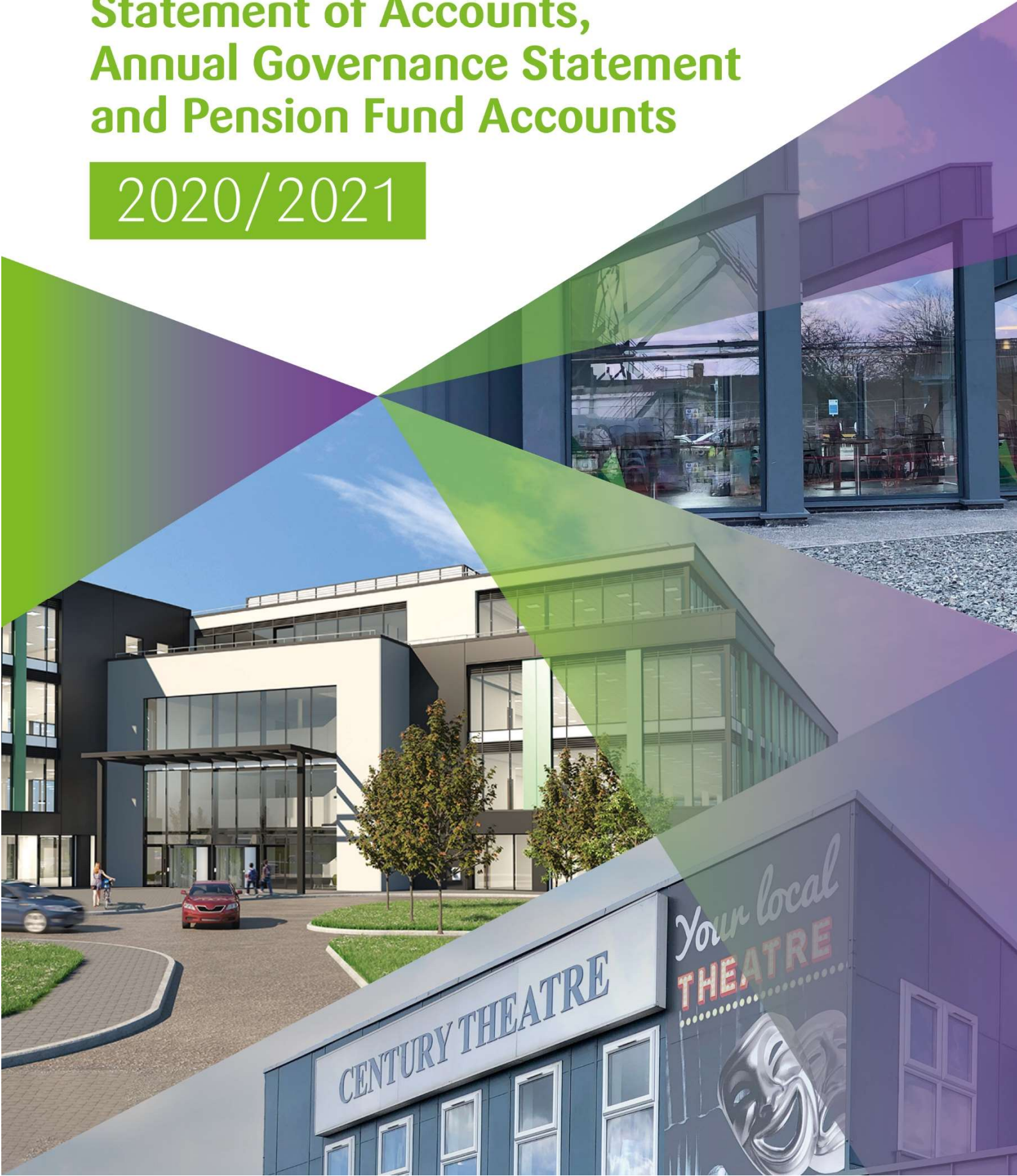


Statement of Accounts, Annual Governance Statement and Pension Fund Accounts

2020/2021



Introduction to the Statement of Accounts

Councillor Preface

Like all Local Authorities, the County Council's financial year 2020/21 was impacted by the Covid 19 pandemic. The results of this and the subsequent national and additional local lockdowns, have caused a significant impact on the national and local economies.

Because of the pandemic, necessary changes to the delivery of services and additional duties required of the Council resulting from the crisis, extra costs and added budget pressures have impacted the Council's finances.

During the year, Central Government have provided grants and other schemes to mitigate the financial effect of COVID-19 but this has not covered the full impact of additional cost pressures. However, despite the pandemic and because the Council has taken tough decisions on items such as efficiency savings and the use of balances the Council's financial position remains robust in the short to medium term.

The Council's primary focus is to mitigate the impact of the pandemic on vulnerable adults and children. However, it also supported local business and community groups by establishing the Leicestershire Communities, Business Recovery and Pub Funds. Additionally, the Council will continue to work with Central Government to ensure it has the resources required to provide quality services to those who live and work in Leicestershire.



Mr. L. Breckon
Cabinet Lead Member for Corporate Resources

Foreword from the Director of Corporate Resources



The County Council has faced huge uncertainty and major service and financial issues in 2020/21. In addition to the COVID-19 related issues, existing budget pressures in both Adult and Children's Social Care and Special Educational Needs continued to grow.

Despite these challenges, the cost control and related measures that were introduced for the additional costs of COVID-19 have had a significant positive impact and enabled the Council to set balanced budgets for both 2021/22 and 2022/23.

Looking back to 2020/21, the Council has successfully completed a number of capital projects, funded without any external borrowing, including:

- £24m investment in Children and Family Services, including an additional 860 school places
- £22m investment in highways maintenance
- £22m on major road improvements reducing congestion in the County

Delivery of the Capital Programme will continue to be challenging, especially given the COVID-19 and post Brexit supply chain issues within the construction industry and increased demand for new schools and roads. However, with continued hard work and careful planning we expect to continue to deliver value for money capital projects.

I would like to thank all our staff for their work to manage the Council's budget in what has been an incredibly challenging year.

Chris Tambini
Director of Corporate Resources

Narrative Statement

1. Organisational Overview and External Environment

The Council has consolidated its priority outcomes into its Strategic Plan for 2018-22. The Plan was refreshed and updated during 2020/21 and guides service commissioning and development in order to maximise delivery against these outcomes.

Leicestershire remains the lowest funded county council in the country with greater risks as a result. The Council's financial position continues to be extremely challenging, with over £220m saved since 2010 and a further £79m to save by 2024/25. The position is serious with major implications for the provision of services to the people of Leicestershire. Reductions in government funding and rising demands have made it increasingly difficult to maintain good service delivery levels and target service improvements where required. The COVID-19 emergency and impact on the wider economy, council income and expenditure has added to the seriousness of the council's financial position and threatens the continued provision of services and delivery of outcomes.

The current funding system does not share national resources fairly, and this view is shared by many others in local government. The Council has presented a new simplified funding model to central government based on factors that drive demand for local services. It allocates money in a fair way, based on need, and narrows the gap between the highest and lowest funded councils. A move to a fairer funding model is an urgent requirement to help tackle the Council's financial challenges.

Leicestershire as a Place

Leicestershire covers an area of 208,000 hectares, with a population of around 706,000 people. The population is growing, and is predicted to reach 860,000 by 2043, with particular growth among the over 70's. 82% of Leicestershire's area is classified as rural while 70% of the population live in our towns and urban areas.

Out of work benefit claimant rates are consistently below national and regional levels though have increased over the past year as the COVID-19 crisis has impacted the economy. Manufacturing is the largest industrial sector in the county, accounting for 13% of all employment, followed by Professional, Scientific and Technical (12%). 93% of our residents tell us that they are satisfied with the county as a place to live, significantly higher than the equivalent national figure.

The Council plays an active role in place shaping and responding to local needs such as working with partners to agree a Strategic Planning Framework, working sub-regionally (with Leicester City and the Leicestershire district authorities) and working regionally on economic and transport planning, such as with the Midlands Engine.

Leicestershire County Council

Leicestershire County Council is an upper tier of local government with 55 councillors who are elected every 4 years. The Council has 5,986 employees (excluding schools) organised into 6 departments:

- Children and Family Services
- Adults and Communities
- Environment and Transport
- Public Health
- Chief Executives
- Corporate Resources

2. Governance

The Council's Annual Governance Statement summarises the outcome of the Council's review of the Governance Framework that has been in place during 2020/21. The statement demonstrates that the Council has in place effective arrangements, but that it recognises the need to continuously review, adapt and develop its governance arrangements to meet the changing needs of the authority. There were no significant governance issues in 2020/21.

3. Risks and Opportunities

A risk management strategy is in place to identify and evaluate risk. The Council's corporate risk register contains the most significant risks which the Council is managing. Separate risk registers are in place for key departmental and service risks. Central government funding reductions and rising demands have seen a higher level of risk needing to be managed and this has been further exacerbated by the COVID-19 crisis and resulting economic impact.

4. Strategy & Resource Allocation

The Council has developed five strategic outcomes that are essential for good quality of life in Leicestershire. These set out aspirations for local people and places, describing the results we want people to see and experience in their daily lives:

Narrative Statement

- **Strong Economy** - Leicestershire's economic prosperity benefits everyone and supports resilient, clean growth.
- **Wellbeing and Opportunity** - the people of Leicestershire live in a healthy environment and have the opportunities and support they need to take control of their health and wellbeing.
- **Keeping People Safe** - people in Leicestershire are safe and protected from harm.
- **Great Communities** - Leicestershire communities are thriving and integrated places where people help and support each other and take pride in their local area.
- **Affordable and Quality Homes** - Leicestershire has a choice of quality, sustainable homes that people can afford.

These key strategic outcomes form part of the Council's medium-term financial planning process which covers a four-year period and is refreshed annually.

5. Financial Performance

Revenue Budget

A summary of the net revenue outturn for 2020/21 is set out below:

2019/20				2020/21		
Budget	Outturn	Variance		Budget	Outturn	Variance
£m	£m	£m		£m	£m	£m
148.2	145.8	(2.4)	Adults & Communities	150.8	156.7	5.9
11.0	10.3	(0.7)	Chief Executive's	12.3	14.0	1.7
75.1	78.5	3.4	Children & Family Services	82.8	86.6	3.8
34.1	34.6	0.5	Corporate Resources	33.7	40.0	6.3
69.7	71.1	1.4	Environment & Transport	83.4	76.8	(6.6)
0.2	0.1	(0.1)	Public Health	(0.7)	(0.7)	0.0
0.0	0.0	0.0	Approved additional commitments	0.0	9.9	9.9
39.1	41.3	2.2	Central Items and Contingencies	27.5	42.4	14.9
377.4	381.7	4.3		389.8	425.7	35.9
			Funded by:			
(74.2)	(75.2)	(1.0)	Business Rates	(68.4)	(69.8)	(1.4)
(303.2)	(303.2)	0.0	Council Tax	(321.4)	(321.4)	0.0
0.0	0.0	0.0	Revenue Support Grant	0.0	0.0	0.0
0.0	0.0	0.0	Covid-19 General Grants	0.0	(34.5)	(34.5)
(377.4)	(378.4)	(1.0)		(389.8)	(425.7)	(35.9)
0.0	3.3	3.3	NET OUTTURN	0.0	0.0	0.0

Although the 2020/21 net outturn was a break even position, this includes an overall net underspend of £9.9m, which has been set aside in earmarked funds to provide funding for additional commitments. The financial year saw significant additional pressures on expenditure and income budgets across a wide range of services arising from the COVID-19 pandemic, offset to some extent by a range of Government grants. The longer-term financial impacts of the pandemic will not be seen until later years and contingencies have been set aside to meet those future pressures.

The Authority has made significant progress in achieving the savings in the MTFs, but there is still a long way to go. The 2021-25 MTFs includes a savings requirement of £79m.

Capital Budget

A summary of the capital outturn for 2020/21 is set out below:

2019/20			Capital	2020/21		
Budget	Outturn	Variance		Budget	Outturn	Variance
£m	£m	£m		£m	£m	£m
14.1	7.4	(6.7)	Adults & Communities	10.2	8.9	(1.3)
0.7	0.1	(0.6)	Chief Executive's	0.9	0.6	(0.3)
25.9	22.7	(3.2)	Children & Family Services	35.8	23.7	(12.1)
45.8	38.2	(7.6)	Corporate Programme	24.4	17.4	(7.0)
10.9	4.5	(6.4)	Corporate Resources	9.8	6.9	(2.9)
73.8	40.6	(33.2)	Environment & Transport	64.5	47.5	(17.0)
0.0	0.0	0.0	Public Health	0.0	0.0	0.0
171.2	113.5	(57.7)		145.6	105.0	(40.6)

Overall there has been a net underspend of £40.6m compared with the updated budget. The net underspend of £40.6m has been carried forward to the capital programme 2021-25 to fund delayed projects.

Further detail of the budget outturn variances for revenue and capital can be found in the Cabinet report dated 22 June 2021 available on the County Council's Website.

6. Operational Performance

The Council maintains a strong focus on performance management through its corporate performance management, commissioning and benchmarking arrangements. Performance management is well embedded through regular performance reporting across organisational governance arrangements.

The Council regularly monitors its performance position and areas for improvement through service benchmarking. Looking at published data for 2019/20, the Council's overall performance position was 2nd of 32 two-tier county and county unitary areas, using a basket of 247 performance indicators spanning Council and partnership activity.

In a separate exercise, iMPower Consulting analysed the productivity of English local authorities using published data, taking performance metrics and calculating overall outputs per pound invested. The Council was ranked top performer for the last 3 published years – reflecting the Council's good overall performance and also the fact Leicestershire is the lowest funded county and has to maintain rigorous cost and efficiency controls.

The Council's five strategic outcomes set out our aspirations for our people and places.

The following chart sets out our progress towards these outcomes. Where it is available, the chart indicates which comparative quartile Leicestershire's performance falls into based upon the latest published national data, which in most cases is for the previous year.

The 1st quartile is defined as performance that falls within the top 25% of relevant comparators. The 4th quartile is defined as performance that falls within the bottom 25% of relevant comparators.

The Authority's Annual Delivery Report and Performance Compendium (<https://www.leicestershire.gov.uk/about-the-council/how-the-council-works/leader-and-cabinet/council-performance>) provides a more detailed account of performance during the year.

Strategic Plan Outcomes (2020/21)

This is a summary of performance against the Council Strategic Plan 2018-22. Colours represent performance quartiles in relation to relevant comparators, where available. The 1st quartile (green) is defined as performance that falls within the top 25% of relevant comparators.



Outcome	Supporting Outcome		improve	similar	decline
Strong Economy	Businesses can flourish	3 5 2 1 8	4	3	4
	Right Infrastructure for clean growth	3 4 4 4	3	8	2
	Skilled & employable workforce	5 4 2 7	1	7	5
Wellbeing and Opportunity	Access to quality education	4 2 3 4		7	5
	Every child gets best start in life	6 5 4 5 5	4	9	5
	Everyone can reach potential	6 8 7 1	8	6	3
	Healthy Population	5 13 9 4 4	3	16	4
Keeping People Safe	People cared for at home when possible	4 5 7 3 8	4	10	3
	Children live in stable environments	4 7 1 2	5	5	2
	Families are self-sufficient	2 10	2	3	
	People are safe in daily lives	8 3 3 1 14	10	5	5
Great Communities	People at risk are protected	3 2 7	1	8	2
	Communities are resilient	4		1	
	Communities plan for the future	7	2	3	2
	Cultural, historical & natural heritage	1 8	4		
	Diversity is celebrated	1 2		2	2
Affordable and Quality Homes	Protect environment for future	6 1 3	4	3	
	Development contributes to communities	1 2	1		
	Homes are sustainable	1	2		
	Housing for those with care needs	1 3	3	1	
	Right homes in right places	9 2 1 4	9	3	4

Where it is available, the chart indicates the number of indicators within each outcome and the quartile in which Leicestershire's performance falls into for each indicator. The 1st quartile is defined as performance that falls within the top 25% of relevant comparators. Where it is available, the chart also indicates whether performance has improved, is similar to, or has declined compared to the last relevant data point.

7. COVID-19 Pandemic / Medium Term Financial Strategy

COVID-19 Pandemic

The COVID-19 global pandemic, which commenced at the end of 2019/20, has had, and will continue to have a considerable impact on the County Council in the medium term. Government lockdown measures were introduced in the UK from 23 March 2020. In addition, some areas in the county urban conurbations surrounding the city of Leicester were made subject to an extended period of local restrictions which started in July 2020. The restrictions affected businesses with closure, limited the right of residents to stay away from home and limited gatherings. Business continuity plans were implemented across the Council, this also included the identification of the most vulnerable service users to ensure there was capacity to support them. Non-essential work was risk assessed and put on hold to free staff capacity to enable the Council to deploy rapid responses to ensure core services were delivered and that residents and businesses continued to be supported.

The Council's Crisis Management Group (CMG), chaired by the Chief Executive, meets frequently to oversee the Council's response across key issues. The CMG is supported by a corporate Resilience Planning Group (RPG) which meets regularly including dedicated meetings focused on preparing for "recovery". The Council has worked closely with partners on a range of challenges including the imposition and easing of lockdown measures, related enforcement activities, the supply of PPE, shielding of vulnerable people, co-ordination of volunteering, testing and tracing, excess deaths planning and supporting the vaccination strategy.

COVID-19 has a significant adverse effect on the economy. It is also affecting the services that the Council delivers and its finances. Recognising the significant uncertainty, it is estimated that continuing Government support will be required to balance the Council's budget in the medium term. These financial implications will continue beyond the current financial year adding to the financial gap identified in the Medium-Term Financial Strategy. The impact is

across the board, covering additional expenditure, increased project and capital costs, reduced income levels and required savings that are no longer achievable. Despite the consequences of COVID-19, the County Council continues to have a robust financial position going into next financial year because of sound management and tough decisions taken since 2010 and the introduction of controls on expenditure.

Medium Term Financial Strategy (MTFS)

The County Council is operating in an extremely challenging financial environment following a decade of austerity and spending pressures, particularly from social care and special education needs and disabilities (SEND). 2020/21 has been significantly affected by the impact of COVID-19 and financial effects of the pandemic may not be fully seen until several years in the future. There is also significant uncertainty around future funding levels. 2021/22 was a one-year Local Government Settlement and the position for 2022/23 onwards will be subject to a Comprehensive Spending Review in 2021. The government have also announced that the Fair Funding Review and Business Rates Retention Review will not be implemented in April 2021 as originally planned. Council officers will continue to work with the Government on informing the approach to funding for the next financial year and beyond.

The Authority's Medium Term Financial Strategy (MTFS) agreed in February 2021 is based on a council tax increase of 4.99% for 2020/21, including a 3% increase regarding the adult social care precept, followed by annual increases of 1.99% in the following years. Delivery of the MTFS requires savings of £53m to be made between 2021 and 2025. The MTFS sets out in detail £30m of savings and proposed reviews that will identify further savings to offset the £23m funding gap in 2024/25. A further £26m of savings will be required to ensure that High Needs funding can be contained within the Government grant. Strong financial control, plans and discipline will be essential in the delivery of the MTFS.

There is little doubt that the Authority faces the most uncertain and risky financial environment for a generation. The MTFS is reviewed annually in the autumn to reflect the latest view on available resources. The current MTFS is available on the Authority's website at: www.leicestershire.gov.uk

8. Current Borrowing / Investments

The capital financing requirement (CFR) shown in note 39 to the financial statements measures the Authority's need to borrow for capital purposes. The total of non-current assets at the Balance Sheet date was £1,239m (2019/20 £1,173m). The CFR was £232m (2019/20 £237m) and actual debt was £263m (2019/20 £264m). The difference between the CFR and the actual debt is a temporary overborrowed position, pending the repayment of debt. During 2020/21 no external loans were raised (£0m 2019/20). Details of the loans held by the Authority are shown in note 44 to the financial statements. The level of capital borrowing is within the Authority's 2020/21 Prudential Indicators that inform the Authority whether its capital investment plans are affordable, prudent and sustainable.

Investments held by the Authority total £261m as at 31 March 2021 (£241m 31 March 2020). Investments are made in accordance with the Annual Investment Strategy that ensures that deposits are only made with financial institutions that meet certain minimum credit criteria as laid down by the Authority's Treasury Management advisors.

9. Basis of Preparation and Contents of the Statement of Accounts

The Statement of Accounts which follows sets out the Authority's income and expenditure for the year, and its financial positions as at 31 March 2021. It comprises primary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, which in turn is underpinned by International Financial Reporting Standards adapted for use in a public sector context. The Statement of Accounts consists of:

a) Movement in Reserves Statement:

This financial statement shows the movement during 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 'unusable' reserves. This statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/ decrease line shows the statutory general fund balance movements in the year following those adjustments.

b) Comprehensive Income and Expenditure Statement (CIES):

This financial 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. The Authority raises taxation to cover expenditure in accordance with statutory regulations which may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis note to the accounts, and the Movement in Reserves Statement. The CIES has two sections:

- Surplus or Deficit on the Provision of Services – the increase or decrease in the net worth of the Authority as a result of incurring expenses and generating income.
- Other Comprehensive Income and Expenditure – shows any changes in net worth which have not been reflected in the Surplus or Deficit on the Provision of Services. These include the change in the net worth of the Authority as a result of movements in the fair value of its assets and actuarial gains or losses on pension assets and liabilities.

c) Balance Sheet:

The Balance Sheet shows the value as of 31st March 2021 of the assets and liabilities recognised by the Authority. It incorporates all the funds of the Authority, both capital and revenue, with the exception of the Pension Fund and Trust funds.

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 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 or 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 Statements line ‘Adjustments between accounting basis and funding basis under regulations’.

d) Cash Flow Statement:

The Cash Flow Statement shows the changes in Cash and Cash Equivalents of the Authority during the reporting period. This financial 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 recipients of services provided by the Authority. Investing activities represent the extent to which cash flows 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.

e) Disclosure Notes:

Provides more detail about individual transactions and balances. The supplementary Financial Statements are; The Annual Governance Statement, and the Pension Fund Account.

f) Pension Fund:

The Pension Fund statement of account details the annual results of the Leicestershire Authority administered Local Government Pension Fund, covering both Authority employees and those of other admitted bodies.

10. Date of Authorisation of Accounts

The accounts were authorised for issue by the Director of Corporate Resources on the 13 December 2021. This was the last date when events after the Balance Sheet date have been considered.



C TAMBINI
DIRECTOR OF CORPORATE RESOURCES
13 DECEMBER 2021

Movement In Reserves Statement

	General Fund Balance	Earmarked Reserves Balance	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Note
	£m	£m	£m	£m	£m	£m	£m	£m	
Movement In Reserves During 2020/21									
Balance at 31 March 2020 Brought Forward	27.0	128.9	155.9	0.1	3.4	159.4	288.2	447.6	
Reporting of schools budget deficit to new adjustment account wef 1.4.20	4.1	0.0	4.1	0.0	0.0	4.1	(4.1)	0.0	
Restated Balance at 1 April 2020	31.1	128.9	160.0	0.1	3.4	163.5	284.1	447.6	
Total Comprehensive Expenditure and Income	45.9	0.0	45.9	0.0	0.0	45.9	(177.3)	(131.4)	
Adjustments between accounting basis & funding basis under regulation	(50.3)	46.1	(4.2)	0.0	(1.9)	(6.1)	6.1	0.0	8
Increase/ (Decrease) in Year	(4.4)	46.1	41.7	0.0	(1.9)	39.8	(171.2)	(131.6)	
Balance at 31 March 2021 Carried Forward	26.7	175.0	201.7	0.1	1.5	203.3	112.9	316.2	

Movement In Reserves During 2019/20

Balance at 31 March 2019 Brought Forward	24.5	140.8	165.3	3.7	14.7	183.7	74.5	258.2	
Total Comprehensive Expenditure and Income	6.8	0.0	6.8	0.0	0.0	6.8	182.6	189.4	
Adjustments between accounting basis & funding basis under regulation	(4.3)	(11.9)	(16.2)	(3.6)	(11.3)	(31.1)	31.1	0.0	
Increase/ (Decrease) in Year	2.5	(11.9)	(9.4)	(3.6)	(11.3)	(24.3)	213.7	189.4	
Balance at 31 March 2020 Carried Forward	27.0	128.9	155.9	0.1	3.4	159.4	288.2	447.6	

Comprehensive Income and Expenditure Statement

2019/20			Note	2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£m	£m	£m		£m	£m	£m
CONTINUING SERVICES						
247.4	(103.0)	144.4	Adults and Communities	277.8	(140.5)	137.3
16.8	(4.6)	12.2	Deputy Executive's	20.2	(7.7)	12.5
312.2	(201.2)	111.0	Department Family Services	330.1	(213.9)	116.2
84.7	(35.9)	48.8	Department Resources	88.5	(35.8)	52.7
129.5	(32.6)	96.9	Environment and Transport	128.8	(34.9)	93.9
27.4	(27.2)	0.2	Public Health	34.2	(34.0)	0.2
0.5	(3.7)	(3.2)	Central Items	1.5	(3.3)	(1.8)
818.5	(408.2)	410.3	NET COST OF SERVICES	881.1	(470.1)	411.0
0.3	0.0	0.3	Other Operating Expenditure (Excluding transfer of Academies)	1.2	(0.2)	1.0
2.9	0.0	2.9	Other Operating Expenditure (Transfer of Academies)	0.0	0.0	0.0
32.6	(3.6)	29.0	Financing and Investment Income and Expenditure	57.7	(33.0)	24.7
(0.0)	(449.3)	(449.3)	Taxation and Non-specific Grant Income	0.0	(482.6)	(482.6)
	(6.8)		(SURPLUS) / DEFICIT ON PROVISION OF SERVICES			(45.9)
			Items that will not be reclassified to the (surplus) or deficit on the provision of services:			
	(9.4)		Surplus on Revaluation of Property, Plant and Equipment	(note 17)		(28.1)
	(173.3)		Remeasurement of the Net Defined Benefit Liability/(Asset)	(note 16)		205.5
	(182.7)		Total Items that Will Not Be Reclassified to the (Surplus) or Deficit on the Provision of Services			177.4
	(189.4)		TOTAL COMPREHENSIVE (INCOME) AND EXPENDITURE			131.5

Balance Sheet

31 March 2020 £m		Note	31 March 2021 £m	
568.9	Land and Buildings	17	633.4	
10.5	Vehicles, Plant, Furniture & Equipment	17	9.9	
407.2	Infrastructure Assets	17	428.1	
11.3	Community Assets	17	11.3	
77.8	Assets Under Construction	17	65.1	
2.3	Surplus Assets	17	0.9	
1,078.0	Total Property, Plant and Equipment			1,148.7
1.4	Investment Property	19	1.7	
4.7	Heritage Assets	18	4.7	
2.5	Intangible Assets	17	3.9	
55.1	Long Term Investments	20	50.9	
30.8	Long Term Debtors	22	28.7	
1,172.5	TOTAL NON-CURRENT ASSETS			1,238.6
1.7	Assets Held for Sale	17	0.2	
1.7	Inventories	21	1.3	
111.7	Short Term Debtors	23	139.7	
46.7	Cash and Cash Equivalents	24	98.4	
185.8	Short Term Investments	20	210.2	
347.6	TOTAL CURRENT ASSETS			449.8
(3.7)	Short Term Borrowing	20	(3.7)	
(132.8)	Short Term Creditors	26	(195.9)	
(14.1)	Short Term Capital Grants Receipts in Advance	36	(12.5)	
(0.1)	Short Term Finance Lease Liabilities	40	(0.1)	
(2.7)	Short Term Provisions	27	(3.4)	
(153.4)	TOTAL CURRENT LIABILITIES			(215.6)
(265.9)	Long Term Borrowing	20	(265.3)	
(1.1)	Long Term Finance Lease Liabilities	40	(1.0)	
(5.5)	Long Term Creditors	25	(7.2)	
(4.7)	Long Term Provisions	27	(3.3)	
(606.6)	Net Pensions Liability	10	(835.6)	
(35.3)	Long Term Capital Grants Receipts in Advance	36	(44.3)	
(919.1)	TOTAL NON-CURRENT LIABILITIES			(1,156.7)
447.6	NET ASSETS / (LIABILITIES)			316.1
27.0	General Fund	11	26.7	
128.9	Earmarked Revenue Reserves	12	175.0	
0.1	Capital Receipts Reserve		0.1	
3.4	Capital Grants Unapplied		1.5	
159.4	TOTAL USABLE RESERVES			203.3
329.0	Revaluation Reserve	10	352.5	
574.3	Capital Adjustment Account	10	625.9	
(4.5)	Financial Instruments Adjustment Account	10	(4.2)	
(606.6)	Pension Reserve	10	(835.6)	
1.8	Collection Fund Adjustment Account	10	(8.0)	
(5.8)	Accumulated Absences Account	10	(6.7)	
0.0	Dedicated Schools Grant Adjustment Account	10	(11.1)	
288.2	TOTAL UNUSABLE RESERVES			112.8
447.6	TOTAL RESERVES			316.1

Cash Flow Statement

2019/20 £m		Note	2020/21	
			£m	£m
(6.8)	Net (surplus) or deficit on the provision of services	1		(45.9)
(69.2)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	28	(115.7)	
47.2	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	28	61.6	
(28.8)	Net cash flows from Operating Activities			(100.0)
(3.0)	Net cash flows from Investing Activities	29		47.8
0.5	Net cash flows from Financing Activities	30		0.5
(31.3)	Net (Increase)/Decrease in Cash and Cash Equivalents			(51.7)
(15.4)	Cash and Cash Equivalents at the Beginning of the Reporting Period	24		(46.7)
(46.7)	Cash and Cash Equivalents at the End of the Reporting Period	24		(98.4)

The notes to the financial statements are detailed on pages 13 – 79.

Notes to the Accounts

Note 1: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and the way in which it is funded from resources (e.g. grants, council tax and business rates) by the Authority in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure and Funding Analysis Statement 2020/21

Service Segment	As Reported to the Cabinet June 2021	Adjustments to arrive at the net amount funded from General Fund	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
	£m	£m	£m	£m	£m
Adults and Communities Department	156.7	(22.3)	134.4	2.9	137.3
Chief Executive's Department	14.0	(2.8)	11.2	1.3	12.5
Children and Family Services Department	86.6	(1.7)	84.9	31.3	116.2
Corporate Resources Department	40.0	(2.1)	37.9	14.8	52.7
Environment and Transport Department	76.8	(1.9)	74.9	19.0	93.9
Public Health Department	(0.7)	0.8	0.1	0.2	0.3
Central Items	52.3	(25.9)	26.4	(28.3)	(1.9)
Net Cost of Services	425.7	(55.9)	369.8	41.2	411.1
Other Income and Expenditure	(425.7)	14.0	(411.7)	(45.3)	(457.0)
(Surplus) or Deficit	0.0	(41.8)	(41.8)	(4.1)	(45.9)
Opening General Fund Balance					(155.9)
Adjustment for Reporting of Schools Budget Deficit to Adjustment Account wef 1 April 20					(4.1)
Less /Plus Surplus or (Deficit) on General Fund Balance in Year					(41.8)
Closing General Fund Balance					(201.7)

Expenditure and Funding Analysis Statement 2019/20

Service Segment	As Reported to the Cabinet June 2021	Adjustments to arrive at the net amount funded from General Fund	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
	£m	£m	£m	£m	£m
Adults and Communities Department	145.8	-9.2	136.6	7.8	144.4
Chief Executive's Department	10.3	0.5	10.8	1.5	12.3
Children and Family Services Department	78.5	6.4	84.9	26.0	110.9
Corporate Resources Department	34.6	3.7	38.3	10.6	48.9
Environment and Transport Department	71.1	4.2	75.3	21.6	96.9
Public Health Department	0.1	-0.1	0.0	0.3	0.3
Central Items	41.3	16.7	58.0	(61.3)	(3.3)
Net Cost of Services	381.7	22.2	403.9	6.5	410.4
Other Income and Expenditure	(378.4)	(16.1)	(394.5)	(22.7)	(417.2)
(Surplus) or Deficit	3.3	6.1	(9.4)	(16.2)	(6.8)
Opening General Fund Balance					(165.3)
Less /Plus Surplus or (Deficit) on General Fund Balance in Year					9.4
Closing General Fund Balance					(155.9)

Note 2: Expenditure and Funding Analysis (a)

This note provides reconciliation for the main adjustments to Net Expenditure chargeable to the General Fund to arrive at the amounts in the CIES. The relevant transfers between reserves are explained in the Movement in Reserves Statement (MIRS).

Adjustments Between Funding and Accounting Basis 2020/21				
Adjustments from the GCF to arrive at the CIES	Adjustments for Capital Purposes £m	Adjustments for Pensions Purposes £m	Other Adjustments £m	Total Adjustments £m
Service Segment				
Adults & Communities Department	1.0	1.6	0.3	2.9
Chief Executive's Department	0.6	0.7	0.1	1.4
Children and Family Services Department	19.6	4.8	6.8	31.2
Corporate Resource Department	11.9	2.5	0.3	14.7
Environment & Transport Department	17.4	1.4	0.2	19.0
Public Health Department	0.0	0.2	0.1	0.3
Central Items	(27.7)	0.0	(0.6)	(28.3)
Net Cost of Services	22.8	11.2	7.2	41.2
Other Income and Expenditure from the Expenditure and Funding Analysis	(59.5)	14.0	0.2	(45.3)
Difference between the GCF surplus or deficit and the CIES surplus or deficit on provision of services	(36.7)	25.2	7.4	(4.1)

Adjustments Between Funding and Accounting Basis 2019/20				
Adjustments from the GCF to arrive at the CIES	Adjustments for Capital Purposes £m	Adjustments for Pensions Purposes £m	Other Adjustments £m	Total Adjustments £m
Service Segment				
Adults & Communities Department	4.5	3.4	0.0	7.9
Chief Executive's Department	0.1	1.3	0.0	1.4
Children and Family Services Department	17.0	8.3	0.7	26.0
Corporate Resources Department	4.9	5.7	0.0	10.6
Environment & Transport Department	18.7	2.9	0.1	21.7
Public Health Department	0.0	0.3	0.0	0.3
Central Items	(59.3)	0.0	(2.0)	(61.3)
Net Cost of Services	(14.1)	21.9	(1.2)	6.6
Other Income and Expenditure from the Expenditure and Funding Analysis	(41.2)	18.0	0.4	(22.8)
Difference between the GCF surplus or deficit and the CIES surplus or deficit on provision of services	(55.3)	39.9	(0.8)	(16.2)

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

Other operating expenditure – The adjustments 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 (MRP) 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 – Where 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.

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

For services - This represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For financing and investment income and expenditure - This represents the net interest on the defined benefit liability is charged to the CIES.

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

For Financing and investment income and expenditure - The other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

The charge under taxation and non-specific grant income and expenditure – This 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.

Income received by the Authority is analysed on a segmental basis as follows:

2019/20		2020/21
Income from Services	Service Segment	Income from Services
£m		£m
(111.0)	Adults and Communities Department	(143.0)
(5.3)	Chief Executive’s Department	(8.3)
(209.5)	Children and Family Services Department	(226.5)
(44.1)	Corporate Resources Department	(38.4)
(39.5)	Environment and Transport Department	(37.5)
(27.4)	Public Health Department	(34.0)
(4.8)	Central items	(4.2)
(441.6)	Total Income Analysed on a Segmental Basis	(491.9)

Note 2: Expenditure and Funding Analysis (b)

The Authority's expenditure and income is analysed as follows:

2019/20 £m		2020/21 £m
	Expenditure	
293.8	Employee Benefits Expenses	305.7
38.9	IAS 19 and Other Pension Cost Adjustments	25.2
452.3	Other Service Expenses	502.1
51.5	Depreciation, amortisation and impairment	62.4
13.9	Interest Payments	13.9
0.3	Precepts and Levies	0.3
2.8	Loss on Disposal of Non-Current Assets	0.7
853.5	Total Expenditure	910.3
	Income	
(163.1)	Fees, Charges and Other Income	(181.9)
(3.5)	Interest and Investment Income	(3.5)
(382.3)	Council Tax and NNDR	(384.3)
(310.2)	Government Grants and Contributions	(386.5)
(1.2)	(Surplus) on Trading Accounts	0.0
(860.2)	Total Income	(956.2)
(6.8)	(Surplus) or Deficit on Provision of Services	(45.9)

Note 3: Accounting standards issued but not yet adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

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

These changes are not expected to have a material impact on the Council's statements of accounts.

Note 4: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 47, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made are:

- Schools which have converted to Academies, and where the assets are owned by the Authority, have taken the assets on 125 year leases. The buildings meet the definition of a finance lease and have been written out of the Authority's Balance Sheet on transfer. The Authority has determined that the land is an operating lease. Based on control and the Authority's statutory duty to provide school places it has determined that the land values remain in the Authority's Balance sheet and are valued at Existing Use Value. Since 2011/12, a total of 195 schools have transferred to become Academies as at 31 March 2021 with a total buildings value of £408.6m written out of the Authority's Balance Sheet. The value of land retained on the Authority's Balance as at 31 March 2021 is £181.4m.

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet 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.

Note 5: Assumptions Made about the Future and 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 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Items	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 31 March 2021 for almost 50% of its operational portfolio. The remaining balance of operational properties were also reviewed to ensure values reflect current values.</p> <p>The carrying value of Property, Plant and Equipment at 31 March 2021 is £1,149m.</p>	<p>The net book value of non-current assets subject to potential revaluation is £633m. A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. An independent firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied, although ultimate responsibility for forming these assumptions remains with the Authority.</p> <p>The carrying value of the net Pension Liability at 31 March 2021 is £836m.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £44m. A one year increase in member life expectancy compared with the assumption used would increase the liabilities by £94m..</p> <p>However, the assumptions interact in complex ways. During 2020/21, the Authority's Actuary advised that the net pension liability had decreased by £289m as a result of estimates being corrected as a result of experience and increased by £495m attributable to updating of the assumptions.</p>

Notes to the Accounts

Debtors	At 31 March 2021, the Authority had a balance of sundry debtors of £48m and secured memo debt (elderly persons debt secured against properties) of £3.7m. Provisions for doubtful debts are maintained for certain categories of income by individual departments. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment for doubtful debts would require an additional £4.7m to be set aside as an allowance.
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Note 6: Material Items of Income and Expense

During 2020/21 there has been a material change in how services have been operated and how income is generated due to the COVID-19 pandemic. To compensate the Council has received additional Government grants, which are reflected in note 36.

Note 7: Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 13 December 2021. 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 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information (where known).

Note 8: 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 following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Authority are to be paid into and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice.

The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment.

Capital Receipts Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and when this has to take place by.

Note 9: Usable Reserves

2020/21	Usable Reserves			Movement in Usable Reserves £m
	General Fund Balance £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs	23.6			23.6
Financial Instruments	(0.2)			(0.2)
Council Tax and NDR	9.8			9.8
Accumulated Absences	0.9			0.9
Transferred to DSG Adjustment Account	7.1			7.1
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	52.5		(1.9)	50.6
Total Adjustments to Revenue Resources	93.7		(1.9)	91.8
Adjustments between Revenue and Capital Resources				
Transfer of Non-Current asset sale proceeds from revenue to the Capital Receipts Reserve	(1.2)	1.2		0.0
Statutory provision for the repayment of debt (MRP)	(6.2)			(6.2)
Principal repayments of transferred Debt	1.4			1.4
Capital expenditure financed from revenue balances	(31.9)			(31.9)
Total Adjustments between Revenue and Capital Resources	(37.9)	1.2	0.0	(36.7)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		(1.2)		(1.2)
Application of capital grants to finance capital expenditure	(59.9)			(59.9)
Total Adjustments to Capital Resources	(59.9)	(1.2)	0.0	(61.1)
Total Adjustments	(4.1)	0.0	(1.9)	(6.0)

Notes to the Accounts

2019/20	Usable Reserves			Movement in Usable Reserves £m
	General Fund Balance £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs	38.1			(38.1)
Financial Instruments	(0.2)			0.2
Council Tax and NDR	(0.2)			0.2
Accumulated Absences	0.7			(0.7)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	51.0		(11.3)	(39.7)
Total Adjustments to Revenue Resources	89.4	0.0	(11.3)	(78.1)
Adjustments between Revenue and Capital Resources				
Transfer of Non-Current asset sale proceeds from revenue to the Capital Receipts Reserve	(2.1)	2.1		0.0
Statutory provision for the repayment of debt (MRP)	(10.0)			10.0
Principal repayments of transferred Debt & Local Authority Mortgage Scheme (LAMS)	1.5			(1.5)
Capital expenditure financed from revenue balances	(51.0)			51.0
Total Adjustments between Revenue and Capital Resources	(61.6)	2.1	0.0	59.5
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		(5.7)		5.7
Application of capital grants to finance capital expenditure	(44.0)			44.0
Total Adjustments to Capital Resources	(44.0)	(5.7)	0.0	49.7
Total Adjustments	(16.2)	(3.6)	(11.3)	31.1

Note 10: Unusable Reserves

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation or disposed of and the gains are realised.

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

2019/20		2020/21
£m		£m
325.4	Balance at 1 April	329.0
52.3	Upward revaluation of assets	46.6
(42.9)	Downward revaluation of assets losses not charged to the Surplus or (Deficit) on the Provision of Services	(18.5)
(2.0)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(0.9)
(3.8)	Difference between fair value depreciation and historical cost depreciation	(3.7)
329.0	Balance at 31 March	352.5

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the CIES (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 subsequent costs. 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 9 to the accounts provide details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Notes to the Accounts

2019/20 £m		2020/21 £m
499.0	Balance at 1 April	574.3
	<i>Reversal of items relating to capital expenditure debited or credited to Comprehensive Income and Expenditure:</i>	
(22.7)	Charges for depreciation of non-current assets	(23.8)
(9.0)	Revaluation losses on Property, Plant and Equipment	(18.5)
(0.6)	Amortisation of intangible assets	(0.7)
(9.3)	Revenue expenditure funded from capital under statute	(3.9)
(2.9)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(0.9)
	Capital financing applied in year:	
5.7	Use of the Capital Receipts Reserve to finance new capital expenditure	1.2
44.0	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	59.8
11.3	Application of grants to capital financing from the Capital Grants Unapplied Account	1.8
10.0	Statutory provision for the financing of capital investment charged against the General Fund Balance	6.2
(0.8)	Fair value profit and loss valuations	(0.5)
(1.5)	Principal Repayments of transferred Debt	(1.4)
51.0	Capital expenditure charged against the General Fund Balance	31.9
0.0	Movements in the Fair Value of Investment Properties	0.4
574.3	Balance at 31 March	625.9

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Authority uses the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums and discounts are taken to the CIES when they are incurred, but reversed out of the General Fund Balance to the Account in the MIRS.

Over time, the expense is posted back to the General Fund Balance in accordance with the statutory arrangements for spreading the burden on council tax. For early repayments since 1 April 2007, this period is the lesser of the remaining period of the loan(s) being repaid or a maximum of 10 years. All premiums and discounts prior to this date are charged over a period of up to 25 years.

2019/20 £m		2020/21 £m
(4.7)	Balance at 1 April	(4.5)
	Amounts 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:	
0.4	Annual write down of premiums paid on rescheduled debt	0.5
(0.2)	Annual write down of discounts received on rescheduled debt	(0.2)
(4.5)	Balance at 31 March	(4.2)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The Authority accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflations, 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 Pension 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.

2019/20 £m		2020/21 £m
(741.7)	Balance at 1 April	(606.6)
173.2	Remeasurements of the net defined benefit liability	(206.0)
(79.8)	Reversal of items relating to retirement benefits debited or credited to the Surplus or (Deficit) on the Provision of Services in the CIES	(68.3)
41.7	Employer's pensions contributions and direct payments to pensioners payable in the year	45.3
(606.6)	Balance at 31 March	(835.6)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the CIES as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Funds (of billing authorities).

2019/20 £m		2020/21 £m
1.6	Balance at 1 April	1.8
	Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements.	
0.2		(9.8)
1.8	Balance at 31 March	(8.0)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund 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 is neutralised by transfers to or from the Account.

2019/20 £m		2020/21 £m
(5.1)	Balance at 1 April	(5.8)
5.1	Settlement or cancellation of accrual made at the end of the preceding year	5.8
(5.8)	Amounts accrued at the end of the current year	(6.7)
(0.7)	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	(0.9)
(5.8)	Balance at 31 March	(6.7)

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account is a new account required because of new accounting practices required by a statutory instrument that amended the Local Authorities (Capital Finance and Accounting) Regulations 2003. The Provisions came into effect on 29 November 2020.

Where a local authority's schools show a budget deficit relating to its accounts for a financial year, this account now absorbs that deficit. For the years beginning 1 April 2020, 1 April 2021 and 1 April 2022 only, this practice will remain in place as the Council cannot charge the amount of the deficit to a General Fund revenue account.

The issue can only be resolved by closing the deficit. This treatment is time-limited to provide the Government and the Council with time to introduce budgetary and financial management strategies to reduce the deficit.

2019/20 £m		2020/21 £m
0.0	Balance at 1 April	0.0
0.0	Restatement of opening balance	(4.1)
0.0	In year Dedicated Schools Grant over/(under) spend	(7.0)
0.0	Balance at 31 March	(11.1)

Note 11: General Fund Balance

The balance of the fund includes the following sums:

2019/20 £m		2020/21 £m
8.0	Delegated Funding for Schools	9.7
0.0	Carry forward of underspend across other services	0.0
8.0	Earmarked Reserves as at 31 March	9.7
3.0	Dedicated Schools Grant – Growth Funding	0.0
(7.1)	Dedicated Schools Grant – High Needs Deficit carried forward	0.0
23.1	Uncommitted balance	17.0
27.0	Balance at 31 March	26.7

