High Peak Borough Council
working for our community

Statement of Accounts

2019 - 2020

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Chief Finance Officer's Narrative Report

The Council's Statement of Accounts for the year ended 31^{st} March 2020, together with the accompanying notes, explain how the Council spent your Council Tax, Business Rates and other sources of funding on the provision of services during the year. The narrative report provides a financial summary focusing on the current financial challenges and opportunities as identified with the Council's Medium-Term Financial Plan (MTFP); details of the financial performance for 2019/20; a focus on the Council's Corporate Plan and performance framework; identification of the Council's key strategic partnerships; and an explanation of the key financial statements. The narrative report also includes a focus on the Coronavirus pandemic and the impact it has had and will continue to have on the Council and the community it serves.

Financial Summary

The Borough of High Peak covers an area of 53,915 hectares, of which 30% is classed as rural, and serves a resident population of 91,662. There are 42,460 domestic households on the Council Tax valuation list and 3,351 non-domestic properties on the Business Rates list

The Borough has faced significant financial challenges in recent years as a consequence of austerity measures along with cost pressures within services and greater volatility in financing streams. The shift in local authority financing is increasing the focus on locally generated income streams and reducing the reliance on core Central Government funding. This increases the control and influence the Council has over income generated within the Borough but has also made it vulnerable to fluctuations within the local economy, hence increasing financial risk. The impact of the Coronavirus pandemic will no doubt increase this financial risk.

Coronavirus Pandemic

Towards the end of the financial year, the world has witnessed unprecedented measures in response to the Coronavirus (Covid-19) pandemic. The Government imposed a national lockdown from 23^{rd} March 2020, meaning many businesses and attractions within the Borough were forced to close. Public services have been at the forefront of responding to the impact of Coronavirus and supporting local communities, and are now required to play a pivotal role in the recovery phase and adapting to the 'new normal'. The below paragraphs provide some detail of the impact the pandemic has had or will potentially have on High Peak Borough Council.

Provision of Services

The Council quickly put into action its plan to help delay the spread of the virus and manage the potential impacts of the effects of the virus on staff, services, tenants and members of the public. The measures reflected the advice provided by the government and Public Health England.

The emphasis has been to maintain public safety, continuing to provide essential services, supporting communities and businesses, as well as protecting elected members, staff and contractors. Since late March, all of the Council buildings have been closed to members of the public except for urgent matters by appointment only.

Critical services and those enabling services required to support them are clearly identified in the Council's existing business continuity plans. These services have been prioritised to support the pandemic response and with an emphasis on continuity should the Council have a reduction in its workforce or have to divert resources to respond to government guidance. In addition there have been a number of additional functions that the Council has had to fulfil during the response.

Government issued guidance under Procurement Policy Note 02/02 which set out specific requirements for Local Authorities providing reliefs to suppliers during the pandemic; the Council has been working with suppliers as required with regard to this.

Council's Workforce

The Covid 19 pandemic has impacted significantly on the working arrangements for the Council's employees.

The response to the pandemic has seen the following changes to working practices:

- Where possible staff are working from home;
- Front line staff are working safely with the appropriate PPE;
- Staff are being redeployed from time to time in order to support the additional demand created by a number of new service functions e.g. small business grant processing; providing support for vulnerable people etc.
- Temporary arrangements around working hours have been made to ensure flexibility in working arrangements to support those colleagues with caring responsibilities, especially those with children since the closure of the schools and other childcare facilities.

As we move further into the recovery phase, the requirement for PPE is becoming increasingly prevalent. The Council is continually reviewing the guidance issued by the Government in terms of Health & Safety to ensure staff are adequately protected in the circumstances. The Council has reviewed and undertaken further risk assessments in the light of the emerging guidance to ensure that staff who are supporting the community through essential services have the correct PPE available to them.

Reserves, Financial Performance and Financial position

There has not been a significant impact on the financial outturn for 2019/20, owing to the fact that behaviours were only notably affected for the last two weeks of March.

However, the crisis is having a significant financial impact on the Council's 2020/21 budget. The financial impact is arising from additional expenditure in dealing with the crisis both externally and organisationally, lost income and savings targets that may not be met within the same timeframe due to resources being diverted elsewhere.

Costs and reductions in income are being monitored and updated on an ongoing basis in line with a full financial risk assessment. The financial impact on the Council's General Fund in 2020/21 is predicted to be up to approximately £2.8m, with a lower impact anticipated on the Housing Revenue Account (HRA) of approximately £0.3m. This impact will be partially offset by emergency government funding confirmed of approximately £1m (with further funding anticipated following a Government announcement on 2nd July). With this government support, it is likely that the financial effect on the current financial year will be able to be managed with the use of the authority's reserves which have been boosted slightly by the 2019/20 surplus.

The Council will be commencing an early review of the Medium Term Financial Plan to determine the longer term financial impact.

Cash Flow Management

The reductions in income and additional costs incurred by the Council as a result of Covid 19 will impact potentially negatively upon cash flow. The immediate impacts of this have been avoided as the Government have paid funding in advance to Authorities and deferred business rates payable to Central Government. Despite this there may be cash flow implications of the longer term impact of Covid 19. This will inevitably result in the ability to use surplus cash to reduce the requirement for borrow being limited. This will have an impact on the Council's Treasury Management Strategy.

Major Risks to the Authority

The pandemic has resulted in a number of specific risks that need to be assessed and managed these include:

- Inability to deliver critical services due to loss of staff
- Inability to maintain financial sustainability of the Council
- Failure to deliver health and safety responsibilities / lack of PPE for key workers
- Safeguarding issues arise through the enhanced level of community support
- Staff are at increased risk in certain services
- Increased risk of fraud and cyber security breach
- Increase in community safety issues which are difficult to respond to due to capacity
- Economy is deflated post recovery leading to ongoing economic issues in town centre and wider economy

Risk assessments have been completed for all services and mitigation measures are being built in to the Council's recovery plans.

Plans for Recovery

Work commenced in the planning of the Council's planning for recovery in late April. Before commencing the more formal planning and in particular establishing what the Council needed to focus on, it was essential that the scope of the work that needs to be undertaken was understood fully.

In order to shape the Councils' proposed response, the Council's Senior Management team identified the key areas for the response. The proposed responses have been categorised into five work streams. The work streams are:

Work Stream	Recovery Focus
Reinstating Services	• Re-establishing a baseline of current service provision; • Planning for re-providing services that have been stopped during the lockdown; • Dealing with backlogs of work • Planning for increased service demands • Planning for new service demands; • Restarting projects after the enforced delays • Rehoming displaced homelessness clients • Supporting the re-opening of town centres
Economic Recovery	• Developing an evidenced based understanding of the impact on our local economy and businesses • Understanding and planning of our role in providing business support • Co-ordination of response arrangements with partner organisations • Developing and implementing projects locally to aid economic recovery

Community Recovery	• Developing an evidenced based understanding of the impact on our local communities • Understanding and planning for the impact on the support services that we currently provide • Providing support and coordination to the local voluntary sector, community groups and other partners • Developing community cohesion in respect of the response
Financial Recovery	• Developing revised financial plans take account of the financial impact and plan for the ongoing implications; • Accounting for the significant treasury impact e.g. on reserves and ongoing cash flow; • Identifying and planning for the additional costs of new service demands; and • Providing for the additional costs arising from recovery.
Positive Legacy	• Realising future benefits from the remote / home working arrangements that have worked effectively • Realising the benefits from the additional 'channel shift' – access to services • Reassessing priorities in light of the new demands for services • Using new business contact understanding to realise local procurement ambitions • Opportunity to remove unnecessary bureaucratic governance arrangements • Continue the enhanced communication dialogue with partners

The recovery process will be a significant focus for the Council in both the short and longer term to address the impact on both the Council, residents and communities.

Impact on the 2019/20 Accounts

Valuation of the Authority's financial assets and liabilities is underpinned by the concept of Fair Value. This is the price that would be received to sell an asset or paid to remove a liability in an orderly transaction (i.e. not a forced liquidation) between market participants at the measurement date under current market conditions. Currently market conditions are very volatile as Covid 19 has introduced a high level of uncertainty as to the future performance of the economy at the global, national and local level.

The Authority has ensured that all those tasked with providing measurements have applied best practice and followed national guidance in making their estimations. It is acknowledged however that the level of estimation uncertainty contained within these Statements will be higher than normal in these key areas;

Area of Estimation	Estimation Applied
Property, Plant & Equipment (Balance Sheet valuations and charges to services for use of assets)	The Authority's property Valuer, Capita, have included with their valuations a statement confirming that while their figures are based on evidence available as at the valuation date, they are subject to considerable material uncertainty. As by far the greater part, by value, of property assets are revalued each year neither the Authority nor the Valuer have seen a need for additional valuations or to undertake an impairment review. Those assets whose Fair Value is based on market values are potentially the most impacted by the economic situation and include the Authority's investment properties and surplus assets. The Valuer has provided the authority with a commentary as to which specific asset's future valuations may be most impacted by Covid 19 but owing to the underlying uncertainty has not quantified this potential impact.
Retirement Benefits (Balance Sheet valuations and charges to services for their share of accrued pension costs)	The Authority's pension fund is administered by Derbyshire County Council and the actuarial firm of Hymans Robertson LLP is tasked with providing a valuation of the pension liability as at 31st March. All parties were aware that as a result of the Covid 19 pandemic pension fund investments were subject to volatility. The markets, however, continued trading and it was considered that sufficient information was available to measure the financial instruments at the measurement date. However, it should be noted that the pension fund itself has disclosed a material uncertainty in their financial statements following a similar disclosure by the valuers of the fund's directly held properties. In accordance with RICS guidance the valuers have reported that their £240m valuation of these properties may be materially misstated as a result of Covid 19. In total the fund held £4,641m of investments at the year end. Pension funds exist to provide retirement benefits into the future and their valuation reflects both these commitments and the predicted income streams from contributions and investments over the long term. This extended timeframe means that while valuations may reflect immediate economic conditions their impact will tend to smooth out over time.
Financial Instruments (Balance Sheet valuations and charges to services for any gain or loss on their carrying value)	At the financial year end the Authority's Balance Sheet includes values for outstanding creditors or debtors including amounts borrowed and investments held. Their carrying value should reflect the likelihood of receipt or payment. Where for instance there is likelihood that debts will not be repaid the authority will make a provision for those potential bad debts that reduces the carrying value by making an in-year charge to services. The levels of such provisions are informed by historical precedence but should reflect the economic outlook at the financial year end. The impact of the Covid 19 pandemic on the economy at all levels has been taken into account when making assessments of what impairment, if any, should be applied to the carrying value of the Authority's financial assets and liabilities. Owing to the immediate impact on the local economy the Authority has increased the level of provision made for bad debt against the amounts owed for council tax, business rates and sundry debts. However the Authority's borrowings and investments tend to be with larger national entities better placed to benefit from the financial support packages implemented by Government and the Bank of England. The Authority therefore, informed by guidance from Link Group, its treasury advisors, has concluded that owing to the counterparts involved there would be no

	significant impact on carrying values. The level of uncertainty in the future path of economic growth, unemployment, fiscal and monetary policy makes it very difficult to accurately assess the impact on the financial assets and liabilities held by the Authority. The situation will continue to be monitored and where required any expected credit loss provision and/or movement in fair value will be reported and recognised during the 2020/21 financial year.

Changes to Accounting Reporting Deadlines - The Ministry of Housing, Communities and Local Government (MHCLG) confirmed the details of the changes made to the Accounts and Audit Regulations 2015 in a letter to authorities on 3rd April 2020. The final publication date for audited accounts has moved from 31st July 2020 to 30th November 2020 for all local authority bodies.

Draft accounts must be confirmed by the responsible finance officer (RFO) and published by 31st August 2020 at the latest.

Future challenges and opportunities

In addition to Covid-19, the narrative below sets out some of the more significant recent developments which have or may have a potential impact on the financial position of the Authority.

Changes to Local Government Finance

The below paragraphs detail any changes or proposed changes to Local Government financing which have had or may have a significant impact on the Council's future financial position:

Revenue Support Grant - The Secretary of State for Communities and Local Government presented the Local Government finance settlement 2016/17 to the House of Commons on 17th December 2015. This was made in the context of the Chancellor's Autumn Statement / Spending Review and included a four year settlement offer to Authorities for Revenue Support Grant (the Local Government core grant) which confirmed the phasing out of the grant by 2020. However, due the Council being part of the Derbyshire Authorities pilot for 100% Business Rates retention during 2018/19, the RSG allocation was reduced to zero in 2018/19 – a year earlier.

Business Rates – As part of the current Business Rates Retention system, authorities are able to retain a proportion of any growth in Business Rates over and above a centrally established baseline. The Council's proportion is further increased by participation in the Derbyshire Business Rates pool, which removes the growth levy payable to Government.

In October 2015, the Government announced a forthcoming package of reforms to the Business Rates Retention System including a move to Local Government retaining 100% of the rates that they received with an end to Revenue Support Grant (as discussed above).

Following invitation from the Ministry of Housing, Communities and Local Government, Derbyshire Authorities made an application to become a pilot area for the 100% Business Rates Retention – which was successful for the financial year 2018/19, and the Council consequently benefited from an income boost (reverting back to the normal 50% retention scheme in 2019/20).

Government have subsequently announced that a 75% Business Rates retention scheme will now be implemented. There remains uncertainly surrounding how the new system will be phased in and in what form – the approved pilots being trialled around the Country will support the Government in forming the final model. In light of the Coronavirus pandemic, Government have announced a delay to the implementation of the new system until 2021/22. Therefore, no financial assumptions based on the new system have been included with the Council's financial plans at this stage - these will be fed into the plans once we have more certainty around how the system will operate.
There is also a risk that the new system may revisit the original 'baseline funding level' for Authorities – which is the amount retained by Authorities based on assessment of the need taking into account a number of factors. Any review may favour Authorities with Adult Social Care and Children's Services, where there is national recognition of financial pressures, to the detriment of Borough Councils.

Council Tax - The Council has the capacity to vary Council Tax levels, following the abolition of capping. However the Council's ability to increase Council Tax by more than a certain percentage is subject to referendum. The threshold was temporarily increased to 2.99% from 1st April 2019 (to better reflect CPI), and a Council Tax increase of 2.9% was applied by the Council for 2019/20. The threshold has been reduced back to 2% from 1st April 2020, consequently a Council Tax increase of 1.9% has been applied in 2020/21.

New Homes Bonus - In the provisional Local Government financial settlement released in December 2019, the Government confirmed that in Spring 2020 it would be consulting on a replacement for the New Homes Bonus scheme (a financial reward scheme awarded to Authorities who demonstrate an increase in housing provision on an annual basis).

The new housing incentive scheme will reflect a more targeted approach that rewards local government where they are 'ambitious' in delivering housing growth. At this stage, there is no further detail on what form the new scheme will take. Whilst the allocation of New Homes Bonus is secure for 2020/21 (the Council will receive £647,250 in funding next year) beyond that no commitment is made for future years.

In the absence of any further information, the current MTFP assumes the Council will continue to receive funding equivalent to that confirmed for 2020/21 but does so with the recognition of the risk this represents to the viability of the Plan beyond 2020/21.

The Efficiency and Rationalisation Strategy originally included an assumed £120,000 from stimulated housing growth, primarily from New Homes Bonus over the four years (2017-21).

Social Housing - The Government announced in July 2015 far reaching legislative and financial changes for the social housing sector, which had significant implications for High Peak Borough Council and in particular a negative impact on the Housing Revenue Account (HRA). One of the most significant announcements was the reduction in social housing rents by 1% per annum from April 2016 for 4 years.
As a consequence, the Council undertook a full review of the HRA during 2016/17 with a view to mitigating the financial impact of the changes. A Financial Improvement Plan was presented alongside the MTFP in February 2017 which detailed progress made to date, savings achieved, and further work to be undertaken in order to realise additional savings.
The Government has since announced that from 2020/21, Authorities will be allowed to increase rents from 2020/21 by CPI +1%.
A revised HRA 30 year Business Plan was presented alongside the MTFP in February 2019, with an updated position presented in February 2020.

Impact of Brexit

On the 23rd June 2016, the United Kingdom voted to leave the European Union as a result of the referendum. Subsequently, the then Prime Minister Theresa May activated the official mechanism that made this a reality – Article 50 of the Lisbon Treaty – on 29th March 2017, which allowed two years to negotiate withdrawal and reach agreement before the UK was due to leave the EU by 29th March 2019.

Subsequently, due to the details of an EU 'exit deal' not being agreed by Parliament, the EU granted an extension until 31st October 2019 and then a further extension to 31st January 2020. In May 2019, Theresa May announced that she would step down as Conservative Party Leader on 7th June. A leadership contest then took place with Boris Johnson announced as Prime Minister on 24th July 2019.

The Prime Minister then announced a snap election which took place in December 2019. The outcome of which gave the Government a large Parliamentary majority and put it back in control of the Brexit timetable. The prospect of further delay receded and the United Kingdom officially left the European Union on 31st January, whereupon the country entered into a transition period during which time the details of the future relationship with the European Union will start to emerge.

At this stage it is difficult to predict the impact of the Brexit process on the Authority's finances and financial planning. It has the potential to influence a number of local and national economic drivers such as inflation, interest rates, the valuation of assets and liabilities (for example the Council's property portfolio and pension liability) and the demand for and funding of services.

Currently the timing and direction of Brexit's influence on these areas is a matter of debate. To give an idea of the potential financial consequences, the table below quantifies the impact on the Authority's 2020/21 budget had there been a 1% change in its key economic drivers.

Risk item	Impact on MTFP
1 % change in inflation	290,000
1 % change in interest rates	65,000

Brexit will also have implications on specific project funding bids which have in the past been submitted to European established bodies, it is unclear what/if any mechanism will replace this.
The overall wider impact and any specific changes to Local Government finance will be further assessed within the Council's Medium Term Financial Plan.

Efficiency & Rationalisation Programme

In order to offset the projected revenue budget shortfalls, a four year Efficiency & Rationalisation Programme for the General Fund and Financial Improvement Plan for the Housing Revenue Account, were presented alongside the Medium Term Financial Plan for approval to full Council on 13th February 2017. Full detail of this can be found on the Council's website.

General Fund Efficiency & Rationalisation Programme

2017-18 was the first year of the Council's new 4 year Efficiency and Rationalisation Programme, which targets £2.1m in financial savings by 31st March 2021 to offset the forecast budget shortfall and ensure the Council is financially stable.

The Efficiency and Rationalisation Strategy aims to both reduce expenditure and increase income. The need to grow income is now more of a priority as the Council moves more towards being self-financing and no longer heavily reliant on direct government funding. The strategy has been developed with the underlying principles of protecting frontline service delivery.

The Efficiency Programme is focused on five areas:-

- **Major Procurements -** The opportunity to focus attention on a number of large service functions currently provided by an external contractor / supplier. This will also allow a fundamental review of these services with proper consideration of the current financial constraints. The individual projects focus on Waste Collection, Leisure Management and Facilities Management.

- **Asset Management Plan –** continuation of the existing priority of rationalising the Council's asset base with a focus around priorities in order to allow for the necessary capital investment.
- **Growth –** development of a clear focus on housing and economic growth based upon the established Local Plan.
- **Income Generation –** focus on increasing the yield from existing sources of income and a drive towards identifying new sources of income.
- **Rationalisation –** a commitment to reducing expenditure on non-priority areas of spend e.g. management arrangements, on-statutory services and channel shift

The delivery of efficiency and rationalisation projects is monitored by the Transformation Board made up of Directors, Heads of Service along with key Corporate Service Managers and officers. A Director is allocated as 'project executive' and a full business case appraisal is completed for each project.

The efficiency target for 2019/20 was originally set at £581,000. However, due to slippage in the delivery of the programme in 2018/19, the programme was reprofiled and the target for 2019/20 increased to £714,000. The table below shows the projected reprofiled Efficiency Programme:-

	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL
	£	£	£	£	£	£
Original Programme	310,000	581,000	430,000	810,000	**-**	**2,131,000**
Amended Programme	388,000	449,000	789,000	410,000	95,000	**2,131,000**
Variance	**78,000**	**(132,000)**	**359,000**	**(400,000)**	**95,000**	**-**
Achieved Q4 2018/19	**-**	**75,000**	**(75,000)**	**-**	**-**	**-**
Revised Target	**388,000**	**524,000**	**714,000**	**410,000**	**95,000**	**2,131,000**

Consequently, the Efficiency Plan has been extended by one year to reflect the anticipated timing of savings materialising.

The savings achieved in 2019/20 primarily relate to the re-procurement of the Leisure Centres operation contract and insurance, savings generating form the Pavilions Gardens Concession arraignments and additional income.

Continued progression against the efficiency programme is dependent on achieving significant savings as a result of the alternative delivery model for Waste, Streets and Parks via the transfer of services to trading company, Alliance Environment Services. There are also income generation targets focusing on housing and economic growth.

HRA Improvement Plan

When setting the budget in February 2017, the HRA was predicted to be in a deficit position of £770,430 by the end of 2020/21 due to the consequences of the four year 1% rent reduction. Therefore, a HRA Financial Improvement Plan was approved which identified potential savings of £1.2million from a number of sources to be achieved over the period 2017/18 – 2020/21.

A HRA Review Progress report was then presented to the HRA working group in April 2017 which further developed and provided more detail on the savings programme and likely profiling for the realisation of savings. This has since been reprofiled as below, with no savings target assigned to 2019/20:-

HRA Review Focus	Potential Annual Reduction				
	ACHIEVED 2017/18	ACHIEVED 2018/19	2019/20	2020/21	TOTAL
Total Annual Saving	625,000	245,000	-	330,000	1,200,000

A full stock condition survey of the Council's portfolio of housing properties was completed and the results were assessed, validated and prioritised. Therefore the 30 year capital programme requirements are now understood - in terms of how much the Council is forecast to spend on major repairs and maintenance of its housing stock. This has been included within the updated HRA Business Plan.

Assuming the four-year HRA Financial Improvement Plan targets are achieved as above and updating the capital programme based on the stock condition survey information, results in a projected £2,061,950 surplus position by the end of 2023/24. The revised HRA 30 year Business Plan can be found on the Council's website.

Going Concern

The Statement of Accounts 2019/20 has been prepared on a 'going concern' basis. This means the Council is viewed as continuing in operation for the foreseeable future.

The Council has a firmly embedded Financial Planning process, which includes a rolling four-year Medium-Term Financial Plan that is updated twice per year. This includes the Chief Finance Officer's statement regarding the adequacy of reserves and balances.

All known events which could cast doubt on the Council's ability to continue as a going concern are systematically mitigated. For example, budget deficits are primarily addressed through a well developed approach towards the achievement of efficiency savings, which has a proven track record of success.
There is a well established quarterly reporting process to Cabinet which monitors in year financial performance and identifies any risks in achieving the Efficiency Plan. As discussed above, a review of the Efficiency Plan was undertaken when setting the Budget and MTFP in February 2020, and the opportunity was taken to revise the expected timing of savings.

However, the Coronavirus pandemic does present many pressures to the Council's MTFP as outlined, with significant losses anticipated during 2020/21. We recognise that there remains uncertainty over the longevity of the impacts and that this may affect our current financial assumptions, and so we will be undertaking an early review of the MTFP. Any pressures that cannot be met through grant funding or in-year cost reductions will need to be met from reserves. Recognising this, the surplus generated in 2019/20 has been partially earmarked into a reserve established to specifically fund the Covid 19 recovery phase.

In terms of the Council's cash and liquidity position, detailed forecasts of cash flows are maintained for the 12 months following the date of the audit - so up to 31st December 2021. These are compared against actual cash flows on a daily basis by the Council's Finance team. In response to Covid 19, cash investments have been kept short or held in instant access accounts to support with any potential liquidity issues. The Treasury function is scrutinised by the Audit & Regulatory Committee.

2019-20 Financial Performance

General Fund Revenue Spending

Revenue spending represents the net cost of consuming supplies and providing services delivered by the Council in its day-to-day business during the year. The financial planning process for 2019/20 was driven by the need to provide effective services while satisfying the on-going economic pressure to become ever more efficient in our use of resources.

What we planned to spend

The Council set an original net Revenue budget for 2019/20 of £10,253,050 for spending on services. It was anticipated that financing available from external grants and retained Council Tax and Business Rates would be £10,248,040 leaving £5,010 to be funded from general reserves. These reserves are held both as a contingency and to prudently support spending over the medium term.

What we actually spent

The Authority's actual performance against budget resulted in a £295,441 operating surplus in 2019/20, generated as set out in the table below.

	Budget £	**Actual £**	**Variance £**
Activities	10,253,050	9,688,926	(564,124)
Funding - External	(10,248,040)	(10,084,832)	163,208
- Reserves	(5,010)	100,465	105,475
Operating (Surplus) in Year		**(295,441)**	**(295,441)**
Adding back the actual net use of reserves in Year			(100,465)
Gives the decrease in reserves generated in 2019/20			(395,906)

Actual spend on activities during 2019/20 was £564,124 lower than anticipated. The underspend was due to savings made across a number of Council services.

External funding levels achieved were £163,208 above expectations owing primarily to lower than anticipated levels of retained Business Rates accruing to the year.

The under spend, though offset by the increased income accruing to the year, was sufficient to mean that the budgeted £5,010 call on reserves was not required. Adjusting the operating surplus for the nominal actual use of reserves reveals that the Authority's usable reserves actually increased by £395,906.

As illustrated below this has taken the value of the Borough's usable reserves up to £6.192million.

Revenue Reserves	Brought Forward	2019/20 Net Change	2019/20 Revenue Balance	2019/20 Applied to Capital	Carried Forward
	£'000	£'000	£'000	£'000	£'000
Capital Support	500	0	500	(500)	0
Earmarked	3,291	99	3,390	0	3,390
General Revenue	2,005	297	2,302	0	2,302
	5,796	**396**	**6,192**	**(500)**	**5,692**

Both the capital and earmarked reserves have been built up over time to provide funding for future projects and specific activities in line with the Authority's medium term aims and objectives. During 2019/20 £0.5 million of the Capital Support Reserve was used to support the Authority's capital programme. The General Revenue Reserve is primarily held as a contingency to provide the Council with operational funds and as a safeguard against financial risk. Current risk based assessments set the Council's need for a revenue contingency at just over £1,332,000.

At the end of 2019/20 the reserve stood at £2.302 million, which means that a surplus of £0.97 million is potentially available to support future spending plans. A review of reserves earmarked for specific purposes has resulted in a net movement into the general reserve of £0.54 million. The most significant movement, based on an assessment of reduced risk, was £0.8 million into general reserves out of the reserve earmarked to cover any potential liability around the development of Buxton Crescent.
This was offset by contributions into earmarked reserves to fund future activities including the creation of a £0.2 million Covid 19 reserve to support the Council and its recovery programme. After these re-designations the Authority's general reserves remain £1.51 million above the minimum contingency level.

Revenue Reserves	Earmarked £000	General £000	Total £000
Year End	3,390	2,302	5,692
Redesignated	(540)	540	0
Minimum Contingency	0	(1,332)	(1,332)
	2,850	**1,510**	**4,360**

The current Medium Term Financial Plan 2020/21 – 2023/24 includes years where the Borough's Revenue Budget will either call upon or contribute to the general contingency reserves. By the end of the four year plan the general contingency reserves are expected to be some £0.112million above current levels.

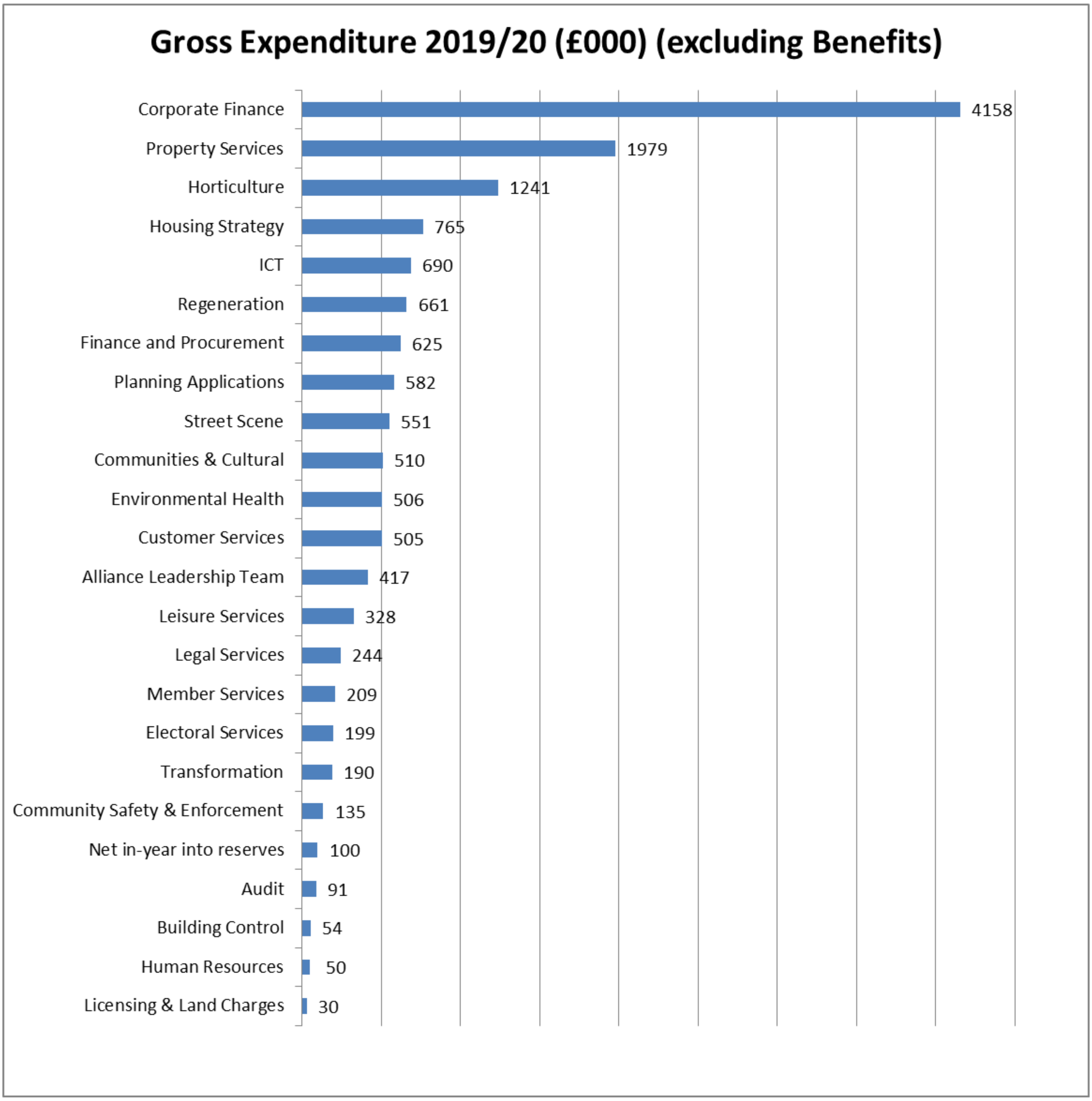
How the money was spent

The Comprehensive Income & Expenditure Statement (CIES) (page 41) summarises the resources that have been generated and consumed in providing services and managing the Council this year. It shows that Net Expenditure for the year across the 26 service areas around which the Authority organises and budgets was actually a spend of £5.237million.
One of these service areas is concerned solely with the administration of the Borough's Social Housing function. This service is accounted for differently from other General Fund (GF) Council functions as its activities have to be reported in the Statements of Accounts as a separate Housing Revenue Account (HRA). The CIES includes nominal charges made for the use of capital assets and future pension liability. Their inclusion is a requirement to allow comparison between councils as to the true cost of providing services. Statutory provisions however require that such charges are excluded from the Council Tax and housing rentals levied.

The Expenditure and Funding Analysis (EFA) (page 45) reconciles the service outturn reported in the CIES with the £9.689million spend on activities as measured against the 2019/20 budget for GF activities and the corresponding £2.056million net income generated by the HRA. The table below summarises that reconciliation and by adding in external sources of funding and the use of reserves reveals the actual gross expenditure and income behind the £0.295million surplus generated by GF activities in the year. It also maps adjustments that are necessary to derive the gross expenditure on HRA activities. This includes recognition of a £591k contribution by the HRA to the GF for its payment of historic pension costs as well as the net impact of financing, some £1.808million paid in interest for the year. There is also an adjustment of £1.389million for those elements of the nominal accounting entries, in relation to Capital that have to be treated as actual costs under the rules governing the HRA.

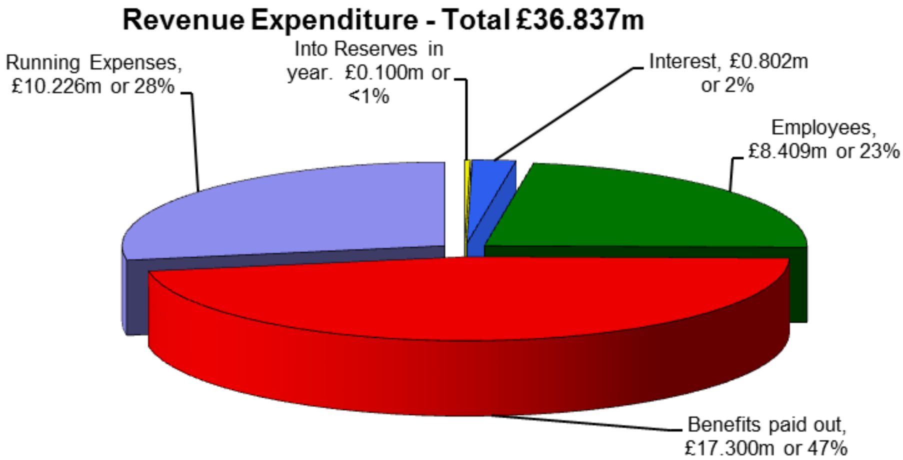
	Gross Expenditure		Gross Income		Net Expenditure	
	GF	HRA	GF	HRA	GF	HRA
	£'000	£'000	£'000	£'000	£'000	£'000
CIES	38,213	9,021	(26,866)	(15,131)	**11,347**	**(6,110)**
Nominal Adjustments	(885)	266	(186)	0	**(1,071)**	**266**
EFA	**37,328**	**9,287**	**(27,052)**	**(15,131)**	**10,276**	**(5,844)**
GF Funding :						
External			(10,084)		**(10,084)**	
Reserves	100				**100**	
HRA Adjustments :						
Interest payable/received		1,808				**1,808**
Pension contribution	(591)	591			**(591)**	**591**
Nominal reversal		1,389				**1,389**
	36,837	**13,075**	**(37,136)**	**(15,131)**	**(299)**	**(2,056)**

If we exclude the £0.104million paid into reserves then the Gross Expenditure on General Fund activities was £36.737million in 2019/20. At £17.808million the administration and payment of Benefits accounted for 48% of the Authority's revenue spend. The chart below profiles the remaining 52% - £19.029million - across the Authority's other service areas.



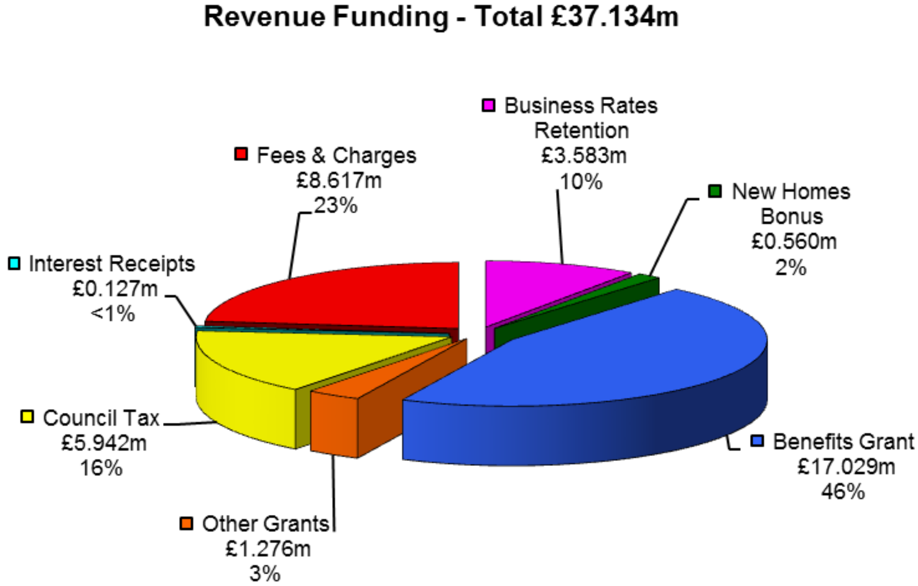
How it was spent

The four main categories of this spend are employee costs, running expenses, interest paid on borrowing and Housing Benefit payments made to residents. Running expenses include maintenance of buildings, vehicle costs and supplies and services. The chart below illustrates the proportion in which expenditure was incurred on these categories of expenditure. The largest element at £19.513million is the payment of Housing Benefits on behalf of Central Government.



How it was paid for

Excluding the £17.029million Housing Benefits grant from Central Government, the chart below illustrates the continuing shift in Local Government finance to generate income locally and become self financing. Of the remaining £20.105 million in funding 91% (£18.269 million) are locally generated income streams from Council Tax, Business Rates and fees and charges. The remaining £1.836 million is made up of various Government Grants including £560,000 relating to New Homes Bonus – Government grant which the Authority benefits from as a result of growth in housing within the Borough.

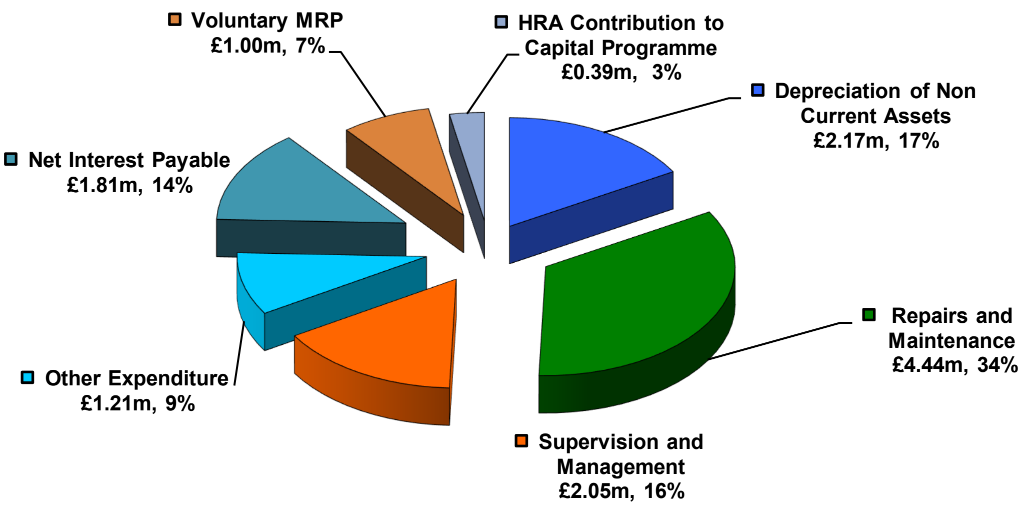


Housing Revenue Account

The Housing Revenue Account (HRA) is a separate account, required by law, which bears the cost of managing, maintaining and improving council houses.

Gross revenue expenditure for the year was £13.07 million and is analysed below:

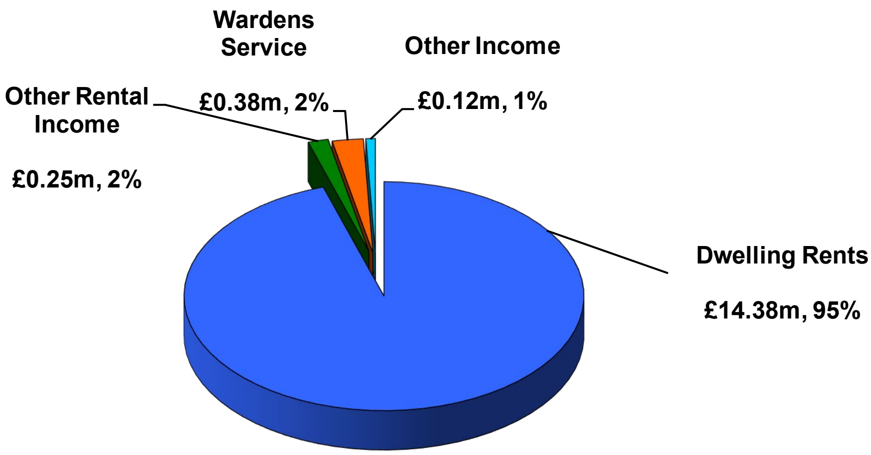
HRA Expenditure Profile - Total £13.07m



The Authority's dwelling stock value increased by a net £6.267 million with revaluation gains of £7.462 million and revaluation losses of £1.195 million. Of the £7.462 million gains, £1.725 million was credited to the HRA Income and Expenditure Account to reverse impairments that had been charged to the HRA in previous years; the remaining £5.737 million was transferred to the revaluation reserve. Of the £1.195 million losses, £0.731 million have been charged to the HRA Income and Expenditure Account; the remaining £0.464 million have been transferred to the revaluation reserve. Impairments of £0.458 million have also been charged to the HRA Income and Expenditure Account. The revaluation losses and impairment charge made to the HRA Income and Expenditure Account do not impact on rent levels as they are reversed out in the Movement in Reserves Statement.

Gross revenue income for the year was £15.13 million and is analysed below:

HRA Income Profile - Total £15.13m



After adjusting for notional charges such as those required by capital and pension accounting standards, the overall outturn on the Housing Revenue Account shows a surplus of £2,054,940 compared to an expected budget of £59,510. The major elements that make up this variance include:

Positive Changes:

- Reduced cost relating to supervision and corporate management - £269,000
- Lower than expected contribution to HRA capital programme - £1,866,000
- Higher than expected rent and general income received - £78,000

Negative Changes:

- Increased costs relating to repairs and maintenance - £51,000
- Increased contribution to bad debts provision - £52,000

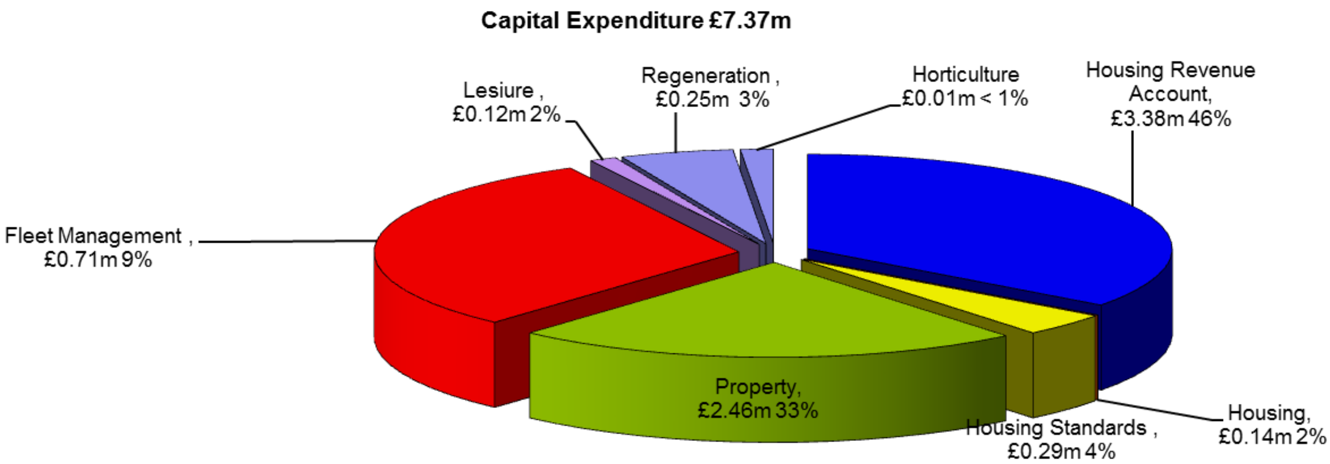
The surplus has been added to the HRA working balance. General HRA reserves therefore increased from £14.437 million to £16.492 million in 2019/20. This value of reserves is maintained to reflect the level of risk within the activities charged to the Housing Revenue Account.

The re-invigorated right to buy scheme allows the Council to retain a larger proportion of any receipts, to be used for the purpose of one for one replacement houses. During the year thirty council dwellings were sold under the scheme and £926,000 of additional receipts were retained. No receipts have been utilised and £684,000 have been repaid bringing the balance in the reserve at the end of 2019/20 up to £1,967,000.

Capital Spending

Capital spending either maintains or creates new assets that will contribute to the Council's aims and objectives over more than one year. The Council therefore plans and budgets for capital expenditure by means of a rolling programme. This programme was last updated in February 2020 and covered 5 years 2019-20 to 2023-24 and included capital commitments of £39.7million (including £20.3million for the Housing Revenue Account) with estimated capital spending in 2019/20 of £8.03million (including £2.7million for the HRA).

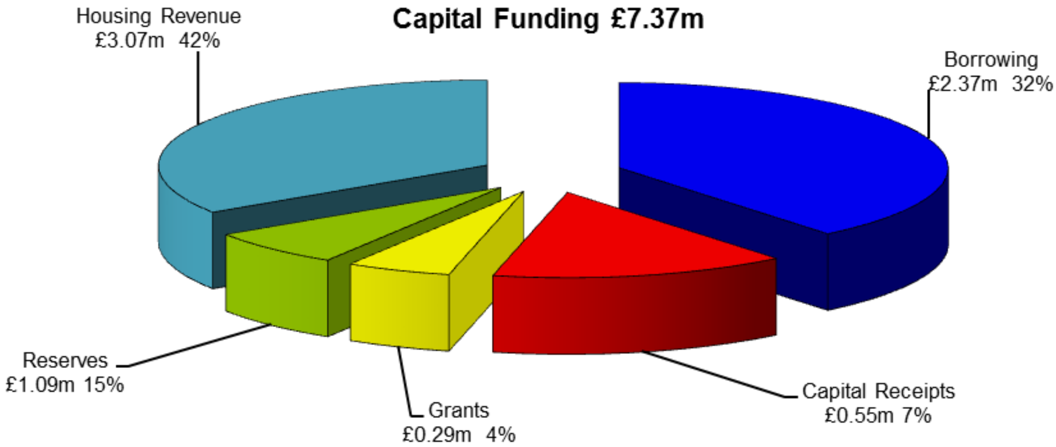
The actual spending in 2019/20 was £7.37million. The major areas of capital expenditure and significant individual projects included:



- Housing Revenue Account – general refurbishment of the Council's housing stock including kitchens and bathrooms, heating, roofing and disabled adaptations (£2.55 million).
- Housing Standards – disabled facilities and other property grants (£0.29 million)
- Property - works on a number of public buildings in accordance with the Authority's asset management plan, including Pavilion Gardens (£1.64 million)
- Fleet Management – investment in vehicles for delivery of services provided by the Council's joint operation, Alliance Environmental Services (£2.23 million).

How was it paid for?

There are a number of sources by which the Council can fund capital expenditure. The funding of the 2019/20 programme is illustrated below:



- Grants and Contributions – such as Government grants supporting housing, and Lottery Funding supporting heritage schemes
- Reserves – funds built up over time by the Borough and earmarked for capital purposes.
- Borrowing – borrowing for capital purposes externally (e.g. from Public Works Loan Board or the market) or using internal resources
- Capital Receipts – cash resources from the sale of capital assets.
- Housing Revenue – use of funds and balances generated within the Housing Revenue Account

The Balance Sheet Perspective

At the end of 2019/20 the Authority's net worth, as reported on the Balance Sheet, stood at a net asset value of £150.730million. When compared to an opening value of £127.272 million at the beginning of the year this represents an increase in net worth of £23.458million.

	31 March 2019 £000	31 March 2020 £000
Long Term Assets	235,694	239,604
Net Current Assets (debtors, inventories, cash less creditors, other liabilities)	(4,905)	(8,649)
Cash and Investments	14,901	20,684
Borrowing	(67,130)	(67,129)
Pensions Liability	(50,974)	(33,409)
Other Long Term Liabilities and Provisions	(314)	(370)
Net Assets	**127,272**	**150,731**
Represented by: Usable Reserves	24,811	27,714
: Unusable Reserves	102,461	123,017

How can the Authority have experienced such an increase in value when its revenue activities only contributed £2.903million to usable reserves? The answer is primarily a decrease in the Authority's long term pension liability together with an increase in the carrying value of its long term assets:

- Non-current Assets - all the property plant and equipment owned by the Authority are professionally valued on a five year rolling cycle to ensure that their carrying value on the Balance Sheet reflects an up-to-date position. At the end of 2019/20 the valuation process has resulted in a cumulative increase in the carrying value of the Authority's properties of some £4million.
- Pension Liability – under financial accounting regulations the Authority's Balance Sheet must show the cumulative net value of its pension scheme if all the assets and liabilities became realisable or payable on the 31st March. While in reality pension schemes continue over generations this snap shot measurement draws attention to any underlying long term strengths or weaknesses. The measurements applied to the Council's scheme at the end of 2019/20 decreased the liability reported on the Balance Sheet by £17.565million to £33.409million. In part this reduction reflects that the last full valuation of the pension fund carried out as at 31st March 2019 showed an improved position when compared to the one performed 3 years earlier.
  The value of the pension as reported on the Balance Sheet is a significant liability for the Council. However because this liability only falls due over the long term, measures have been put in place that ensure the Authority's continuing financial viability. At a national level Government has altered future scheme benefits and entitlements while locally both Council and employee contributions have increased.

Both asset and pension valuations are performed on behalf of the Council by suitably qualified professionals guided by statute and best practice. Their valuations however represent a snapshot as at 31st March 2020 and reflect the market forces and other valuation factors relevant at that date.

The Council’s Corporate Plan

Following the local elections in May 2019, the Council developed a new Corporate Plan for 2019-2023, which supports the Vision of ‘Working together to protect and invest in the High Peak with the Council on your side’. The vision is articulated by four aims that are in turn supported by a number of objectives, which provide the framework for the delivery of individual service plans. These are summarised below:-

	Aim	Objectives
1	Supporting our communities to create a healthier, safer, cleaner High Peak	• Effective relationship with strategic partners • Fit for purpose housing stock that meets the needs of tenants and residents • Practical support of community safety arrangements • Provision of high quality leisure facilities • Work with our partners and the community to address health inequality, food and fuel poverty, mental health and loneliness • Effective provision of high quality public amenities, clean streets and environmental health
2	A responsive, smart, financially resilient and forward thinking council	• Ensure our future financial resilience can be financially sustainable whilst offering value for money • Ensure our services are readily available to all our residents in the appropriate channels and provided “right first time” • Invest in our staff to ensure we have the internal expertise to deliver our plans by supporting our high performing and well motivated workforce • More effective use of council assets to benefit our communities • Effective procurement with a focus on local businesses • Use innovation, technology and partnership with others to help improve the efficiency of services, improve customer satisfaction and reduce our impact on the environment
3	Protect and create jobs by supporting economic growth, development and regeneration	• Encouraging business start-ups and enterprises • Work to create flourishing town centres and thriving high streets that support the local economy • Promote tourism to maximise local benefit • High quality development and building control with an “open for business” approach • Car parking arrangements that meet the needs of residents, businesses and visitors • Working to support existing local businesses, both large and small across the High Peak as they respond to future challenges • Supporting the development of innovative green jobs and business across the High Peak
4	Protect and improve the environment including responding to the climate emergency	• Effective recycling and waste management • Effective provision of quality parks and open spaces • Meeting the challenge of climate change and working with residents and business across the High Peak to implement the climate change action plan

Our Performance Framework, which measures our success in delivering the Corporate Plan, also reflects the three pillars of value for money: economy, efficiency and effectiveness and is fully aligned to the Council's corporate objectives. The Council publishes an Annual Report, which takes stock of the progress made in delivery of the Corporate Plan objectives and uses comparative performance and cost measures to help shape the Council's refreshed objectives. 2019/20 was the first year of the newly adopted 2019-2023 Corporate Plan.

Customer focused
Honest and open communicators
One team
Innovative
Can-do culture
Every penny counts

Following the completion of an organisation-wide service transformation process in 2016/17, the Council developed, in partnership with its workforce, a new set of core values called 'CHOICE'. These values are reinforced and reflected in employee performance and behavioural objectives through the Council's approach to appraisal and employee development called PEP – Plan, Enable, Perform.

Risk Management

The Council ensures that it undertakes a deliberate and systematic identification of the key risks that might prevent, degrade, delay or enhance the achievement of its objectives and priorities. The Council's Risk Management Strategy sets out the process for undertaking this on an ongoing basis. In addition to the identification of risks, managers also have to quantify them in terms of likelihood and potential impact. The risks are then recorded in the Council's Risk Registers. These have three aspects – strategic, operational and project risks. The Council's Strategic, Operational and Project Risk Registers are reviewed on a quarterly basis and reported to the Corporate Risk Management Group and the Audit and Regulatory Committee on an exception basis.
The Council's overall risk management position is currently being reviewed in light of Covid 19 and the outcomes of this exercise will be presented for consideration at the Audit and Regulatory Committee.

Our Performance in 2019/20

The Council used a range of financial and other indicators to measure performance in 2019/20. At the end of March, 64% of the Council's performance targets for the year had been met, an increase of 3% on last year. In terms of year on year trends, 67% of measures recorded the same or improved results compared to 2018/19.

The Council also exceeded its targets in a number of areas including; new benefit claims processing, sports participation, invoice processing, workplace accidents, Major, Minor and other planning applications processed on time, empty town centre shops, missed bins, volunteer hours and street cleanliness standards.

The service areas which fell short of target include the average re-let time for housing voids, sickness absence, fly tipping incidents, planning enforcement, households in temporary accommodation, and repairs performance. The impact of lockdown due to the coronavirus pandemic can also be seen in some of these results.

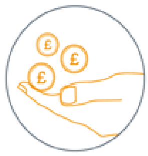
For those measures that fell below the target set for the year we have developed actions for improvement, where feasible, as part of our performance reporting to senior managers and members. As well as comparing performance over time and against target, we also compare our performance with other councils nationally through local benchmarking clubs and data platforms such as CFOi Insights, Place Analytics and Inform.

Delivering against our Corporate Aims

The Council's Corporate Plan has four key aims, and below we have highlighted some of our achievements last year in relation to each of them.

Supporting our communities to create a healthier, safer, cleaner High Peak - This aim covers our objectives around housing, leisure, public amenities, community safety and the effectiveness of our strategic partnerships. Last year we:

- ✓ Successfully responded to the Toddbrook emergency and the evacuation of 1500 households and 200 businesses; providing immediate and ongoing support
- ✓ Achieved a street cleanliness standard of 95% and supported 82 community clean up campaigns
- ✓ Helped ensure that 98% of Food Premised meet the Food Standards Agency criteria for compliance through a rigorous inspection programme
- ✓ Dealt with 497 homelessness applications and 379 housing advice cases
- ✓ Held 5 Dog Watch events across the Borough to help reduce dog fouling
- ✓ Achieved 100% gas compliance in council homes for the 5th year in a row
- ✓ Provided support to 63 voluntary groups
- ✓ Established an Active Communities Hub with our partners to build a community-based programme of physical activity
- ✓ Passed the Government's first annual "Housing Delivery Test" with 119% of the number of required homes being completed over the past three years



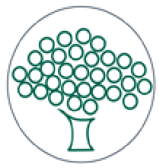
A responsive, smart, financially resilient and forward thinking council – This aim covers our objectives around value for money, customer access, use of technology and assets, local procurement and a high performing and motivated workforce. Last year we:

- ✓ Developed 250 online forms for customers to self serve and introduced a Bereavement Care service
- ✓ Rolled out the Hybrid Mail project in order to make savings on print and postage

- ✓ Invested over £100,000 in employee training across the Alliance
- ✓ Began the rollout of Office 365 and Windows 10; and provided all new councillors with I-pads after the 2019 local elections
- ✓ Achieved a reduction in workplace accidents
- ✓ Exceeded our council tax and business rates collection targets

Protect and create jobs by supporting economic growth, development and regeneration – This aim covers our objectives around tourism, flourishing town centres, car parking, encouraging new business, and promoting an open for business approach in our development and building control functions. Last year we:

- ✓ Achieved a town centre average vacancy rate of less than 8%
- ✓ Saw Buxton's bid to regenerate the town centre become one of only 50 areas to get through to the next round of the Future High Street Fund. The town was also selected as one of just 69 across the country to share in a £95 million fund to revive the special characteristics of historic high streets
- ✓ Continued to progress the £68 million project to transform the Crescent and adjoining buildings into a 5* hotel and spa complex
- ✓ Saw Visitor spend in the area increase to £274m with 1.52m overnight stays
- ✓ Determined 95% of 'major' planning applications on time and assisted 263 customers through our Planning Surgeries



Protect and improve the environment including responding to the climate emergency – This aim covers our objectives around waste and recycling, quality parks and open spaces, and climate change. Last year we:

- ✓ Maintained our 'green flag' status for Whaley Bridge Memorial Park
- ✓ Installed EV charging points in 5 car parks
- ✓ Successfully completed phase 3 of the transfer of services to AES Ltd
- ✓ Declared a climate emergency and set up a working group to help develop action plans to ensure carbon neutrality by 2030
- ✓ Exceeded last year's recycling rate at over 50% and met our residual waste target
- ✓ Extended the food recycling trial, which composts 3 tonnes of food waste each week

Key Strategic Partnerships

Strategic Alliance

In 2008 High Peak Borough Council entered into a "Strategic Alliance" (the Alliance) with our neighbours, Staffordshire Moorlands District Council. The primary aim of the Alliance is, through joint working, to drive through service improvements, whilst reducing costs in order to increase value-for-money and minimise future Council Tax increases. The arrangement – which has featured a fully integrated Joint Senior Management Team and widespread joint service delivery – crosses both county and regional boundaries. The Alliance sits at the heart of the Council's Efficiency and Rationalisation Strategy. The 'Alliance' celebrated 10 years of existence during 2018, with a reflection on what has been achieved during this time, focusing on financial savings, service improvements and the benefits of working together as partner Authorities.

Environment Services Joint Venture – Alliance Environmental Services (AES)

The Council, along with Alliance partner Staffordshire Moorlands District Council, agreed to establish a joint venture partnership with Ansa - a subsidiary of Cheshire East Council - to deliver waste collection, street cleaning, grounds maintenance and fleet management services. This project forms part of the new Efficiency and Rationalisation Programme and savings of over £1m (Alliance wide) are expected as a result of the new arrangements.

The new arrangements are being introduced in a phased approach. Phase one took place during 2017/18 with the transfer of the previously outsourced High Peak waste service to the new arrangement in August 2017. The second phase, took place in July 2018, which involved the transfer of the Staffordshire Moorlands D.C. Waste service and both High Peak B.C. and Staffordshire Moorlands D.C. Fleet arrangements. Phase three took place on 1st April 2020 with the transfer of the Streets Scene and Parks services.

The collaborative arrangement has been assessed to be a joint operation and therefore is consolidated into the single entity financial statements of High Peak Borough Council. The financial results of the company for the 2019/20 year and the consolidation thereof is described in note 2f 'Interests in companies & other entities and joint arrangements'.

Explanation of the Financial Statements

The Statement of Accounts for the year ended 31st March 2020 has been prepared in accordance with the Accounts and Audit Regulations 2015. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, which in turn is underpinned by the International Financial Reporting Standards.

The Council's core financial statements, beginning at page 39, are listed below along with a brief explanation of their purpose:

- ***Movement in Reserves Statement (MIRS) -*** 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)/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 & Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for Council Tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to/from earmarked reserves undertaken by the Council.
- ***Comprehensive Income & Expenditure Statement (CIES)*** – this statement is fundamental to the understanding of the Council's activities, in that it reports the net cost for the year of all the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers.
- ***Balance Sheet*** - this explains the Council's financial position at the year-end. It provides details of the Council's balances and reserves and its long-term indebtedness. It also shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council; and
- ***Cash Flow Statement*** - this illustrates the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

The Council is also required to produce two supplementary financial statements:-

- ***Housing Revenue Account (HRA)* -** This account reflects the statutory requirement for the Authority to maintain a separate revenue account for Council housing provision. It includes the receipt of income and the payment of expenditure associated with that service to determine a surplus or deficit for the year.

- ***Collection Fund Accounts -*** This reflects the statutory requirement for the Authority to maintain a separate account providing details of receipts of Council Tax and Business Rates and the associated payments to precepting authorities.

The 2019/20 Statement of Accounts shows that our finances remain sound. Revenue and capital spending is controlled by affordable budgets while assets and reserves exist to support services and the achievement of key priorities.

……………………………………. Date: 17th December 2020

Claire Hazeldene BA (Hons), CPFA

Interim Executive Director & Chief Finance Officer

CERTIFICATE OF APPROVAL BY AUDIT & REGULATORY COMMITTEE

I confirm that these accounts were approved by the meeting of the Audit and Regulatory Committee held:

……………………………………. Date: 17th December 2020

Councillor Emily Thrane

Chair of the Audit & Regulatory Committee

High Peak Borough Council

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

High Peak Borough Council is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Executive Director & Chief Finance Officer.
- To manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- To approve the Statement of Accounts.

The Executive Director & Chief Finance Officer Responsibilities

The Executive Director (CFO) is responsible for the preparation of the Authority's financial statements. These, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom ('the Code of Practice'), are required to present the true and fair financial position of the Council at the accounting date and its income and expenditure for the year (ended 31st March 2020).

In preparing this Statement of Accounts the Executive Director (CFO) has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority code of practice.

The Executive Director (CFO) has also:

- Kept proper accounting records that were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Executive Director (CFO)

I certify that this Statement of Accounts gives a 'true and fair' view of the financial position of the Council at 31st March 2020 and its income and expenditure for the year.

Claire Hazeldene BA (Hons), CPFA

Interim Executive Director & Chief Finance Officer
High Peak Borough Council

Statement of Accounting Policy

The purpose of this statement is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

1. Accounting Policies

The Accounting Policies set out from page 110 have been applied in producing the statements. They are based on best practice and legislative requirements, including CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom for 2019/20.

2. Accounting Standards Issued, Not Adopted

The 2020/21 Code of Practice introduces changes to a number of the reporting standards to be applied to future Statements. The Authority is obliged to consider what, if any, the impact would have been on these Statements had they been applied in 2019/20.

Investments in Associates and Joint Ventures (IAS 28): Amendment re: long term interests.
The amendment clarifies that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

Employee Benefits (IAS 19): Amendment re: pension plan amendment, curtailment or settlement.
The amendment mandates that the same re-measurement assumptions used if a plan amendment, curtailment or settlement occurs are applied in calculating the current service cost and the net interest for the period. It also clarified how these events would impact the asset ceiling.

Annual Improvements to IFRS Standards 2015-17 Cycle: Provide clarification in relation to four standards:
Business Combinations (IFRS 3); when an entity obtains control of a business that is a joint operation it should re-measure previously held interests in that business.
Joint Arrangements (IFRS 11); when an entity obtains joint control of a business that is a joint operation it should not re-measure previously held interests in that business.
Income Taxes (IAS 12); any and all income tax consequences of dividends should be recognised.

Borrowing Costs (IAS 23); if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The Authority's assessment is that none of the above changes would have a material impact on these Statements.

Leases (IFRS 16): introduces a single lessee accounting model:
The implementation of IFRS 16 has been deferred by CIPFA until the 2021/22 Code so it does not impact these Statements. It is included here in anticipation of its implementation next year and in recognition of the material impact it may have and the work that will be necessary to satisfy its requirements. The Authority has already commenced with identifying the relevant assets and liabilities of all leases with a term of more than 12 months including right-of-use assets. Subsequent recognition in the Statements will also require valuation of both the asset and the Authority's obligation to make lease payments. At this stage of the process it is not possible to give a reasonable estimate of the financial impact adopting the standard will have.
[IAS = International Accounting Standards : IFRS = International Financial Reporting Standard]

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in part 1 of this section, the Authority has had regard to the materiality of the transactions being reported. It has also had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgments made in the Statement of Accounts are:

- The Authority has to review certain contractual arrangements to decide if they are in the nature of a lease and if so determine whether they are classified as Operational or Finance. These decisions are often based on judgements as to where the practical control of an asset lies.

- For some time there has been a high degree of uncertainty about future levels of funding for Local Government. This has been compounded by the unknown economic impact of the Covid 19 pandemic. However, robust action is being taken by the Government and Bank of England and there is a presumption that local authorities, by their nature, remain going concerns. The Authority has therefore determined that this uncertainly 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.

- The Authority undertakes an annual assessment for indications of impairment of its assets. This assessment is performed by specialist staff with reference to external advice.

- An exercise is performed to assess whether capital spend restores or enhances an asset. A further judgement is then made as to whether there is a consequent requirement to derecognise any existing value of any component of the asset.

- The Authority's pension liability is based on valuations performed by the scheme's actuaries. Valuations reflect historical data and projections of future liabilities and returns on assets. The actuarial valuation used in these statements included an adjustment for a proposed Government initiative to address what is known as the McCloud issue (Note 4g). The Authority's auditors have subsequently advised that they think this should not have been included. The Borough however relies upon the professional expertise of the Actuary to translate probable future cash flows into a current Balance Sheet liability and has therefore chosen not to amend their valuation. In the council's view this satisfies our requirement to use the most up-to-date data professionally assessed to produce a robust valuation.

- Alliance Environmental Services Ltd (AES) is a company created between High Peak Borough Council, Staffordshire Moorlands District Council and Ansa Environmental Services Ltd (Ansa), a wholly owned subsidiary of Cheshire East Council. Phase 1 of the transfer of services commenced on 7th August 2017 to deliver High Peak Borough Council Waste services. Phase 2 commenced on 1st July 2018 to deliver fleet management services to the Alliance as a whole.

This collaboration has been determined to be a Joint Operation and is therefore consolidated in to High Peak Borough Council's single entity financial statements, i.e. there is no requirement for separate group accounts. The relationship, details of this assessment and financial performance and results of the company are included in note 2f 'Interests in companies & other entities and joint arrangements'.

4. Prior Year Adjustments

The statements and notes that follow include comparative figures from the previous financial year. If there have been material changes in the way that the financial information is collated and presented in the current year, the prior year must be manipulated to allow a like for like comparison and marked as 'Restated'.

- During the course of 2019/20 the following functions were transferred to other Council Service areas; Arboriculture Service moved from Horticulture to Planning Applications;

Local Planning moved from Regeneration Services to Planning Applications; this change necessitated the restatement of the CIES and some associated notes to reflect the revised service analysis. Changed tables are marked as 'Restated' and Note 17 provides a reconciliation to the original 2018/19 figures.

5. 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.

COVID-19

In the lead up to the end of the 2019/20 financial year, large parts of the UK economy were placed in enforced lockdown to deal with a global Covid-19 pandemic. These restrictions continued throughout the first quarter of 2020/21 and the Government and Bank of England implemented significant financial packages to support the UK economy. Even with these measures, UK Gross Domestic Product (GDP) is expected to fall by circa 14% in this calendar year. Whilst there is expected to be a bounce back of circa 15% in GDP in 2021, the impact on the future path of economic growth, unemployment, fiscal and monetary policy remains unknown. This has increased significantly the level of uncertainty included in the assumptions behind the estimated values reported by the Authority.

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

Item	Uncertainties
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. (Note 4f highlights key assumptions). A 1% change in the assessed carrying value of the Authority's pension liability equates to £334,090 (total £33,409,000). It should be noted that Derbyshire Pension Fund have disclosed in their accounts that property valuations are reported on the basis of 'material valuation uncertainty'. Consequently a higher degree of caution has to be placed in relation to their valuation of £240m of property related assets held by the pension fund. In total the fund held £4,641m of investments at the year end.

	Pension funds exist to provide retirement benefits into the future and their valuation reflects both these commitments and the predicted income streams from contributions and investments over the long term. This extended timeframe means that while valuations may reflect immediate economic conditions their impact will tend to smooth out over time.
Asset Valuations	The valuations of property, plant and equipment reported in the Balance Sheet and the related depreciation charges made to the CIES are based on an estimation of their value and asset life. A firm of qualified valuers is engaged by the Authority to carry out, for the major assets, a programme of physical valuations to ensure that their carrying values are subject to professional and independent assessment. A 1% change in the assessed carrying value of the assets equates to £2,392,090 (total £239,209,000). It should be noted that Capita, the Authority's Valuer, have stated that owing to Covid 19's impact on market activity across many sectors they are faced with an unprecedented set of circumstances on which to base their judgements. They have therefore reported their valuations on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to their valuations, than would normally be the case.

Financial Statements

The core single entity financial statements applicable to all local authorities comprise:

- **Movement in Reserves Statement**
- **Comprehensive Income & Expenditure Statement**
- **Balance Sheet**
- **Cash Flow Statement**

The core financial statements are followed by supporting notes and the supplementary statements relating to:

- **Housing Revenue Account**
- **Collection Fund**

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 and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Notes	General Fund			Housing Revenue Account	Capital		Total Usable Reserves	Unusable Reserves	Total Council Reserves
		General	Earmarked Reserves	Total		Receipts Reserve	Grants Unapplied			
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018		(3,273)	(3,835)	**(7,108)**	**(13,175)**	**(3,135)**	**(418)**	**(23,836)**	**(100,621)**	**(124,457)**
(Surplus) or deficit on the provision of Services		4,971	0	**4,971**	**(3,669)**	0	0	**1,302**	**0**	**1,302**
Other Comprehensive Income and Expenditure		0	0	**0**	**0**	0	0	**0**	**(4,117)**	**(4,117)**
Total Comprehensive Income and Expenditure		4,971	0	**4,971**	**(3,669)**	0	0	**1,302**	**(4,117)**	**(2,815)**
Adjustment between accounting basis & funding basis under regulations	5	(4,749)	1,090	**(3,659)**	**2,407**	(764)	(261)	**(2,277)**	**2,277**	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**222**	**1,090**	**1,312**	**(1,262)**	**(764)**	**(261)**	**(975)**	**(1,840)**	**(2,815)**
Transfers to/(from) Earmarked Reserves	11	1,046	(1,046)	**0**	**0**	0	0	**0**	**0**	**0**
(Increase)/Decrease in 2018/19		1,268	44	**1,312**	**(1,262)**	**(764)**	**(261)**	**(975)**	**(1,840)**	**(2,815)**
Balance at 31 March 2019 carried forward		(2,005)	(3,791)	**(5,796)**	**(14,437)**	**(3,899)**	**(679)**	**(24,811)**	**(102,461)**	**(127,272)**
(Surplus) or deficit on the provision of Services		3,257	0	**3,257**	**(2,218)**	0	0	**1,039**	**0**	**1,039**
Other Comprehensive Income and Expenditure		0	0	**0**	**0**	0	0	**0**	**(24,498)**	**(24,498)**
Total Comprehensive Income and Expenditure		3,257	0	**3,257**	**(2,218)**	**0**	**0**	**1,039**	**(24,498)**	**(23,459)**
Adjustment between accounting basis & funding basis under regulations	5	(3,653)	500	**(3,153)**	**90**	**(630)**	**(249)**	**(3,942)**	**3,942**	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**(396)**	**500**	**104**	**(2,128)**	**(630)**	**(249)**	**(2,903)**	**(20,556)**	**(23,459)**
Transfers to/ (from) Earmarked Reserves	11	(700)	700	**0**	**0**	0	0	**0**	**0**	**0**
(Increase)/Decrease in 2019/20		(1,096)	1,200	**104**	**(2,128)**	**(630)**	**(249)**	**(2,903)**	**(20,556)**	**(23,459)**
Balance at 31 March 2020 carried forward		(3,101)	(2,591)	**(5,692)**	**(16,565)**	**(4,529)**	**(928)**	**(27,714)**	**(123,017)**	**(150,731)**

Comprehensive Income & Expenditure Statement

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.

2018/19 Restated				Notes	2019/20		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
549	(1)	548	Alliance Leadership Team		454	(6)	448
109	0	109	Audit		107	0	107
865	(216)	649	ICT		798	(204)	594
62	(1)	61	Human Resources		50	(1)	49
210	(50)	160	Member Services		212	(50)	162
3,771	(1,561)	2,210	Property Services		4,676	(1,475)	3,201
20,145	(19,953)	192	Benefits		18,040	(17,606)	434
661	(469)	192	Planning Applications		717	(539)	178
65	(39)	26	Building Control		54	(40)	14
653	(45)	608	Customer Services		670	(52)	618
335	(16)	319	Legal Services		330	(30)	300
78	(48)	30	Electoral Services		199	(60)	139
31	(346)	(315)	Licensing and Land Charges		30	(329)	(299)
648	(128)	520	Regeneration		755	(341)	414
488	0	488	Communities and Cultural		575	(15)	560
873	(744)	129	Housing Strategy		875	(786)	89
283	0	283	Transformation		283	0	283
147	(40)	107	Community Safety and Enforcement		134	(37)	97
1,009	(490)	519	Finance and Performance		745	(312)	433
1,188	(1,242)	(54)	Corporate Finance		351	(1,210)	(859)
4,484	(1,680)	2,804	Waste Collection		4,657	(1,650)	3,007
650	(376)	274	Street Scene		748	(258)	490
2,645	(2,066)	579	Leisure Services		328	(41)	287
1,530	(1,089)	441	Horticulture		1,527	(1,179)	348
859	(653)	206	Environmental Health		898	(645)	253
6,352	(14,967)	(8,615)	Local Authority Housing (Housing Revenue Account)		9,021	(15,131)	(6,110)
48,690	**(46,220)**	**2,470**	**Cost of Services**		**47,234**	**(41,997)**	**5,237**
7,987	(1,750)	6,237	Other Operating Expenditure	3a	5,646	(2,759)	2,887
3,866	(246)	3,620	Financing and Investment Income and Expenditure	3b	3,838	(169)	3,669
0	(11,025)	(11,025)	Taxation and Non-Specific Grant Income and Expenditure	3c	0	(10,754)	(10,754)
		1,302	**(Surplus)or Deficit on Provision of Services**				**1,039**
		(9,285)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	12a			(5,797)
		5,168	Remeasurement of the net defined pension benefit liability	4			(18,701)
		(4,117)	**Other Comprehensive Income and Expenditure**				**(24,498)**
		(2,815)	**Total Comprehensive Income and Expenditure**				**(23,459)**

Balance Sheet

The Balance Sheet provides an overall summary of the Financial Position of the Council as at 31st March 2020. It shows the Council's balances and reserves and its long-term indebtedness, and the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

31 March 2019 £000		Notes	31 March 2020 £000
233,927	Property, Plant & Equipment	6a	237,790
391	Heritage Assets		391
1,137	Investment Properties	6b	1,028
38	Intangible Assets		102
199	Long Term Debtors		292
235,692	**TOTAL LONG TERM ASSETS**		**239,603**
6,182	Short Term Investments	13a	10,681
59	Inventories		66
3,713	Short Term Debtors	8	2,472
8,719	Cash and Cash Equivalents	7	10,003
18,673	**TOTAL CURRENT ASSETS**		**23,222**
0	Short Term Borrowings	13a	0
(7,127)	Short Term Creditors	9	(9,452)
(1,547)	Provisions	10	(1,734)
(8,674)	**TOTAL CURRENT LIABILITIES**		**(11,186)**
(67,131)	Long Term Borrowing	13a	(67,129)
(50,974)	Pensions Liability	4c	(33,409)
(47)	Other Long Term Liabilities	13a	(22)
(267)	Grants Receipts in Advance - Capital		(348)
(118,419)	**TOTAL LONG TERM LIABILITIES**		**(100,908)**
127,272	**TOTAL NET ASSETS**		**150,731**
24,811	Usable Reserves	11	27,714
102,461	Unusable Reserves	12	123,017
127,272	**TOTAL RESERVES**		**150,731**

The unaudited accounts were issued on 15th July 2020 and the audited accounts were authorised for issue on 17th December 2020.

Claire Hazeldene BA (Hons), CPFA
Interim Executive Director & Chief Finance Officer

Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

2018/19 £000		Notes	2019/20 £000
(1,302)	Net Surplus/(Deficit) on the Provision of Services		(1,039)
12,618	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements		12,483
(2,296)	Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		617
9,020	**Net Cash Flows from Operating Activities**	16a	**12,061**
(3,320)	Investing Activities	16c	(12,447)
(4,252)	Financing Activities	16d	1,670
1,448	**Net Increase / (Decrease) in Cash and Cash Equivalents**		**1,284**
7,271	Cash and Cash Equivalents at the Beginning of the Reporting Period		8,719
8,719	**Cash and Cash Equivalents at the End of the Reporting Period**		**10,003**

Notes to the Financial Statements

The notes to the core financial statements are shown below. Some are dictated by statute while others are included to add clarity.

Amounts Reported for Resource Allocation Decisions

Decisions about resource allocation are taken by the Authority's Executive on financial reports prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in year;

The following tables show the relationship between the statutory statements and the financial information reported to and used by the decision maker.

1a. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and rent payers how the funding available to the Authority (ie government grants, rents, Council Tax and Business Rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis 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 Restated				2019/20		
Net Expenditure to GF Balance	Adjustments Funding & Accounting	Net Expenditure in the CIES		Net Expenditure to GF Balance	Adjustments Funding & Accounting	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
549	(1)	548	Alliance Leadership Team	411	37	448
109	0	109	Audit	91	16	107
865	(216)	649	ICT	485	109	594
62	(1)	61	Human Resources	49	0	49
210	(50)	160	Member Services	159	3	162
3,771	(1,561)	2,210	Property Services	504	2,697	3,201
20,145	(19,953)	192	Benefits	202	232	434
661	(469)	192	Planning Applications	42	136	178
65	(39)	26	Building Control	14	0	14
653	(45)	608	Customer Services	453	165	618
335	(16)	319	Legal Services	214	86	300
78	(48)	30	Electoral Services	139	0	139
31	(346)	(315)	Licensing and Land Charges	(299)	0	(299)
648	(128)	520	Regeneration	320	94	414
488	0	488	Communities and Cultural	495	65	560
873	(744)	129	Housing Strategy	(22)	111	89
283	0	283	Transformation	190	93	283
147	(40)	107	Community Safety and Enforcement	97	0	97
1,009	(490)	519	Finance and Performance	313	120	433
1,188	(1,242)	(54)	Corporate Finance	2,824	(3,683)	(859)
4,484	(1,680)	2,804	Waste Collection	2,558	449	3,007
650	(376)	274	Street Scene	293	197	490
2,645	(2,066)	579	Leisure Services	287	0	287
1,530	(1,089)	441	Horticulture	63	285	348
859	(653)	206	Environmental Health	395	(142)	253
6,352	(14,967)	(8,615)	Local Authority Housing (Housing Revenue Account)	(5,843)	(267)	(6,110)
48,690	**(46,220)**	**2,470**	**Cost of Services**	**4,434**	**803**	**5,237**
(4,531)	3,363	(1,168)	Other Income and Expenditure	(6,458)	2,260	(4,198)
44,159	**(42,857)**	**1,302**	**(Surplus) or Deficit on Provision of Services**	**(2,024)**	**3,063**	**1,039**
	General Fund	HRA			General Fund	HRA
(20,283)	**(7,108)**	**(13,175)**	**Opening General Fund and HRA Balance**	**(20,233)**	**(5,796)**	**(14,437)**
50	1,312	(1,262)	Less (Surplus) or Deficit in Year	(2,024)	104	(2,128)
(20,233)	**(5,796)**	**(14,437)**	**Closing General Fund and HRA Balance**	**(22,257)**	**(5,692)**	**(16,565)**

1b. *Note to the Expenditure and Funding Analysis*

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and the HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

2018/19 Restated					2019/20			
Adjustments for Capital Purposes	Net Change of the Pension Adjustment	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net Change of the Pension Adjustment	Other Differences	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
0	34	0	34	Alliance Management	0	37	0	37
0	14	0	14	Audit	0	16	0	16
111	0	0	111	ICT	109	0	0	109
0	0	0	0	Human Resources	0	0	0	0
0	0	0	0	Member Services	3	0	0	3
1,716	87	0	1,803	Property Services	2,604	93	0	2,697
0	186	0	186	Benefits	0	232	0	232
0	118	0	118	Planning Applications	0	136	0	136
0	0	0	0	Building Control	0	0	0	0
0	137	0	137	Customer Services	0	165	0	165
0	74	0	74	Legal Services	0	86	0	86
0	0	0	0	Electoral Services	0	0	0	0
0	0	0	0	Licensing and Land Charges	0	0	0	0
17	93	0	110	Regeneration	0	94	0	94
0	56	0	56	Communities and Cultural	0	65	0	65
141	59	0	200	Housing Strategy	8	103	0	111
0	85	0	85	Transformation	0	93	0	93
0	0	0	0	Community Safety and Enforcement	0	0	0	0
0	107	0	107	Finance and Performance	0	120	0	120
(775)	(1,359)	(752)	(2,886)	Corporate Finance	(782)	(2,226)	(675)	(3,683)
76	307	0	383	Waste Collection	115	334	0	449
63	57	0	120	Street Scene	152	66	(21)	197
0	86	(4)	82	Leisure Services	0	0	0	0
102	146	0	248	Horticulture	161	132	(8)	285
(257)	83	0	(174)	Environmental Health	(242)	100	0	(142)
(3,103)	197	(13)	(2,919)	Local Authority Housing (Housing Revenue Account)	(537)	270	0	(267)
(1,909)	**567**	**(769)**	**(2,111)**	**Cost of Services**	**1,591**	**(84)**	**(704)**	**803**
2,462	1,152	(251)	3,363	Other Income and Expenditure from the Expenditure and Funding Analysis	404	1,220	636	2,260
553	**1,719**	**(1,020)**	**1,252**	**Difference between General Fund (Surplus)/Deficit and Comprehensive Income and Expenditure Statement**	**1,995**	**1,136**	**(68)**	**3,063**

Adjustments for Capital Purposes
Adjustments to General Fund Balances to meet the requirement of generally accepted accounting practices

Within Cost of Services

- adds in depreciation and impairment on Assets used by the service, and
- adjusts for any revaluation gains and losses on those Assets

Within Other Income and Expenditure

- Adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- 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.
- 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

Within Cost of Services

- 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.

Within Other Income and Expenditure

- Records the net interest on the defined benefit liability charged to the CIES.

Adjustments for Other Differences
Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute

Within Cost of Services

- Statutory adjustment for a financial instrument relating to a decision to issue a soft loan (below market rates)
- Accounting for the employee accumulated absence liability

Within Other Income and Expenditure

- Adjustments to the General Fund for the timing differences for premiums and discounts.
- 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.

1c. Expenditure and Income Analysed by Nature

This represents a subjective analysis of the Surplus/Deficit on the Provision of Services as reported in the CIES.

	2018/19 £000	2019/20 £000
Employee expenses	14,315	14,027
Other service expenses	34,834	30,132
Depreciation, amortisation and impairment	697	4,295
Interest Payments	2,714	2,618
Precepts & Levies	580	600
Payments to Housing Capital Receipts Pool	432	1,074
Derecognition and Disposal Value of Fixed Assets	6,975	3,972
Total Expenditure	**60,547**	**56,718**
Fees, charges & other service income	(25,407)	(23,146)
Income from Council Tax	(6,285)	(6,499)
Income from Business Rates	(2,732)	(1,949)
Interest and Investment Income	(152)	(194)
Government grants and contributions	(22,279)	(20,533)
Capital Grants and Contributions	(546)	(624)
Capital Receipts	(1,844)	(2,734)
Total Income	**(59,245)**	**(55,679)**
(Surplus) or Deficit on the Provision of Services	**1,302**	**1,039**

1d. Segmental Analysis

This table shows which services generated the Fees, Charges and Other Income reported at 1c.

2018/19 Restated £000	Fees, Charges and Other Income	2019/20 £000
(1)	Alliance Management	(1)
(204)	ICT	(204)
(1)	Human Resources	(1)
(50)	Member Services	(50)
(1,561)	Property Services	(1,475)
(308)	Benefits	(169)
(436)	Planning Applications	(522)
(39)	Building Control	(40)
(45)	Customer Services	(52)
(16)	Legal Services	(30)
(2)	Electoral Services	(2)
(346)	Licensing and Land Charges	(329)
(103)	Regeneration	(61)
0	Communities and Cultural	(15)
(563)	Housing Strategy	(647)
(8)	Community Safety and Enforcement	(8)
(346)	Finance and Procurement	(161)
(1,218)	Corporate Finance	(1,021)
(1,680)	Waste	(1,650)
(360)	Street Scene	(257)
(2,066)	Leisure Services	(41)
(1,061)	Horticulture	(1,179)
(105)	Environmental Health	(111)
(14,888)	Local Authority Housing (Housing Revenue Account)	(15,120)
(25,407)	**Total Income Analysed on a Segmental Basis**	**(23,146)**

2. Net Cost of Services

The following transactions, included in the Cost of Services in the Comprehensive Income & Expenditure Statement, are considered in more detail:

a. Trading Operations
b. Member Allowances
c. Officer Remuneration
d. Related Party Transactions
e. Audit Costs
f. Interests in Companies & other entities and Joint Arrangements

2a. Trading Operations

The Council operates the following trading accounts and their financial performance is shown in the table below.

		2018/19		2019/20	
Trade Waste		**£000**	**£000**	**£000**	**£000**
The provision of commercial waste collection service	Turnover	(734)		(731)	
	Expenditure	473		566	
	Net Deficit/ (Surplus)		(261)		(165)
Markets					
The overriding objective of the Market service is to support the local economy and attract tourism	Turnover	(99)		(63)	
	Expenditure	94		72	
	Net Deficit/ (Surplus)		(5)		9
Pavilion Gardens *					
Includes café, bar, restaurant, and events provision. The overriding objective is to support the local economy and attract tourism	Turnover	(995)		0	
	Expenditure	1,380		0	
	Net Deficit/ (Surplus)		385		0

*Pavilion Gardens was operational at the Council until 31st January 2019, on 1st February 2019 it was transferred to Parkwood Leisure

2b. Members' Allowances

The Council paid the following amounts to members of the Council during the year

	2018/19 £	2019/20 £
Allowances	170,548	183,367
Expenses	12,072	5,819
Total	**182,620**	**189,186**

2c. *Officer Remuneration*

Under the management arrangements for the Alliance, costs and responsibilities for senior posts are shared between High Peak Borough Council and Staffordshire Moorlands District Council based on the proportion of time allocated to the two Authorities, including Housing Revenue Account responsibilities at High Peak. In line with the Regulations, the remuneration of these officers is included in the disclosure within the Statement of Accounts of the Authority by whom they are employed and paid.

Senior Officers with salary between £50,000 and £150,000 during 2019/20:

2019/20	Salary, Fees and Allowances	Expenses Allowances	Total (excl Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to SMDC	Net Charge to HPBC
	£	£	£	£	£	£	£
Executive Director *	76,699	803	77,502	9,439	86,941	39,123	47,818
Organisational Development & Transformation Manager	59,184	963	60,147	7,339	67,486	26,994	40,492
Legal & Electoral Services Manager	59,184	963	60,147	7,339	67,486	26,994	40,492
Asset Manager	52,246	963	53,209	6,478	59,687	19,697	39,990
Regeneration Manager	54,600	963	55,563	6,770	62,333	31,167	31,166
Operational Manager - Planning & Building Control	59,184	963	60,147	7,339	67,486	33,743	33,743
Operational Manager - Housing & Benefits	59,184	963	60,147	7,339	67,486	13,497	53,989
Operational Manager - Customer Services	59,184	963	60,147	7,339	67,486	30,369	37,117
	479,465	**7,544**	**487,009**	**59,382**	**546,391**	**221,584**	**324,807**

**Left December 2019*

As can be seen from the table above, there is a recharge to Staffordshire Moorlands DC of £221,584 for the posts paid by High Peak BC. However, as the Joint Chief Executive and a number of Directors and Senior Officers are employed and paid by Staffordshire Moorlands DC, there is a recharge back to High Peak BC of £586,113 as detailed in the following table.

2019/20	Salary, Fees and Allowances	Expenses Allowances	Total (excl Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to HPBC	Net Charge to SMDC
	£	£	£	£	£	£	£
Senior Officer with Salary over £150,000							
Chief Executive Officer - S Baker *	153,975	38,043	192,018	25,854	217,872	127,089	90,783
Senior Officers with Salary over £50,000 to £150,000							
Executive Director & Chief Financial Officer	127,720	10,107	137,827	21,202	159,029	95,417	63,612
Executive Director & Monitoring Officer	122,075	4,460	126,535	20,264	146,799	88,080	58,719
Assistant Chief Executive**	65,235	883	66,118	10,829	76,947	53,863	23,084
Audit Services Manager	59,184	5,470	64,654	9,825	74,479	44,687	29,792
Democratic & Community Services Manager	59,184	963	60,147	9,825	69,972	34,986	34,986
Finance & Procurement Manager	63,767	963	64,730	10,585	75,315	37,658	37,657
Operations Manager Environmental Services (Regulatory)	59,184	6,054	65,238	9,825	75,063	37,531	37,532
Operations Manager Contract Management	59,184	963	60,147	9,825	69,972	38,484	31,488
Operations Manager Direct Services	59,891	963	60,854	9,943	70,797	28,318	42,479
	829,399	**68,869**	**898,268**	**137,977**	**1,036,245**	**586,113**	**450,132**

** Left March 2020*
*** Left March 2020*

2018/19 Comparatives

Senior Officers with salary between £50,000 and £150,000 during 2018/19:

2018/19	Salary, Fees and Allowances	Expenses Allowances	Total (excl Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to SMDC	Net Charge to HPBC
	£	£	£	£	£	£	£
Executive Director	99,497	963	100,460	12,338	112,798	50,759	62,039
Organisational Development & Transformation Manager	55,775	963	56,738	6,916	63,654	25,462	38,192
Legal & Electoral Services Manager	55,775	963	56,738	6,916	63,654	25,462	38,192
Visitor Services Manager	52,962	883	53,845	4,023	57,868	23,147	34,721
Asset Manager*	19,988	401	20,389	2,479	22,868	7,546	15,322
Operational Manager - Planning & Building Control	58,024	963	58,987	7,195	66,182	33,091	33,091
Operational Manager - Housing & Benefits	55,775	963	56,738	6,916	63,654	12,731	50,923
Operational Manager - Customer Services	58,024	963	58,987	7,195	66,182	29,782	36,400
	455,820	**7,062**	**462,882**	**53,978**	**516,860**	**207,980**	**308,880**

**Left July 2018*

Recharge from Staffordshire Moorlands D.C:

2018/19	Salary, Fees and Allowances	Expenses Allowances	Total (excl Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to HPBC	Net Charge to SMDC
	£	£	£	£	£	£	£
Senior Officer with Salary over £150,000							
Chief Executive Officer - S Baker	164,166	13,749	177,915	27,252	205,167	121,733	83,434
Senior Officers with Salary over £50,000 to £150,000							
Executive Director & Chief Financial Officer	126,357	8,910	135,267	20,975	156,242	93,745	62,497
Executive Director & Monitoring Officer	120,353	2,896	123,249	19,979	143,228	85,937	57,291
Head of Customer Services	69,771	963	70,734	11,582	82,316	57,621	24,695
Head of Operational Services*	258,231	963	259,194	8,784	267,978	160,787	107,191
Audit Services Manager	58,024	5,008	63,032	9,632	72,664	43,598	29,066
Democratic & Community Services Manager	58,024	963	58,987	9,632	68,619	34,310	34,309
Finance & Procurement Manager	58,706	963	59,669	9,745	69,414	34,707	34,707
Regeneration Manager**	15,754	321	16,075	2,615	18,690	9,345	9,345
Operations Manager Environmental Services (Regulatory)	58,257	6,181	64,438	9,671	74,109	37,055	37,054
Operations Manager Contract Management	58,024	963	58,987	9,632	68,619	37,740	30,879
Operations Manager Direct Services	58,024	963	58,987	9,632	68,619	27,448	41,171
	1,103,691	**42,843**	**1,146,534**	**149,131**	**1,295,665**	**744,026**	**551,639**

** Left December 2018*
*** Left July 2018*

Termination benefits paid to the Authority's non-senior employees

The Authority, in conjunction with Staffordshire Moorlands DC, entered into a joint Voluntary Redundancy process during 2010/11, whereby the contracts of a number of employees were approved for termination. As with 2018/19, no new departures of shared employees were approved in 2019/20. This is reflected in the table below:

Exit package cost band (including special payments)	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 £000	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0-£20,000	0	0	0	0	0	0	0	0
£20,001 - £40,000	0	0	0	0	0	0	13	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**13**	**0**

No shared employees left High Peak in 2019/20; consequently, no recharge of cost has been made to Staffordshire Moorlands DC.

Similarly, no recharge has been made by Staffordshire Moorlands DC for shared employees as no such departures have taken place in 2019/20. High Peak BC remains liable for £161,565 in future pension fund costs associated with previous departures.

2d. Related Party Transactions

The Council 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 Council.

Related Parties:

Central Government - has effective control over general operations of the Council. It provides the statutory framework, provides the majority of funding and prescribes the terms of many transactions with other parties (such as housing benefit).

Local Authorities – such as Derbyshire County Council, Derbyshire Fire Authority, the Office of the Police & Crime Commissioner - Derbyshire, and local Town and Parish Councils issue precepts on the Council which are shown in the Collection Fund. The County administers the Authority's pension fund. There are other transactions with these authorities involving service provision and funding.

Subsidiary, associated companies or joint ventures:
– The Strategic Alliance with Staffordshire Moorlands District Council involves development of joint working at all levels including shared resources and staff. The two Authorities however retain their political and financial independence and accountability.
– The Strategic Alliance has joined with Ansa, which is a wholly owned subsidiary of Cheshire East Council, to create a joint operation called Alliance Environmental Services (AES) to deliver waste, street cleansing and grounds maintenance services in the High Peak and Staffordshire Moorlands areas. As a joint operation AES transactions and balances are fully consolidated into these Statements.
Section 2f gives further detail about the Alliance and AES.

Members - have direct control over the Council's financial and operating policies. The Council also nominates Members to sit on outside bodies. Several Council Members are also Members of Derbyshire County Council, local parish councils, or various local voluntary organisations, which the Council supports financially such as High Peak Theatre Trust.
Four charitable organisations, where Members have declared an interest, received Authority funding that could be considered a material proportion of their total turnover;

Charity	Funding £000
High Peak Citizens Advice Bureau	25
High Peak Theatre Trust	54
Crossroads Derbyshire	22
Glossop & District Volunteer Centre	5

Council members make disclosures of relevant interests to the Council's Monitoring Officer, and also have to make declarations on individual committee decisions. The Register of Member Interests is open to public inspection, subject to prior notice, at The Glossop One Stop Shop at the Municipal Buildings, Glossop.

Officers – have scope, in some circumstances, to influence Authority policy. The Interim Chief Executive Officer maintains a record of officer interests, which together with the Authority's standards and procedures, acts as a guard against undue influence.

Related Party Transactions:
Material transactions with Central and other Local Government organisations are separately reported throughout the Statements, including the analyses of precepts, grants and pension contributions. There are no material transactions or evidence suggesting undue influence in relation to Members or Officers.

2e. *External Audit Costs*

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

	2018/19 £000	2019/20 £000
Fees payable to the appointed auditors for external audit services carried out for the year	37	44
Fees payable to the external auditor for the certification of grants claims and returns for the year	12	12
Fees payable in respect of other services provided by the external auditors during the year	11	11
Total	**60**	**67**

2f. *Interests in companies & other entities and Joint Arrangements*

The Council actively pursues working in partnership with other organisations where this can improve efficiency and effectiveness in achieving key priorities. Some of the more significant joint arrangements are detailed below:

Staffordshire Moorlands District Council - Strategic Alliance

On 11th June 2008, the strategic Alliance between High Peak Borough Council and Staffordshire Moorlands District Council was formally sealed at a signing ceremony in the presence of both Council leaders. The aim of the Alliance is not only to produce savings through joint procurement and working, but to draw on the expertise of both Authorities to improve service provision.

Any costs and savings, incurred and accruing in an accounting period, are accounted for by the relevant Authority. The Alliance related expenditure of HPBC amounted to £2,740,025 in 2019/20 (£3,539,159 in 2018/19). The corresponding income received from SMDC was £3,043,300 in 2019/20 (£3,022,712 in 2018/19).

	Paid by HPBC to SMDC £000	Paid by SMDC to HPBC £000
Contribution to Employee Costs	2,102	2,337
Contribution to Other Costs	941	403
Total	**3,043**	**2,740**

Alliance Environmental Services Ltd - (Registered company number 10760856)

Alliance Environmental Services Ltd (AES) is a company created with a vision to deliver waste, street cleansing and grounds maintenance services in the High Peak and Staffordshire Moorlands areas. The company has three shareholders: High Peak Borough Council, Staffordshire Moorlands District Council and Ansa, which is a wholly owned subsidiary of Cheshire East Council.

The company was incorporated under the Company Act 2006 on 9 May 2017 as a private company limited by shares. It has issued ordinary shares of £1.00 each in the volume of 150 to Ansa, 25 to High Peak Borough Council and 25 to Staffordshire Moorlands District Council. The registered office of the company is c/o Ansa Environmental Services Ltd, Brooks Lane, Middlewich, CW10 0JG.

Phase 1 of the transfer of services commenced on 7th August 2017 to deliver High Peak Borough Council Waste services. This followed the end of the previous contract with Veolia Environmental Services. Phase 2 commenced on 1st July 2018 to deliver waste services to Staffordshire Moorlands District Council and fleet management services to the Alliance as a whole.

The relationship between the shareholders has been assessed to establish the nature of the collaborative activity and how this should be presented in the Council's financial statements. There is a signed shareholders' agreement between all three parties setting out terms and conditions on which all parties have agreed to participate in the company and the rights and obligations of each of them as its members, thus the collaborative activity constitutes an arrangement. Furthermore, specific clauses in the agreement confirm that unanimous consent is implicit in the agreement, therefore the authority has joint control of the arrangement.

The agreement indicates that the authority has rights to the assets and obligations for the liabilities of the company, rather than rights to net assets, therefore the arrangement is classified as a Joint Operation. A joint operation does not require separate group accounts, instead the authority's share of the balances, income and expenditure and cash flows of the company are consolidated line by line into the authority's own Comprehensive Income and Expenditure Statement, Cash Flow Statement and Balance Sheet. This consolidation has the effect of analysing the elements of the management fee paid to AES for service delivery between employees, transport, supplies & services and 3rd party income and brings in the surplus achieved on the company's profit and loss showing the overall cost of the service.

The company has reported a profit at the balance sheet date of £32,000, which is held on the company's balance sheet in reserves. During the year AES has provided services in proportion of 47% to High Peak Borough Council and 53% to Staffordshire Moorlands District Council. These proportions are shown in the tables below and are consolidated into the respective Councils' financial statements.

2018/19	Council share of AES Income and Expenditure Statement	2019/20
£000		**£000**
(2,854)	Turnover	(3,769)
2,546	Cost of Sales	3,336
(308)	**Gross Profit**	**(433)**
261	Administrative Expenses	413
(47)	**Profit from Operating Activities**	**(20)**
4	Finance Costs	4
(8)	Corporation Tax Expense/ (refund)	0
(51)	**(Profit)/Loss for Year**	**(16)**

31 March 2019	AES Balance Sheet	31 March 2020
£'000		**£'000**
99	Non Current Assets	43
689	Current Assets	450
788	**TOTAL ASSETS**	**493**
(682)	Current Liabilities	(400)
(50)	Long Term Liabilities	(22)
(732)	**TOTAL LIABILITIES**	**(422)**
56	**TOTAL NET ASSETS**	**71**
	Capital and Reserves	
55	Retained Earnings	71
55	**TOTAL RESERVES**	**71**

3. Corporate Income and Expenditure

The following transactions, included in the Comprehensive Income & Expenditure Statement, are considered in more detail:

a. Other Operating Expenditure
b. Financing & Investment Income & Expenditure
c. Taxation and non-specific grant income
d. Grant income

3a. Other Operating Expenditure –

2018/19 £'000		2019/20 £'000
580	Parish Council Precepts	600
432	Payments to the Government Housing Capital Receipts Pool	1,074
(1,750)	Capital Receipts	(2,759)
6,975	Derecognition and Disposal Value of Fixed Assets	3,972
6,237	**Total**	**2,887**

3b. Financing and Investment Income and Expenditure –

2018/19 £'000		2019/20 £'000
2,714	Interest payable and similar charges	2,618
1,152	Pensions interest cost and expected return on pensions assets	1,220
(152)	Interest receivable and similar income	(194)
(94)	Changes in the fair value of Investment Properties	25
3,620	**Total**	**3,669**

3c. Taxation and Non-Specific Grant income –

2018/19 £'000		2019/20 £'000
(6,285)	Council Tax income	(6,499)
(2,527)	Business Rates Retention	(1,949)
(2,213)	Non ringfenced Government Grants	(2,216)
0	Capital Grants and Contributions	(90)
(11,025)	**Total**	**(10,754)**

3d. *Grant Income*

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

	2018/19 £000	2019/20 £000
Credited to Taxation and Non-specific Grant Income		
Revenue Support Grant	(205)	0
New Homes Bonus	(532)	(560)
Business Rates Grants	(1,476)	(1,656)
Total	**(2,213)**	**(2,216)**
Capital Grants		
Other Grants & Contributions	0	(90)
Total	**0**	**(90)**
Credited to Services		
Capital Grants		
Decent Homes/Private Sector & Disabled Facilities Grant	(501)	(489)
Second Homes Grant	(45)	(45)
Total	**(546)**	**(534)**
Housing Benefit Subsidy	(19,477)	(17,132)
New Burdens Grant	(348)	(309)
Other Third Party Funds	(432)	(877)
	(20,257)	**(18,318)**
Total	**(20,803)**	**(18,852)**

4. Retirement Benefits

The impact of accounting for retirement benefits on the Council's Statement of Accounts is considered in the following sections;

a. Participation in Pension Schemes
b. Transactions relating to retirement benefits
c. Assets and Liabilities in relation to retirement benefits
d. Scheme history
e. Basis for estimating assets and liabilities
f. Sensitivity to changes in actuarial assumptions
g. Impact of the McCloud judgment and guaranteed minimum pension (GMP) equalisation

4a. Participation in Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlements. Employees of High Peak Borough Council are admitted to the Derbyshire County Council Pension Fund, which is administered by Derbyshire County Council under the Regulations governing the Local Government Pension Scheme (LGPS). Decisions relating to the administration of the Fund are delegated to the Pensions Committee, a body made up of elected members. Further information can be found in the Pension Fund section of the County Council's website (www.derbyshire.gov.uk)

The LGPS is a funded as well as a Defined Benefit Scheme. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The employer contribution rates are set by Hymans Robertson LLP, the Pension Fund's professionally qualified and independent actuary, and are based on triennial valuations of the Fund. The Fund underwent a valuation as at 31st March 2019 which set the required employer contribution rates for the three years commencing 1st April 2020. As the Fund is effectively underwritten by the employers, any deterioration in performance can have serious long term financial consequences for the Council. Steps have been taken nationally to mitigate this risk to the local taxpayer, by reforming the LGPS and introducing a greater element of future cost sharing between the scheme employers and the scheme beneficiaries. A legal challenge to these reforms is currently on-going (see section 4g below).

4b. Transactions Relating to Post-Retirement Benefits

The Council recognises the cost of retirement benefits 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 we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Local Government Pension Scheme	£000 2018/19	£000 2019/20
Cost of Services:		
Current service cost	(2,797)	(2,995)
Past service costs (incl curtailments)	(578)	0
Effects of Settlements	0	282
Net Interest		
Interest cost on defined benefit obligation	(3,373)	(3,362)
Interest income on plan assets	2,221	2,142
Total post employment benefit charged to the Surplus or Deficit on the Provision of Services	**(4,527)**	**(3,933)**
Remeasurements of the net defined benefit comprising:		
Changes in demographic assumptions	0	4,724
Changes in financial assumptions	(7,781)	10,144
Other experience	(34)	8,800
Return on assets excluding amounts included in net interest	2,631	(4,957)
Total post employment benefit charged to the Comprehensive Income & Expenditure Statement	**(9,711)**	**14,778**
Movement in Reserve Statement:		
• reversal of net charges made to the surplus or deficit for the Provision of Services for post-employment benefits in accordance with the Code	4,527	(3,933)
Actual amount charged against the General Fund Balance for pensions in the year:		
• employers contributions payable to scheme	**2,823**	**2,787**

The Comprehensive Income & Expenditure Statement shows the net cost of the defined pension benefit liability as being £18,701,000. This figure takes into account the actual payments made to the Fund during the year. This differs from the Pension disclosures in note 4, which include the estimated employer pension contributions used by the actuary in preparing the IAS19 report. The table below reconciles this difference and provides further detail:

Difference on remeasurement of net defined benefit liability compared with CIES	**2019/20 £000**	**£000**
CIES Remeasurement of net defined benefit liability		(18,701)
Pensions - Total post employment benefit charged to services (above)	3,933	
Pensions - Total post employment benefit charged to CIES (above)	14,778	
		18,711
Difference on CIES compared with Note 5		**10**
Employer Contributions to Fund:		
Actuarial estimate for IAS19 purposes	2,787	
Actual contributions accounted for in 2019/20	2,797	
Difference on Estimation		**(10)**

4c. Assets and Liabilities in Relation to Retirement Benefits

The pension liability reported on the Balance Sheet shows the Council's projected liability on its share of the Derbyshire Pension Fund. This represents the underlying commitment to pay retirement benefits in the long run. It is actually a net figure comprising the following overall assets and liabilities for the Council's share of the Scheme.

High Peak Borough Council share of Pension Fund assets and liabilities:

Year Ended	**31-Mar-19 £'000**	**31-Mar-20 £'000**
Estimated Liabilities in the Scheme	(141,161)	(119,427)
Estimated Assets in the Scheme	90,187	86,018
Net Asset / (Liability) arising from Defined Benefit Obligation	**(50,974)**	**(33,409)**

The £17.56 million decrease in the net liability between years in part reflects the outcome of the 2019 formal Fund Valuation. This improvement is mainly as a result of a higher discount rate used to forecast future asset and obligation values as well as a change in demographic assumptions. The impacts of the McCloud judgement and GMP equalisations referred to in 4g below are also reflected in the valuation. The relative movement in individual asset and liability valuations are set out in the following two tables.

Reconciliation of Liabilities (Obligations):

Year Ended	**31-Mar-19 £'000**	**31-Mar-20 £'000**
Opening Defined Benefit Obligation	**129,678**	**141,161**
Current service cost	2,797	2,995
Interest cost on defined benefit obligation	3,373	3,362
Plan participants' contributions	451	428
Changes in demograpic assumptions	0	(4,724)
Changes in financial assumptions	7,781	(10,144)
Other experience	34	(8,800)
Unfunded benefits paid	(122)	(105)
Benefits paid	(3,409)	(3,775)
Past service cost (incl curtailments)	578	(971)
Closing Balance at 31 March	**141,161**	**119,427**

Reconciliation of Fair Value of Employer Assets:

Year Ended	**31-Mar-19 £'000**	**31-Mar-20 £'000**
Opening Fair Value of Scheme Assets	**85,592**	**90,187**
Interest on plan assets	2,221	2,142
Plan participants' contributions	451	428
Contributions by the employer	2,701	2,682
Contributions in respect of unfunded benefits	122	105
Return on assets (excl amounts included in net interest)	2,631	(4,957)
Unfunded benefits paid	(122)	(105)
Benefits paid	(3,409)	(3,775)
Settlements	0	(689)
Closing balance at 31 March	**90,187**	**86,018**

The profile of the scheme's liabilities is summarised in the table below:

Profile of Liabilities	Liability split 31.3.2020
Active members	29.20%
Deferred members	24.80%
Pensioner members	46.00%
Total	**100.00%**

4d. Scheme History

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Present Value of Liabilities:					
Estimated Liabilities in the Scheme	(104,704)	(125,402)	(129,678)	(141,161)	(119,427)
Estimated Assets in the Scheme	66,802	79,810	85,592	90,187	86,018
Surplus / (Deficit)	**(37,902)**	**(45,592)**	**(44,086)**	**(50,974)**	**(33,409)**

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £33.409 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, which now stands, after taking into account these pension costs, at an overall balance of £150.731 million.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit in the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

In the year ending 31 March 2021 contributions of £2,721,000 are expected to be made into the Fund

4e. Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about salary levels, mortality rates, etc.
The scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Their estimates for the County Council Fund are based on the latest full valuation of the scheme as at 31st March 2019.

The principal assumptions used by the actuary have been:

Financial Assumptions

Financial Assumptions as at	31st March 2019 (% per annum)	31st March 2020 (% per annum)
Salary Increase Rate	3.00%	2.60%
Pension Increase Rate	2.50%	1.90%
Discount Rate	2.40%	2.30%

Mortality Assumptions

	31st March 2019		31st March 2020	
Longevity beyond age 65	Males	Females	Males	Females
Current Pensioners	21.9 Years	24.4 Years	21.6 Years	23.7 Years
Future Pensioners	23.9 Years	26.5 Years	22.6 Years	25.1 Years

Commutation Assumptions

An allowance is included for 50% (50% in 2018/19) of future retirements to elect to take additional tax-free cash up to HMRC limits and 75% of the maximum tax-free cash for post- April 2008 service.

The Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

Asset category	31st March 2019		31st March 2020	
	Fund Value £'000	Asset Distribution %	Fund Value £'000	Asset Distribution %
Equity Securities				
Consumer	5,479	6	2,345	3
Manufacturing	5,692	6	1,342	2
Energy & Utilities	3,987	4	630	1
Financial Instruments	4,392	5	947	1
Health & Care	2,857	3	1,354	2
Information Technology	2,154	2	2,015	2
Other	9,639	11	7,131	8
Debt Securities				
Corporate Bonds (investment grade)*	9,512	11	10,885	13
UK Government	8,402	9	8,546	10
Other	1,756	2	2,152	3
Private Equity				
All	1,257	1	2,869	3
All*	1,205	1		
Real Estate				
UK Property*	7,194	8	7,560	9
Investment Funds and Unit Trusts				
Equities	15,886	18	26,385	30
Infrastructure	1,422	2	6,374	7
Infrastructure *	2,189	3	0	
Cash and Cash Equivalents				
All	7,164	8	5,483	6
Total	**90,187**	**100**	**86,018**	**100**

* denotes asset prices not quoted in an active market

4f. Sensitivity to Changes in Actuarial Assumptions

The assumptions made by the actuary are subject to change between valuation dates as a result of variations in such factors as longevity, investment return and inflation. The table below illustrates the sensitivity to such changes and the consequent impact on the employer liability:

Sensitivity Analysis -change in assumptions at 31/3/2020	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	9.00%	10,511
0.5% increase in the Salary Increase Rate	1.00%	962
0.5% Increase in the Pension Increase Rate	8.00%	9,462

4g. Impact of McCloud Judgment and Guaranteed Minimum Pension Equalisation

The McCloud judgement relates to a legal challenge by members of the New Judicial Pension Scheme against the age-based transitional provisions put into place when new pension arrangements were introduced in 2015. The members argued that these transitional provisions were directly discriminatory on grounds of age and indirectly discriminatory on grounds of sex and race, based on the correlation between these two factors reflected in the judicial membership. A Tribunal ruled against the Government, deeming that the transitional provisions were not a proportionate means of achieving a legitimate aim. Leave to appeal this ruling to the Supreme Court was denied in late June 2019 and the implications of this ruling are now expected to apply to the LGPS. Benefits accrued from 2014 may need to be enhanced to extend the transitional underpin arrangements to all members. The Actuary has reflected the estimated costs of this in the IAS19 report, on which the pension aspects of these statements are prepared. The McCloud Judgement impacts for High Peak BC were incorporated into the 2018/19 valuation and remain in place in 2019/20 whilst the case progresses. The amount originally included in the figures above was a £360,000 (0.3%) adjustment to total liabilities. This was subsequently revised downwards to £133,000 following recent Government announcements in respect of the McCloud remedy.

Guaranteed minimum pension (GMP) was accrued by members of the LGPS between 6 April 1978 and 5 April 1997. The introduction of the new Single State Pension in April 2016 brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits. The responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes with the effect of increasing costs for LGPS employers. In 2018/19 The actuary estimated the impact on High Peak BC as being a £220,000 (0.2%) increase to total liabilities. This remains the case and is included in the figures above

5. 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.

2019/20	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repair Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation - GF	(2,506)	0	0	0	0	2,506
Charges for depreciation - HRA	0	(2,171)	0	0	0	2,171
Impairment / Revaluation losses charged to CIES	(715)	(1,189)	0	0	0	1,904
Impairment Written Back - Revaluation Gain	100	1,725	0	0	0	(1,825)
Movements in the fair value of Investment Properties	(25)	0	0	0	0	25
Amortisation of intangible assets	(5)	0	0	0	0	5
Capital Grants and contributions applied to capital	367	0	0	0	0	(367)
Revenue expenditure funded from capital under statute	(316)	0	0	0	0	316
Amounts of non-current assets written off on disposal or sale	(207)	(1,608)	0	0	0	1,815
Derecognition of non-current assets written off on disposal or sale	(162)	(1,995)	0	0	0	2,157
Transfer to MRR	0	2,171	0	(2,171)	0	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	0	2,099	0	(2,099)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	782	0	0	0	0	(782)
Voluntary provision for the financing of capital investment	0	1,000	0	0	0	(1,000)
Capital Grants and contributions unapplied credited to the CIES						0
Employers Contribution to pension schemes	3,067	(270)	0	0	0	(2,797)
Adjustments primarily involving the Capital Grants unapplied Account						
Applications of grants to capital financing from the Capital Grant Unapplied Account	0	0	0	0	8	(8)
Capital Expenditure from the unapplied capital grants account	257	0	0	0	(257)	0
Use of Earmarked Capital Reserve to fund capital expenditure	500	389	0	0	0	(889)
Adjustments primarily involving the Capital Receipts Reserve						
Transfers of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	648	2,149	(2,797)	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	1,055	0	0	(1,055)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current assets disposals	0	(39)	39	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(1,073)	0	1,073	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.						0
Adjustments primarily involving the Financial Instruments Adjustment						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	59	0	0	0	0	(59)
Adjustments primarily involving the Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the CIES	(3,933)	0	0	0	0	3,933
Adjustments primarily involving the Collection Fund						
Amount by which council tax income credited to the CIES is different from council tax and business rates income calculated for the year in accordance with statutory requirements	(20)	0	0	0	0	20
Adjustments primarily involving the Accumulated Absence Account						
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	29	0	0	0	0	(29)
Total Adjustments	**(3,153)**	**162**	**(630)**	**(72)**	**(249)**	**3,942**

2018/19 Comparative Figures	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repair Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation - GF	(2,087)	0	0	0	0	2,087
Charges for depreciation - HRA	0	(2,062)	0	0	0	2,062
Impairment / Revaluation losses charged to CIES	0	(465)	0	0	0	465
Impairment Written Back - Revaluation Gain	29	3,568	0	0	0	(3,597)
Movements in the fair value of Investment Properties	94	0	0	0	0	(94)
Amortisation of intangible assets	(5)	0	0	0	0	5
Capital Grants and contributions applied to capital	279	0	0	0	0	(279)
Revenue expenditure funded from capital under statute	(449)	0	0	0	0	449
Amounts of non-current assets written off on disposal or sale	(320)	(1,094)	0	0	0	1,414
Derecognition of non-current assets written off on disposal or sale	(2,844)	(2,717)	0	0	0	5,561
Transfer to MRR	0	2,062	0	(2,062)	0	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	0	2,062	0	(2,062)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	775	0	0	0	0	(775)
Voluntary provision for the financing of capital investment	0	1,000	0	0	0	(1,000)
Capital Grants and Contributions unapplied to the CIES	0	0	0	0	0	0
Employers Contribution to pension schemes	3,004	(197)	0	0	0	(2,807)
Adjustments primarily involving the Capital Grants unapplied Account						
Application of grants to capital financing, transferred to Capital Adjustment Account	0	0	0	0	6	(6)
Capital Expenditure from the unapplied capital grants account	267	0	0	0	(267)	0
Use of Earmarked Capital Reserve to fund capital expenditure	1,090	1,009	0	0	0	(2,099)
Adjustments primarily involving the Capital Receipts Reserve						
Transfers of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	460	1,317	(1,777)	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	555	0	0	(555)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current assets disposals	0	(27)	27	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(432)	0	432	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	0	0	(1)	0	0	1
Adjustments primarily involving the Financial Instruments Adjustment						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	46	13	0	0	0	(59)
Adjustments primarily involving the Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the CIES	(4,527)	0	0	0	0	4,527
Adjustments primarily involving the Collection Fund						
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	957	0	0	0	0	(957)
Adjustments primarily involving the Accumulated Absence Account						
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	4	0	0	0	0	(4)
Total Adjustments	**(3,659)**	**2,407**	**(764)**	**0**	**(261)**	**2,277**

6. Capital

This note is broken down into a number of sections covering:

a. Property, Plant & Equipment
b. Investment Properties
c. Assets Held for Sale
d. Valuation information
e. Capital expenditure & financing
f. Information on assets held
g. Commitments on capital contracts
h. Assets Held under Leases–Authority as Lessee
i. Assets Held for Leases – Authority as Lessor

6a. Property, Plant & Equipment

The table below analyses capital expenditure, disposals, revaluations and depreciation charged on the property, plant and equipment assets of the Council.

Movements in 2019/20	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation								
At April 2019	**171,209**	**49,211**	**4,763**	**98**	**2,337**	**5,651**	**3,724**	**236,993**
Additions	2,453	107	2,895	225	23	0	1,056	**6,759**
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	5,272	(1,296)	0	0	0	372	0	**4,348**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,455)	(1,212)	0	0	0	16	0	**(2,651)**
Derecognition - Disposals	(1,627)	0	(4)	0	0	(123)	0	**(1,754)**
Derecognition - Other	(1,995)	(161)	0	0	0	0	0	**(2,156)**
Other movements in Cost or Valuation	0	61	(54)	605	2	0	(664)	**(50)**
At 31 March 2020	**173,857**	**46,710**	**7,600**	**928**	**2,362**	**5,916**	**4,116**	**241,489**
Accumulated Depreciation & Impairment								
At April 2019	**0**	**(716)**	**(2,343)**	**0**	**(7)**	**0**	**0**	**(3,066)**
Depreciation Charge	(2,012)	(2,070)	(594)	0	0	(1)	0	**(4,677)**
Depreciation written out to the Revaluation Reserve	0	1,448	0	0	0	1	0	**1,449**
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,993	581	0	0	0	0	0	**2,574**
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	**0**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	19	0	0	0	0	0	0	**19**
Derecognition - Other	0	0	2	0	0	0	0	**2**
Other movements in Depreciation & Impairment	0	0	0	0	0	0	0	**0**
At 31 March 2020	**0**	**(757)**	**(2,935)**	**0**	**(7)**	**0**	**0**	**(3,699)**
Net Book Value								
at 31st March 2020	**173,857**	**45,953**	**4,665**	**928**	**2,355**	**5,916**	**4,116**	**237,790**
at 31st March 2019	**171,209**	**48,495**	**2,420**	**98**	**2,330**	**5,651**	**3,724**	**233,927**

**The Council's external Valuation Officer has applied Modern Equivalent Asset principles to the process of DRC valuations; contributing to an in year reduction in the value of land and buildings. The authority considers this is a reasonable approach as it acknowledges that the valuation of an asset should not only reflect its form and function but also its location. For a number of the authority's assets cheaper alternative locations would exist for any replacement and this has been reflected in their valuations.*

The Property, Plant & Equipment 2018/19 comparative figures are illustrated below:-

Movements in 2018/19	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation								
At April 2018	**167,101**	**44,712**	**3,729**	**98**	**2,259**	**5,416**	**5,146**	**228,461**
Additions	3,182	1,700	1,029	0	13	0	855	6,779
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	3,597	3,455	0	0	0	600	0	7,652
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1,153	(70)	0	0	0	0	0	1,083
Derecognition - Disposals	(1,107)	(320)	(69)	0	0	0	0	(1,496)
Derecognition - Other*	(2,717)	(2,843)	(22)	0	0	0	0	(5,582)
Other movements in Cost or Valuation	0	2,577	96	0	65	(365)	(2,277)	96
At 31 March 2019	**171,209**	**49,211**	**4,763**	**98**	**2,337**	**5,651**	**3,724**	**236,993**
Accumulated Depreciation & Impairment								
At April 2018	**0**	**(592)**	**(2,103)**	**0**	**(7)**	**0**	**0**	**(2,702)**
Depreciation Charge	(1,963)	(1,856)	(330)	0	0	0	0	**(4,149)**
Depreciation written out to the Revaluation Reserve	0	1,633	0	0	0	0	0	**1,633**
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,950	99	0	0	0	0	0	**2,049**
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	**0**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	13	0	69	0	0	0	0	**82**
Derecognition - Other	0	0	21	0	0	0	0	**21**
Other movements in Depreciation & Impairment	0	0	0	0	0	0	0	**0**
At 31 March 2019	**0**	**(716)**	**(2,343)**	**0**	**(7)**	**0**	**0**	**(3,066)**
Net Book Value								
at 31st March 2019	**171,209**	**48,495**	**2,420**	**98**	**2,330**	**5,651**	**3,724**	**233,927**
at 31st March 2018	**167,101**	**44,120**	**1,626**	**98**	**2,252**	**5,416**	**5,146**	**225,759**

Depreciation

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

- Council Dwellings - 50 to 70 years
- Buildings - Up to 50 years
- Vehicles, Plant, Furniture & Equipment - 3 to 15 years`

6b. Investment Properties

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

	2018/19 £000	2019/20 £000
Balance at start of the year	1,043	1,137
Disposals	0	(84)
Net gain /(loss) from fair value adjustments	94	(25)
Balance at end of year	**1,137**	**1,028**

Fair Value Hierarchy
All the Council's investment property portfolio has been assessed as Level 3 (unobservable inputs) for valuation purposes (see accounting policy 23 for an explanation of fair value levels). There were no transfers between levels 1, 2 and 3 during the year.

Valuation Techniques used to determine level 3 Fair Values for Investment Properties
The fair value of investment property has been measured using the Investment Method of Valuation. The valuers have used a desktop valuation relying on data sourced from the Council's property records. Valuations have taken account of the following factors: existing lease terms and rentals taken from the tenancy schedule, independent research into market evidence including Market rentals and yields, and then adjusted to reflect the nature of each business tenancy or void and the covenant strength for existing tenants.
There has been no change in the valuation techniques used during the year for investment properties. The table below sets out the basis for the level 3 unobservable inputs applied in the valuation process:-

Investment Properties	As at March 2020	Valuation Technique Used to Measure Fair Value	Unobservable Inputs	Range (weighted average used)	Sensitivity
	£'000s				
Land	289	Market & Income Approach	Adjusted market evidence of rental lettings and sales of similar properties and investment yields	Rental rate c.£25m2 - £370m2 and Yields of 5-20% for buildings and land value of £80k/ha -£200k?ha	Significant changes to the individual inputs in rental growth; vacancy levels and investment yields could affect the reported value.
Building	739				

Highest and best use of Investment Properties
In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is deemed to be their current use.

6c. Assets Held for Sale

The Council does not currently have any assets classified as 'assets held for sale'.

6d. Valuation Information

Under statute the Council carries out a rolling programme that ensures that all Property measured at current value or fair value as appropriate is revalued at least every five years. In addition to this requirement, the council now revalue all their high value assets annually; the total value of these assets in 2020 was £37.4m. The Council's de minimis policy excludes the requirement to formally revalue assets with a current carry value of below £10,000; however these assets are still subject to an internal desk top valuation. No changes were made to the value of this group of assets as a result of the internal review. All external valuations were carried out by Capita PLC, the Council's valuing agents. 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. The effective date of each revaluation was 31st March 2020.

The significant assumptions applied in estimating the valuations are:

- that good title can be shown and all valid planning permissions and statutory approvals are in place;
- that the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
- that an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- that the testing of electrical or other services would not reveal defects that would cause the valuation to alter; and
- that there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

The valuation report and annual assessment for “indications” of impairment have been undertaken by Brett Devenish MSc MRICS (Head of Property), Capita. There was no evidence of individual assets that had been impaired due to fire or other event consequently there was no requirement for an impairment review.

Following the adoption of IFRS 13, surplus assets assessment is now made at fair value, highest and best use at level 3 (under fair value hierarchy- see accounting policy 23 for fair value explanations). There were no transfers between levels 1, 2 and 3 during the year. In addition to the formal 5 year valuation these assets are individually reviewed by the valuer each year.

The table below sets out the basis for the level 3 unobservable inputs applied in the valuation process:-

Surplus Assets	As at March 2020	Valuation Technique Used to Measure Fair Value	Unobservable Inputs	Range (weighted average used)	Sensitivity
Land	5,904	Market & Income Approach	Adjusted market evidence of rental lettings and sale of similar properties and investment yields	Rental rate c.£25m2 - £370m2 and Yields of 5-20% for buildings and land value of £80k/ha - £200k?ha	Significant changes to the individual inputs in rental growth; vacancy levels and investment yields could affect the reported value.
Building	12				

Vehicles, plant, furniture and equipment are carried at depreciated historic cost as a proxy for current value.

The table below shows the profile of valuations supporting the Gross Book Value reported as at 31st March 2020

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Equipment £'000	Surplus Assets £'000	Community Assets £'000	Total £'000
Carried at Historic cost			7,600		2,360	**9,960**
Valued at Current Value as at:						
31st March 2020	173,857	41,998		5,916		**221,771**
31st March 2019		579				**579**
31st March 2018		501				**501**
31st March 2017		1,985				**1,985**
31st March 2016		1,644				**1,644**
Total Net Book Value	**173,857**	**46,707**	**7,600**	**5,916**	**2,360**	**236,440**

The value of the Authority's dwelling stock above is net of the nationally set vacant possession discount factor of 42% – see note 4 of the HRA supplementary statement (page 98).

6e. Capital Expenditure and Financing

The amount of capital expenditure incurred in the year was £7,254,000. Details are shown in the table below, 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) – this is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2018/19 £000	2019/20 £000
Opening Capital Financing Requirement	**79,305**	**79,897**
Capital Investment		
Property, Plant and Equipment	6,779	6,759
Intangible Assets	0	69
Revenue Expenditure Funded from Capital under Statute	449	316
Loan -Long Term Debtor	140	110
	7,368	**7,254**
Sources of Finance		
Capital Receipts	(555)	(1,055)
Government grant and other contributions	(285)	(375)
Sums set aside from revenue:		
Capital General Fund Reserves	(1,090)	(500)
Housing Revenue Balances	(3,071)	(2,488)
Minimum Revenue Provision	(1,775)	(1,782)
	(6,776)	**(6,200)**
Closing Capital Financing Requirement	**79,897**	**80,951**
Explanation of movements in year		
Increase in underlying need to borrow (supported by government financial assistance)	2,626	2,836
Finance Leases Repaid	(259)	0
Minimum Revenue Provision	(1,775)	(1,782)
Increase/ (Decrease) in Capital Financing Requirement	**592**	**1,054**
Net capital investment in year excluding finance leases added to Balance Sheet	*7,368*	*7,254*

Minimum Revenue Provision (MRP)

The Council is obliged to make an annual charge to revenue for unfinanced capital expenditure. The charge is known as Minimum Revenue Provision (MRP). The requirement is based on a simple duty for an authority to make an amount of MRP, which it considers to be "prudent". In 2019/20 the Council made MRP of £1,782,000
This is inclusive of £1m relating to housing debt liabilities taken on by the Council following the introduction in April 2012 of the new Self Financing regime.

6f. Information on Assets Held

The main assets held by the Council are:

Non Current Asset	31-Mar 2019 (Number)	31-Mar 2020 (Number)
Council Dwellings	3,943	3,913
HRA Garages	582	582
Sports Centres and Pools	4	4
Offices and Admin Buildings	3	3
Depots	6	5
Car Parks	24	24
Public Conveniences	22	22
Principal Parks	7	7
Recreation / Play Areas	29	29
Cemeteries	4	4
Industrial / Commercial Sites	8	7
Markets	5	5
Historic Buildings	4	4
	4,641	4,609

6g. Construction Contracts & Capital Commitments

At 31 March 2020, the Council has entered into contracts for the construction or enhancement of property, plant and equipment in 2020/21 and future years budgeted to cost £695,000. Similar commitments at 31 March 2019 were £nil. The major commitments are:

Scheme	Estimated Values £000	Period Investment will Take Place
Asset Management	430	2020/21 - 2021/22
Fleet Management	128	2020/21
ICT	87	2020/21
CCTV	50	2020/21

6h. Assets Held under Leases - Authority as the Lessee:

Operating Leases

The Authority holds land and property under operating leases; the rental paid against these leases amounted in 2019/20 to £0.0653m (£0.0997m in 2018/19).

The minimum lease payments under operating leases in future years are:

	31 March 2019 £000	31 March 2020 £000
Not later than one year	63	65
Later than one year and not later than five	225	215
Later than five years	1,032	979
	1,320	**1,259**

6i. Assets Held under Leases - Authority as the Lessor:

Operating Leases

The Authority leases out assets under operating leases, acting as a lessor of commercial property, shops and market stalls. Income from these sources in 2019/20 totalled £0.199m (£0.227m in 2018/19).

The future minimum lease payments receivable under operating leases in future years are:

	31 March 2019 £000	31 March 2020 £000
Not later than one year	101	95
Later than one year and not later than five years	323	323
Later than five years	3,772	3,817
	4,196	**4,235**

The minimum lease payments receivable are at current rental levels.

7. Cash and Cash Equivalents

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

	31 March 2019 £000	31 March 2020 £000
Cash held by the Council	2	2
Bank Current Accounts	1,443	1,997
Short-term deposits	7,274	8,004
Cash and Cash Equivalents Current Assets	**8,719**	**10,003**
Bank Overdraft	0	0
Cash and Cash Equivalents Current Liabilities	**0**	**0**
Total Cash and Cash Equivalents	**8,719**	**10,003**

8. Debtors

An analysis of the bodies and individuals owing money to the Council is as below:

	31 March 2019 £000	31 March 2020 £000
Central Government bodies	367	(928)
Other Local Authorities	425	960
Other entities and individuals	3,981	3,573
LESS Bad Debt Provisions	(1,060)	(1,133)
Total Short Term Debtors	**3,713**	**2,472**

9. Creditors

An analysis of the bodies and individuals to whom the Council owes money is as below:

	31 March 2019 £000	31 March 2020 £000
Central Government bodies	(1,076)	(2,877)
Other local authorities	(2,452)	(2,403)
Other entities and individuals	(3,599)	(4,172)
Total Short Term Creditors	**(7,127)**	**(9,452)**

10. Provisions

A Provision is made based on the best estimate of the potential liability arising from future backdated changes to NNDR rating list including appeals against rateable values lodged with the Valuation Office Agency.

NNDR Appeals Provision (Billing Authority Share)	**31-Mar-19 £'000**	**31-Mar-20 £'000**
Provision Brought Forward	(610)	(1,547)
Refunds charged to provision during the year	39	124
(Increase)/ decrease in provision	(976)	(311)
NNDR Appeals Provision Carried Forward	**(1,547)**	**(1,734)**

11. Usable Reserves

This note sets out the amounts included in Usable Reserves:

	Balance at 1 April 2018 £'000	Transfers out 2018/19 £'000	Transfers In 2018/19 £'000	Balance at 31 March 2019 £'000	Transfers out 2019/20 £'000	Transfers in 2019/20 £'000	Balance at 31 March 2020 £'000
General Fund Contingency Reserve	**3,273**	**(2,650)**	**1,382**	**2,005**	**(260)**	**1,096**	**2,841**
General Fund Earmarked Reserve:							
Capital Investment Reserve	774	(1,090)	816	500	(500)	100	100
Covid-19 Recovery	0	0	0	0	0	200	200
Business Grant Incentive - Crescent Contingency	1,000	0	0	1,000	(800)	0	200
Election Reserve	201	0	40	241	(136)	25	130
Insurance Reserve	524	(5)	0	519	(110)	0	409
Pension Reserve	220	0	0	220	0	0	220
Efficiency and Rationalisation Reserve	100	0	100	200	0	0	200
Localising Council Tax Support	85	0	0	85	0	0	85
IT Strategy & Infrastructure	100	0	0	100	0	0	100
Facilities Management Contract	60	(17)	9	52	(52)	0	0
WW1 Commemorations	9	(9)	0	0	0	0	0
Staff Conference	10	(10)	0	0	0	0	0
Future High Street Funding	0	0	0	0	0	25	25
Future Leisure Provision	0	0	0	0	0	20	20
Climate Change	0	0	0	0	0	25	25
Street Scene	0	0	12	12	(12)	0	0
Property Condition Surveys	0	0	40	40	0	0	40
Other Earmarked Reserves	752	(116)	186	822	(3)	278	1,097
Total	**3,835**	**(1,247)**	**1,203**	**3,791**	**(1,613)**	**673**	**2,851**
HRA Reserves							
Housing Revenue Account	13,175	0	1,262	14,437	0	2,056	16,493
Major Repairs Reserve	0	(2,062)	2,062	0	(2,099)	2,171	72
Total HRA	**13,175**	**(2,062)**	**3,324**	**14,437**	**(2,099)**	**4,227**	**16,565**
Capital Reserves							
Capital Receipts Reserve	3,135	(555)	1,319	3,899	(1,055)	1,685	4,529
Capital Grants Unapplied	418	(6)	267	679	(8)	257	928
Total Capital Reserves	**3,553**	**(561)**	**1,586**	**4,578**	**(1,063)**	**1,942**	**5,457**
Total Usable Reserves	**23,836**	**(6,520)**	**7,495**	**24,811**	**(5,035)**	**7,938**	**27,714**

The Council’s Revenue Reserves are either held as a contingency or are earmarked for specific purposes. A brief description of the significant reserves is given below:

Reserve	Nature of Reserve
Earmarked Reserves – Other	These are revenue reserves established on a short term basis for Council and Third Party funds to support future initiatives.
Capital Investment Fund	Earmarked to provide funding for the Council's Capital Strategy
Business Grant Incentive -Crescent Indemnity Fund	To ensure that the Council has adequate funds to support business development and meet any potential liability, such as that arising out of the works at Buxton Crescent.
Insurance Fund	To cover the cost of uninsured losses, to reduce risks, and to smooth out fluctuations in premium costs.
General Fund Contingency	Both as a contingency and to hold temporary balances to be fed back into the short term budgetary process.
Housing Revenue Account	Resources available to meet future running costs for Council houses.
IT Strategy and Infrastructure	To support the implementation of the Authority's IT Strategy
Pensions Fund	Towards future pension liabilities.
Localising Council Tax Benefits	To support the potential costs of localising Council Tax Benefit.
Street Scene	To support a Keep Britain Tidy campaign
Efficiency and Rationalisation	To support the on-going Efficiency Programme.
Property Condition Surveys	To fund a review of the condition of the Council's buildings to inform capital expenditure requirements
Facilities Management Contract	To fund costs associated with the review of the facilities management contract
Covid-19 Recovery	To support the Council with the impact of COVID 19 and delivery of the recovery programme
Climate Change	To support with the delivery of climate change related projects
Future High Street Funding	To fund future high street consultancy support
Future Leisure Provision	To fund future leisure provision options
Election Reserve	To spread the costs of election over a full term
WW1 Commemorations	To fund events marking the anniversary of WW1.
Staff Conference	To meet the bi-annual costs .

12. Unusable Reserves

The total unusable reserves included on the balance sheet are shown in the table below:

2018/19 £000		Note	2019/20 £000
42,066	Revaluation Reserve	12a	46,188
113,577	Capital Adjustment Account	12b	112,378
(2,220)	Financial Instruments Adjustment Account	12c	(2,161)
2	Deferred Capital Receipts Reserve		2
(50,974)	Pensions Reserve	12d	(33,409)
108	Collection Fund Adjustment Account	12e	88
(98)	Accumulated Absences Account		(69)
102,461	**Total Unusable Reserves**		**123,017**

12a. Revaluation Reserve

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

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

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

2018/19 £000	Revaluation Reserve		2019/20 £000
34,412	**Balance at 1 April**		**42,066**
9,285	Upward revaluations of assets	8,431	
0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(2,634)	
9,285	Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		5,797
	Increase(decrease) in asset values		5,797
(1,258)	Difference between fair value depreciation and historical cost depreciation	(1,555)	
(373)	Accumulated gains on assets sold/scrapped/Other Movements	(120)	
(1,631)	Amount written off to the Capital Adjustment Account		(1,675)
42,066	**Balance at 31 March**		**46,188**

12b. 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 historic 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 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

2018/19 £000	Capital Adjustment Account	2019/20 GF £000	HRA £000	Total £000
113,522	**Balance at 1 April**			**113,577**
	Reversal of items relating to capital expenditure debited or credited to the CIES			
(4,149)	• Charges for depreciation of non-current assets	(2,506)	(2,171)	**(4,677)**
(465)	• Impairment	0	(458)	**(458)**
0	• Revaluation losses on Property, Plant and Equipment	(715)	(731)	**(1,446)**
3,597	• Impairment Reversal - Revaluation Gain	100	1,725	**1,825**
(5)	• Amortisation of intangible assets	(5)	0	**(5)**
(449)	• Revenue expenditure funded from capital under statute	(316)	0	**(316)**
(1,414)	• Amounts of non-current assets written off on disposal or sale	(207)	(1,608)	**(1,815)**
(5,561)	• Derecognition of non current assets	(162)	(1,995)	**(2,157)**
(8,446)				**(9,049)**
1,631	Adjusting amounts written out of the Revaluation Reserve	1,284	391	**1,675**
(6,815)	Net written out amount of the cost of non-current assets consumed in the year			**(7,374)**
	Capital financing applied in the year:			
555	• Use of capital Receipts Reserve to finance new capital expenditur	994	61	**1,055**
2,062	• Use of Major Repairs Reserve to finance new capital expenditure	0	2,099	**2,099**
279	• Capital grants and contributions credited to the CIES that have been applied to capital financing	367	0	**367**
6	• Applications of grants to capital financing from the Capital Grant Unapplied Account	8	0	**8**
1,090	• Use of earmarked Capital Reserve to finance new capital expenditure	500	0	**500**
775	• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	782	0	**782**
1,000	• Voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	0	1,000	**1,000**
1,009	• Use of HRA Balances to finance new capital	0	389	**389**
6,776				**6,200**
94	Movements in the market value of Investment Properties debited or credited to the CIES	(25)	0	**(25)**
113,577	**Balance at 31 March**			**112,378**

12c. 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 outstanding on the new loan.

2018/19 £000	Financial Instrument Adjustment Account	2019/20 £000
(2,279)	**Balance at 1 April**	**(2,220)**
59	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	59
(2,220)	**Balance at 31 March**	**(2,161)**

12d. 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 any benefits earned to be financed as the employer makes contributions to the pension fund (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	Pension Reserve	2019/20 £000
(44,086)	**Balance at 1 April**	(50,974)
(5,184)	Remeasurement of the net defined benefit liability	18,711
(4,527)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(3,933)
2,823	Employer's pension contributions and direct payments to pensioners payable in the year	2,787
(50,974)	**Balance at 31 March**	(33,409)

12e. 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 Comprehensive Income and Expenditure Statement 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 Fund.

2018/19 £000	Collection Fund Adjustment Account	2019/20 £000
(849)	**Balance at 1 April**	108
957	Amount by which council tax and business rates income credited to the CIES is different from council tax and business rate income calculated for the year in accordance with statutory requirements	(20)
108	**Balance at 31 March**	88

13. Financial Instruments

13a. Categories of Financial Instruments

Under accounting requirements the carrying value of the financial instruments value is shown in the balance sheet which includes the principal amount borrowed or lent, accrued interest and further adjustments for stepped interest loans; this is measured by an effective interest rate calculation, being accrued interest receivable under the instrument adjusted for the amortisation of any premiums or discounts reflected in the purchase price. The Council's assets and liabilities are classified under amortised cost and are separated between current and non-current assets and liabilities where the payments or receipts are due within or beyond one year.

Financial Assets carried at Amortised Cost	Non Current		Current		Total	
	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000
Investments						
Cash deposits & money market funds	0	0	8,718	10,003	8,718	10,003
Fixed term deposits	0	0	6,183	10,681	6,183	10,681
Debtors						
Long Term & Trade* Debtors	199	292	3,457	3,333	3,656	3,625
Total	199	292	18,358	24,017	18,557	24,309

Financial Liabilities carried at Amortised Cost	Non Current 31 March 2019 £000	Non Current 31 March 2020 £000	Current 31 March 2019 £000	Current 31 March 2020 £000	Total 31 March 2019 £000	Total 31 March 2020 £000
Borrowings						
Fixed Term Borrowings	(67,131)	(67,129)	0	0	(67,131)	(67,129)
Creditors						
Trade Creditors*	0	0	(3,800)	(4,807)	(3,800)	(4,807)
Sub -Total	**(67,131)**	**(67,129)**	**(3,800)**	**(4,807)**	**(70,931)**	**(71,936)**
Other Liabilities	(47)	(22)	(56)	(28)	(103)	(50)
Total	**(67,178)**	**(67,151)**	**(3,856)**	**(4,835)**	**(71,034)**	**(71,986)**

** Trade Debtors / Creditors vary from the Balance Sheet values as statutory debtors of £0.272m (£1.316m 18/19), the bad debt provision of £1.133m (£1.060m 18/19); and statutory creditors of £4.617m (£3.272m 18/19) are excluded.*

Reclassification

There has been no reclassification of financial assets or liabilities during the year.

Fair Value of Assets and Liabilities

There are no financial assets or liabilities carried in the balance sheet at fair value on a recurring basis. Therefore, all financial assets and liabilities represented by receivables and loans, and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair values can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- Where an instrument has a maturity of less than 12 months or is a trade or other debtor or creditor the fair value is taken to be the carrying amount or the billed amount.
- For loans from the Public Works Loan Board new borrowing rates from the PWLB have been applied to provide the fair value under PWLB redemption procedures.
- For other market debt and investments prevailing market rates have been used to provide the fair value, i.e. the rate available for an instrument with the same terms from a comparable lender.
- No early repayment or impairment is recognised.
- For the valuation and disclosure of fair values of financial assets and liabilities the rates quoted were obtained from Link Asset Services (the Council's Advisors) using Level 2 Valuations; and from King & Shaxson, the Custodian service which the Council uses, for Certificates of Deposit (CDs) using Level 1 Valuations.
- There has been no change in the valuation technique used during the year for the financial instruments.
- There were no transfers between input levels 1 and 2 during the year.
- Note: Level 1 valuations are performed on quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date (for example tradable instruments such as CDs); Level 2 valuations are performed on inputs, other than quoted prices included with Level 1, that are observable for the asset or liability, either directly or indirectly (for example fixed term/price deposits).

Financial Assets carried at Amortised Cost	Fair Value Hierarchy	31-Mar-19 Carrying Amount £000	31-Mar-19 Fair Value £000	31-Mar-20 Carrying Amount £000	31-Mar-20 Fair Value £000
Cash Deposits & Money market funds		8,719	8,719	10,003	10,003
Fixed Term deposits excluding CDs	Level 2	4,170	4,170	9,677	9,677
Fixed Term deposits CDs	Level 1	2,012	2,012	1,004	1,004
Trade Debtors		3,457	3,457	3,333	3,333
Long Term Debtors		199	199	292	292
Total		**18,557**	**18,557**	**24,309**	**24,309**

Financial Liabilities	Fair Value Hierarchy	31-Mar-19 Carrying Amount £000	31-Mar-19 Fair Value £000	31-Mar-20 Carrying Amount £000	31-Mar-20 Fair Value £000
Fixed term borrowing PWLB Maturity	Level 2	(54,134)	(71,114)	(54,133)	(67,893)
Fixed term borrowing Market Loans	Level 2	(12,997)	(20,425)	(12,996)	(20,110)
Trade Creditors		(3,856)	(3,856)	(4,807)	(4,807)
Other Liabilities		(47)	(47)	(50)	(50)
Total Liabilities		**(71,034)**	**(95,442)**	**(71,986)**	**(92,860)**

The fair value of the financial liabilities is £20.9million higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is more than the rates available for similar loans 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.

The Authority has a continuing ability to borrow at concessionary rates from the Public Works Loan Board (PWLB) rather than from markets. The fair value of the PWLB loans in comparison to the carrying value on the balance sheet measures the estimated economic effect of the terms that would be offered for market transactions undertaken at the balance sheet date compared with the existing terms agreed with the PWLB. The difference between the fair value and the carrying amount represents the notional additional interest that the Authority will pay over the remaining terms of the loans against what would be paid if the loans were at prevailing rates. The fair value is measured using the new borrowing rates available from the PWLB. On this basis, the fair value of the PWLB loans with a carrying amount of £54.1million would be £67.9million. However, if the Authority were to seek to avoid the notional projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that would not be paid. The exit price for the PWLB loans including the penalty charge would be £96.8million.

The Market loans carrying value on the balance sheet includes an adjustment of £54,000. This is in relation to two of the market loans (LOBOs) both included an initial lower interest rate payable for the first two years of the loan period. The adjustment equalises the interest payable over the entire loan period.

13b. Income, Expense, Gains and Losses

The total gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are illustrated below. The figures include the interest receivable and payable on investments and borrowings in 2019/20.

	2018/19		2019/20	
	Surplus /Deficit on the Provision of Services £000	Other Comprehensive Income & Expenditure £000	Surplus /Deficit on the Provision of Services £000	Other Comprehensive Income & Expenditure £000
Financial assets measured at amortised cost:				
Interest receivable and similar income	152	0	194	0
Financial liabilities measured at amortised cost:				
Interest payable and similar charges	(2,714)	0	(2,618)	0
Total net gain/losses	**(2,562)**	**0**	**(2,424)**	**0**

13c. Risk Analysis and Expected Credit Loss

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. Treasury Management and Risk Management within the Council are overseen by the Audit & Regulatory Committee.

The Council's treasury team implements the approved Treasury Management Strategy and maintains written Treasury Management Practices (TMP) covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. The Council also has a Treasury Management Policy in place, which defines the policies and objectives of its treasury activities. The policy statement refers to the identification, monitoring and control of risk as the prime criteria by which the effectiveness of the Council's treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Authority.

Exposure to financial risk is discussed in more detail below:

- **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
- **Refinancing risk** – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates

Credit Risk
Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. The risk is minimised through the Annual Investment Strategy.

Credit Risk Management Practices
The authority's credit risk management practices are set out throughout the Treasury Management Strategy Statement (TMSS) including the Annual Investment Strategy. With particular regard to determining whether the credit risk of the financial instruments has increased significantly since recognition.

The TMSS requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The TMSS also considers maximum amounts and time limits with a financial institution located in each category.

The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies, Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not solely rely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from countries with appropriate creditworthiness

The full TMSS was approved by Full Council on 13th February 2019.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Authority's maximum exposure to credit risk in relation to investments in financial institutions of £20.7million cannot be assessed generally as the risk of any institution failing to make repayments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Authority's deposits, but there was no evidence at 31st March 2020 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses (ECL)
The changes in loss allowance during the year are as follows:

Investments at Amortised Cost	ECL Test	ECL Category	ECL Value at 31 Mar 2019 £000	ECL Value at 31 Mar 2020 £000	Increase/ (Decrease) in ECL
Trade receivables/contract assets no financing					
Trade Debtors: non statutory Bad Debt provision	Simplified Model	Lifetime Expected Credit Losses - simplified approach	511	773	262
Deposit with banks/financial institutions					
Cash/Bank MMFs Fixed Deposit Notice Accounts CD's	Historic Risk of Default	12mth Expected Credit Losses	0.000315	0.001252	0.000937
Loans					
Service Loans to 3rd parties (BCHT)	Assessment of credit risk	12m Expected Credit losses	0	0	0
Car Loans	Collective Assessment	n/a	0	0	0
Total			**511**	**773**	**262**

Liquidity Risk

Investments

The Council manages its liquidity position through the risk management procedures including the setting and approval of prudential indicators and the approval of the TMSS, as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loans Board (PWLB) and money markets for longer-term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing & Maturity Risk

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure of replacing financial instruments as they mature.

The risk relates to both the maturing of longer term financial liabilities and longer term financial assets. The maturity structure of fixed term financial assets at the start date and at the balance sheet date of these instruments is shown in the table below:

31st March 2019 Carrying Amount £000	Average Interest Rate	Type	31st March 2020 Carrying Amount £000	Average Interest Rate
6,150	0.96%	Fixed term investments,CDs & Notice Accounts	10,650	0.97%
		Original maturity profile		
6,150	0.96%	Less than 365 Days	10,650	0.97%
0	0.00%	Greater then 365 Days	0	0.00%
		Remaining maturity profile		
6,150	0.96%	Less than 365 Days	10,650	0.97%
0	0.00%	Greater then 365 Days	0	0.00%

The Council has limits in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The maturity structure of financial liabilities at the start dated and at the balance sheet date is show below:

31st March 2019 Carrying Amount £000	Average Interest Rate	Type	31st March 2020 Carrying Amount £000	Average Interest Rate
54,025	3.76%	PWLB Fixed Term Borrowing	54,025	3.76%
8,500	4.25%	Market Loans - fixed term borrowing	8,500	4.25%
3,300	4.99%	Market Loans - LOBO, daily Lender Option with 1 month notice	3,300	4.99%
1,000	5.94%	Market Loan - LOBO, semi annual Lender Option with 3 days notice	1,000	5.94%
66,825	**3.92%**	**Total Borrowing**	**66,825**	**3.92%**
		PWLB Original Maturity profile		
3,748	2.40%	Between 6 and 10 years	3,748	2.40%
7,496	3.16%	Between 11 and 20 years	7,496	3.16%
7,496	3.47%	Between 21 and 30 years	7,496	3.47%
7,496	3.52%	Between 31 and 40 years	7,496	3.52%
27,789	4.26%	Between 41 and 50 years	27,789	4.26%
		PWLB Remaining Maturity profile		
3,748	2.40%	Between 1 and 5 years	3,748	2.40%
3,748	3.01%	Between 6 and 10 years	3,748	3.01%
7,496	3.37%	Between 11 and 20 years	7,496	3.37%
14,086	4.14%	Between 21 and 30 years	14,086	4.14%
21,199	4.08%	Between 31 and 40 years	21,199	4.08%
3,748	3.48%	Between 41 and 50 years	3,748	3.48%
		Market Loans Original Maturity Profile		
3,000	3.99%	Between 41 and 50 years	3,000	3.99%
5,500	4.39%	Greater than 50 years	5,500	4.39%
		Market Loans Remaining Maturity Profile		
3,000	3.99%	Between 41 and 50 years	3,000	3.99%
5,500	4.39%	Greater than 50 years	5,500	4.39%
		Market Loan LOBOs Original Maturity profile		
		LOBO - semi annual Lender Option with 3 days notice		
1,000	5.94%	Between 21 and 30 years	1,000	5.94%
		LOBO - daily Lender Option with 1 month Notice notice		
3,300	4.99%	Greater than 50 years	3,300	4.99%
		Market Loan LOBOs Remaining Maturity profile		
		LOBO - semi annual Lender Option with 3 days notice		
1,000	5.94%	Between 1 and 5 years	1,000	5.94%
		LOBO - daily Lender Option with 1 month Notice notice		
3,300	4.99%	Between 41 and 50 years	3,300	4.99%

Market Risk
The Authority is exposed to interest rate movements on its borrowing and investments. Movements in interest rates can have a complex impact on the Authority. For example, a rise in interest rates would have the following effect:

- Investments at variable rates – the interest income credited to the Comprehensive Income & Expenditure Statement would increase
- Investment at fixed rates – the fair value of the assets will fall (no impact on the Balance Sheet as all investments carried at carrying value)
- Borrowing at variable rates – the interest payable charged to the Comprehensive Income & Expenditure Statement would increase [no variable rate borrowing at the balance sheet date].
- Borrowing at fixed rates - the fair value of fixed rate financial liabilities will fall (no impact on Balance Sheet as held at amortised cost)

The Council carries out its borrowing and investment function within the parameters set in its Treasury Management Strategy, which establishes interest rate exposure. The Council uses the services of a treasury advisor, who issue regular interest rate forecasts to aid decision making when placing investments, undertaking borrowing, and setting the annual investment income and financing costs budget for the following year. Forecasts are updated and reported to the Audit & Regulatory Committee, which allow any significant changes in interest rates to be reflected in current budget projections.

At 31st March 2020, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	(150)
Impact on Other Comprehensive Income & Expenditure	**(150)**
Decrease in Fair Value of Fixed Rate Investments	*1*
Decrease in Fair Value of Fixed Rate Iborrowings	*4,082*

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk
The Authority does not invest in equity shares and is therefore not exposed to losses arising from movements in the price of shares.

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

14. Contingent Assets & Liabilities

The disclosures made here are based on IAS37 definitions of contingent assets and liabilities quoted in the Code:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control, or
- a present obligation that arises from past events but is not recognised because:
    - it is not probable that a transfer of economic benefits will be required to settle the obligation, or
    - the amount of the obligation cannot be measured with sufficient reliability.

Contingent Liabilities

Municipal Mutual Insurance – Scheme of Arrangement

Prior to 1992 the Council was insured by Municipal Mutual Insurance (MMI).When MMI ceased accepting new business in 1992/93 the Council was entered into a Scheme of Arrangement (SOA) under Section 425 of the Companies Act 1985. The SOA was triggered on 13 November 2012 following the conclusion of long running legal proceedings. From that date Ernst & Young LLP became responsible for the management of the company's business, affairs and assets. An initial levy of 15% (£70,539) was paid in 2013/14. The levy was reviewed in 2015 with the result that a further payment equivalent to 10% (£48,387) was paid in 2016/17.

Annual review of the levy rate is required under the terms of the Scheme and this could lead to the rate being further amended in future, either up or down.

Under the terms of the SOA, the Council now has to meet 25% of any new insurance settlements, relating to its claims, made by MMI. To date, payments of £9,285 have been made under this part of the Scheme.

An earmarked Insurance reserve, with a balance of £408,921, is currently available to mitigate the financial pressure created by the MMI levy and any other uninsured losses, which might occur in the future.

At 31 March 2020 the Council's amount subject to levy under the SOA stood at £512,843 with a net liability carried forward of £434,632.

Buxton Crescent and Spa

The Buxton Crescent Hotel and Thermal Spa construction contracts are almost complete - the project involved refurbishing the Crescent, Natural Baths and Pump Room in Buxton to create an 81-bedroom luxury spa hotel, boutique scale shops and visitor attraction. The project is funded via a combination of public and private funds; the Authority is not liable to contribute to any additional funding requirement. The hotel is due to open in late 2020.

Under the terms of the scheme, most of the financial risk associated with the (remote) risk of water contamination has now passed to the developer, Buxton Crescent Hotel & Thermal Spa Co Limited. However, the Council would still be financially liable in the event of water contamination due to works undertaken outside the agreed method statements. Such risks are managed through appropriate mitigation measures.

If the scheme was jeopardised in some way and did not proceed, it is estimated that there would be a potential financial risk of £2,057,500 to the Council over a 5 year period. Estimated costs relate to mothballing costs and ongoing maintenance requirements of the building over the next 5 years (the estimated time to end the current project, procure a new partner and agree revised leases).

15. Events after the Balance Sheet Date

The Statement of Accounts 2019/20 were authorised for issue on 17th December 2020 by Claire Hazeldene, Interim Executive Director (Chief Finance Officer).
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. Events after this date are not reflected in the financial statements or notes. Enquiries with the Council's Senior Management Team have confirmed that there are no other outstanding legal issues, insurance claims or ombudsman complaints, which are likely to have a significant impact on these financial statements.

Pensions – McCloud Remedy
Note 4g of the Retirement Benefits Section outlines how the McCloud judgement in response to a legal challenge relating to age-based transitional provisions in respect of a New Judicial Pension Scheme may have an impact on Local Government Pension schemes. As such in recent years the Borough's actuarial valuation has taken into account the possible impact and increased the scheme liability accordingly. The most recent valuation, on the basis of Government announcements around addressing the McCloud issue, included a £227k reduction in the potential liability.
The Actuary, who is a professional valuer of pension liabilities, interpreted the Government's remedy initiative as having a positive impact on the scheme. At £227k the resulting reduction represents just 0.7% of the Borough's £33,409k pension liability.

Coronavirus Pandemic

Local authorities began to see the most substantial impacts of Covid-19 in March 2020. Since the end of the reporting period as a result of and in response to the pandemic there have been significant economic changes and initiatives. Each of these events has been reviewed to assess whether it related to conditions as at 31st March and should therefore be reflected in the Statements. The Authority has concluded that nothing to date requires adjustment of the 2019/20 Statements.

However the impact from the pandemic on the council is on-going and can not be fully quantified at this point. The Council therefore continues to assess the impact on it's financial situation and will be updating the Medium Term Financial Plan in the coming months.

16. Notes Relating to the Cash Flow Statement

This note provides further analysis of certain figures used in the Cash Flow Statement;

a. Net Cash Flows from Operating Activities
b. Operating Activities (relating to Interest)
c. Investing Activities
d. Financing Activities

16a. Net cash flows from Operating Activities

2018/19 £'000		2019/20 £'000
(1,302)	**Net Surplus or (Deficit) on the Provision of Services**	**(1,039)**
	Adjust net surplus or deficit on the provision of services for non cash movements	
4,149	Depreciation	4,677
2,429	Impairment and downward valuations	2,235
5	Amortisation	5
(51)	Increase/(Decrease) in Interest Creditors	(1)
539	Increase/(Decrease) in Creditors	2,218
(10)	(Increase)/Decrease in Interest and Dividend Debtors	29
1,536	(Increase)/Decrease in Debtors	166
43	(Increase)/Decrease in Inventories	(9)
1,720	Pension Liability	1,136
938	Contributions to/(from) Provisions	187
1,414	Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	1,815
(94)	Movement on Investment Properties	25
12,618		**12,483**
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
(546)	Capital Grants credited to surplus or deficit on the provision of services	(624)
0	Proceeds from the sale of short and long term investments	4,000
(1,750)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(2,759)
(2,296)		**617**
9,020	**Net Cash Flows from Operating Activities**	**12,061**

16b. Operating Activities (relating to Interest)

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

2018/19 £'000		2019/20 £'000
142	Interest received	223
(2,765)	Interest paid	(2,619)

16c. Investing Activities

2018/19 £'000		2019/20 £'000
(6,471)	Purchase of property, plant and equipment, investment property and intangible assets	(7,301)
(1,000)	Purchase of short-term and long-term investments	(8,500)
(229)	Other payments for investing activities	(122)
1,751	Proceeds from the sale of property, plant and equipment, investment property and intangible asset	2,759
2,000	Proceeds from short-term and long-term investments	0
629	Other receipts from investing activities	717
(3,320)	**Net cash flows from investing activities**	**(12,447)**

16d. Financing Activities

2018/19 £'000		2019/20 £'000
1,035	Billing Authorities - Council Tax and NNDR Adjustments	1,723
(287)	Cash payments for the reduction of the outstanding liabilities relating to Finance leases	(53)
(5,000)	Repayments of short and long-term borrowing	0
(4,252)	**Net cash flows from financing activities**	**1,670**

17. Prior Period Restatement

A change to the structure of the Authority has given rise to the need to restate the 2018/19 primary statements. During the course of 2019/20, the following functions were transferred to other Council Service areas; Local Plan moved from Regeneration to Planning; Arboriculture Services moved from Horticulture to Planning. This change necessitated the restatement of the 2018/19 comparative figures in a number of tables.

Comprehensive Income and Expenditure Statement (page 41)

Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Expenditure £000	Income £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	
45,851	**(44,534)**	**1,317**	**0**	**0**	**45,851**	**(44,534)**	**1,317**	**Cost of Services not affected by service restructure**
572	(436)	136	89	(33)	661	(469)	192	Planning Applications
698	(161)	537	(50)	33	648	(128)	520	Regeneration
1,569	(1,089)	480	(39)	0	1,530	(1,089)	441	Horticulture
48,690	**(46,220)**	**2,470**	**0**	**0**	**48,690**	**(46,220)**	**2,470**	**Cost of Services**
		6,237					6,237	Other Operating Expenditure
		3,620					3,620	Financing and Investment Income and Expenditure
		(11,025)					(11,025)	Taxation and Non-Specific Grant Income and Expenditure
		1,302					**1,302**	**Surplus (-) or Deficit on Provision of Services**
		(9,285)					(9,285)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets
		5,168					5,168	Remeasurement of the net defined pension benefit liability
		(4,117)					**(4,117)**	**Other Comprehensive Income and Expenditure**
		(2,815)					**(2,815)**	**Total Comprehensive Income and Expenditure**

Expenditure and Funding Analysis (Note 1a. page 45)

2018/19			Movements		2018/19 Restated			
Net Expenditure to GF Balance £000	Adjustments Funding & Accounting £000	Net Expenditure in the CIES £000	Net Expenditure to GF Balance £000	Adjustments Funding & Accounting £000	Net Expenditure to GF Balance £000	Adjustments Funding & Accounting £000	Net Expenditure in the CIES £000	
3,904	**(2,587)**	**1,317**	**0**	**0**	**3,904**	**(2,587)**	**1,317**	**Cost of Services not affected by service restructure**
18	118	136	56	0	74	118	192	Planning Applications
427	110	537	(17)	0	410	110	520	Regeneration
232	248	480	(39)	0	193	248	441	Leisure Services
4,581	**(2,111)**	**2,470**	**0**	**0**	**4,581**	**(2,111)**	**2,470**	**Cost of Services**
(4,531)	3,363	(1,168)			(4,531)	3,363	(1,168)	Other Income and Expenditure
50	**1,252**	**1,302**	**0**	**0**	**50**	**1,252**	**1,302**	**Surplus (-) or Deficit on Provision of Services**
	General Fund	HRA				General Fund	HRA	
(20,283)	**(17,108)**	**(13,175)**			**(20,283)**	**(17,108)**	**(13,175)**	**Opening General Fund and HRA Balance**
50	1,312	(1,262)			50	1,312	(1,262)	Less (Surplus) or Deficit in Year
(20,233)	**(15,796)**	**(14,437)**			**(20,233)**	**(15,796)**	**(14,437)**	**Closing General Fund and HRA Balance**

Supplementary Statements

Housing Revenue Account Income and Expenditure Statement

2018/19	HRA Income and Expenditure Statement	2019/20	
£000		£000	£000
	Expenditure		
4,623	Repairs and Maintenance	4,442	
2,341	Supervision and Management	2,323	
141	Rents, Rates, Taxes and Other Charges	121	
(1,041)	Depreciation and Impairment of Non-Current Assets	1,634	
54	Debt Management Costs	54	
12	Movement in the allowance for bad debts	195	
6,130	**Total Expenditure**		**8,769**
	Income		
(14,271)	Dwelling Rents	(14,379)	
(228)	Non Dwelling Rents	(247)	
(356)	Charges for Services and Facilities	(380)	
(112)	Contributions towards expenditure	(125)	
(14,967)	**Total Income**		**(15,131)**
(8,837)	**Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement**		**(6,362)**
222	HRA Services share of Corporate and Democratic Core		252
568	HRA share of other amounts included in whole authority Net Expenditure of Continuing Operations but not allocated to specific services		591
(8,047)	**Net Income/Expenditure of HRA Services**		**(5,519)**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
2,522	(Gain) or loss on sale/disposal of HRA non-current assets		1,492
1,956	Interest payable and similar changes		1,875
(99)	HRA Interest and investment income		(67)
(3,668)	**(Surplus)/Deficit for the year on HRA services**		**(2,219)**

Movement on the HRA Statement

2018/19 £000	Movement on the HRA Statement	2019/20 £000	£000
13,175	**Balance on the HRA at the end of the previous reporting period**		**14,437**
3,668	Surplus or (Deficit) for the year on the HRA income and Expenditure Statement	2,219	
(2,406)	Adjustments between accounting basis and funding basis under the legislative framework	(163)	
1,262	Net increase or (Decrease) before transfers to or from reserves	**2,056**	
1,262	Increase or (Decrease) in year on the HRA		**2,056**
14,437	**Balance on the HRA at the end of the current year**		**16,493**

Notes to the Housing Revenue Account

1. Background

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from Council Tax (or vice versa).

The ring-fence is controlled by Schedule 4 to the Local Government and Housing Act 1989, which specifies the debits and credits to be made to the HRA and excludes any other postings. The Localism Act in 2011 introduced a new Self Financing regime for the Housing Revenue Account along with a suite of self financing determinations issued in February 2012 by the Department of Communities and Local Government. This suite of self-financing determinations includes the Item 8 Determination, which sets out capital accounting and capital finance entries under the 1989 Act.

The transactions relating to the HRA have been separated into the two statements reported above:

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

- Movement on the HRA Statement - the overall objectives are the same as those for the Movement in Reserves Statement. The statement takes the outturn on the HRA Income and Expenditure Account and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2. Reconciling items for the Movement on the HRA Statement

2018/19 £000	Note to Statement of Movement on HRA Balance	2019/20 £000
	Adjustments between accounting basis and funding basis under the legislative framework	
13	Difference between interest payable and similar charges including amortisation of premiums & discounts determined in accordance with the code and those determined in accordance with statute	0
3,103	Difference between any other item of income and expenditure determined in accordance with the Code and those determined in accordance with statutory HRA requirements	536
(2,522)	Gain/(Loss) on Disposal of Assets	(1,492)
(197)	HRA share of contributions to or from Pension Reserve	(270)
1,009	Capital Expenditure funded by HRA	389
2,062	Transfer to Major Repairs Reserve	2,171
(1,062)	Transfer to Capital Adjustment Account	(1,171)
2,406	**Net additional amount required by statute**	**163**

3. Housing Stock

Total 2018/19		Pre 1945	1945-1964	1965-1974	After 1974	Total 2019/20
	<u>Traditional</u>					
1,353	Houses and Bungalows	371	786	115	60	**1,332**
	<u>Non Traditional</u>					
1,432	Houses and Bungalows	5	329	953	138	**1,425**
	<u>Flats</u>					
987	Low Rise (1-2 storeys)	46	380	271	288	**985**
171	Medium Rise (3-5 storeys)	14	24	49	84	**171**
3,943	**Total**	**436**	**1,519**	**1,388**	**570**	**3,913**

4. Housing Revenue Account Assets

Movements in 2019/20	Council Dwellings £000	Other Land and Buildings - HRA £000	Vehicle, Plant, Furniture & Equipment £000	Surplus Assets HRA £000	Assets under Construction £000	Total HRA £000
Cost or Valuation						
At April 2019	**171,209**	**2,469**	**197**	**421**	**0**	**174,296**
Additions	2,453	4	0	0	93	2,550
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	5,272	134	0	18	0	5,424
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,455)	(110)	0	0	0	(1,565)
Derecognition - Disposals	(1,627)	0	0	0	0	(1,627)
Derecognition - Other	(1,995)	0	0	0	0	(1,995)
Other movements in Cost or Valuation	0	0	0	0	0	0
At 31 March 2020	**173,857**	**2,497**	**197**	**439**	**93**	**177,083**
Accumulated Depreciation & Impairment						
At April 2019	**0**	**0**	**0**	**0**	**0**	**0**
Depreciation Charge	(2,012)	(110)	(49)	0	0	(2,171)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,993	110	0	0	0	2,103
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Impairment reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition- Disposals	19	0	0	0	0	19
Derecognition- Other	0	0	0	0	0	0
At 31 March 2020	**0**	**0**	**(49)**	**0**	**0**	**(49)**
Net Book Value						
at 31st March 2020	**173,857**	**2,497**	**148**	**439**	**93**	**177,034**
at 31st March 2019	**171,209**	**2,469**	**197**	**421**	**0**	**174,717**

Comparative Movements in 2018/19	Council Dwellings £000	Other Land and Buildings - HRA £000	Vehicle, Plant, Furniture & Equipment £000	Surplus Assets -HRA £000	Total HRA £000
At April 2018	**167,101**	**2,368**	**0**	**741**	**170,210**
Additions	3,182	0	197	0	3,379
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	3,597	221	0	0	3,818
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1,153	(100)	0	0	1,053
Derecognition - Disposals	(1,107)	0	0	0	(1,107)
Derecognition - Other	(2,717)	0	0	0	(2,717)
Other movements in Cost or Valuation	0	(20)		(320)	(340)
At 31 March 2019	**171,209**	**2,469**	**197**	**421**	**174,296**
Accumulated Depreciation & Impairment					
At April 2018	**0**	**0**	**0**	**0**	**0**
Depreciation Charge	(1,963)	(99)	0	0	(2,062)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,950	99	0	0	2,049
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Derecognition- Disposals	13	0	0	0	13
Derecognition- Other	0	0	0	0	0
At 31 March 2019	**0**	**0**	**0**	**0**	**0**
Net Book Value					
at 31st March 2019	**171,209**	**2,469**	**197**	**421**	**174,296**
at 31st March 2018	**167,101**	**2,368**	**0**	**741**	**170,210**

The Vacant Possession Value (Open Market Value) of council dwellings as at 1st April 2019 was £407.651 million (£397.869m at 1st April 2018). In accordance with government guidance, the valuation of Council Dwellings have been reduced by a regional adjustment factor in recognition of their status as social housing. This reduced factor was 42% (42% in 2018/19). As a consequence the Council recognises council dwellings at a value of £171.214 million (£167.105 million at 1st April 2018) The lower figure shown in the accounts recognises the economic cost to the Government of providing council housing at less than open market rents. The revaluation was in accordance with the Government's resource accounting policy, at Existing Use Value Social Housing.
The balance sheet value reflects sales of dwellings and depreciation. Council buildings, including council dwellings, are depreciated over the remaining useful life of the buildings. Depreciation of £2.171 million has been charged. This figure is made up of £2.012 million for council dwellings; £0.110 million for council garages, shops and other buildings and £0.049 million for vehicle, plant and furniture.

2018/19 £000		2019/20 £000
1,963	Depreciation on Housing Revenue Account Dwellings	2,012
99	Depreciation on Housing Revenue Account Other Land and Property	110
0	Depreciation on Housing Revenue Account Vehicle, Plant, Furniture & Equipment	49
2,062	**Total**	**2,171**

The carrying value of the Authority's dwelling stock reduced in the year owing to revaluation losses of £0.731 million and an impairment charge of £0.458 million which were charged to the HRA. Revaluation gains of £1.725 million were credited to the HRA to reverse impairment losses that had been charged to the HRA in previous years. Under statutory requirements, so as not to impact on the surplus or deficit generated by the Authority, the charges were reversed out of the accounts through the Movement on the HRA Statement.

5. Major Repairs Reserve (MRR)

The Major Repairs Reserve is an earmarked fund to which the Council transfers an amount annually to support capital spending on council dwellings. The reserve is only available for funding major repairs to the housing stock or for repayment of debt. Any sums unspent are carried forward for use in future years.

2018/19 £000		2019/20 £000
0	**Balance as at 1 April**	**0**
2,062	Amount transferred to the Major Repairs Reserve During the year	2,171
(2,062)	Financing in respect of capital expenditure on land, houses and other property within the Authority's HRA	(2,099)
0	**Balance as at 31 March**	**72**

6. HRA Capital Expenditure and Financing

2018/19 £000		2019/20 £000
	Capital Expenditure	
3,380	Council House Repair & Modernisation	2,549
3,380		**2,549**
	HRA Capital Expenditure Financed by :	
309	Usable Capital Receipts	61
1,009	Revenue Contributions	389
2,062	Major Repairs Reserve	2,099
3,380	**Total**	**2,549**

7. Housing Capital Receipts

2018/19 £000		2019/20 £000
1,317	Right to Buy Council Sales	2,149
1	Council Mortgages	0
0	Other Land and Building	0
1,318	**Total Receipts**	**2,149**

The Authority has to pay a portion of the receipts from the sale of council houses into a government housing pool on the basis that the original cost of the housing would have been partly paid by government grant. In 2019/20, the pooling payment made was £0.390 million. New guidance in 2012/13 enabled local authorities to retain further amounts of right to buy receipts upon agreement with Department of Communities and Local Government (DCLG). These funds must be spent on the provision of new build dwellings and repaid if not utilised. During 2019/20 there was no expenditure of this nature; £0.684 million was repaid leaving a balance remaining at the end of 2019/20 of £1.967 million

8. HRA Revenue Funded from Capital Under Statute

Revenue Funded from Capital Under Statute is created when expenditure has been incurred on items that are not capitalised as non-current assets and have been financed from capital resources. Revenue Expenditure Funded from Capital Under Statute is written down to the Housing Revenue Account over an appropriate period, usually in the same year in which the expenditure has been incurred. There was no expenditure of this nature in 2019/20.

9. Housing Revenue Account Subsidy

In April 2012, following Government legislation (Localism Act 2011), a new self-financing regime for the Housing Revenue Account was introduced. As a result the Housing subsidy system was terminated and the Council took on £37.481 million in new loans to settle its liability to the Government. No further payments in respect of housing subsidy will therefore be made by the Council

Under the self-financing regime the Council now maintains a rolling thirty year financial plan for its social housing stock to ensure that the stock portfolio remains financially viable.

10. Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. During the year, void properties equated to 1.054% of the gross rent debit. Average rents were £69.40 (exclusive of other charges) per week in 2019/20, a decrease of £0.60 or 0.86% over the previous year.

11. Rent Arrears and Provisions for Bad Debts

During the year 2019/20, gross rent arrears as a proportion of gross debit from 2.44% of the amount due to 2.50%.
Former tenants' arrears of £74,590 were written off during the year. A contribution of £161,909 to the Provision for Bad Debts was made during the year.

Balances at 31st March are as follows:

2018/19 £000		2019/20 £000
365	Rent Arrears	381
120	Provision for Bad Debt- Rents	236

Collection Fund Account

The Collection Fund Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authorities in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

2018/19				2019/20		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000	£000	£000		£000	£000	£000
			Income			
	(26,364)		Income due from Business Rates Payers		(26,778)	
	(1,186)		Transitional Protection Payments for Business Rates		(723)	
(53,519)			Income due from Council Tax Payers	(56,657)		
(53,519)	**(27,550)**	**(81,069)**	**Total Income**	**(56,657)**	**(27,501)**	**(84,158)**
			Expenditure			
			Preceptors			
	0		Central Government		12,828	
38,431	12,748		Derbyshire County Council	40,447	2,309	
5,819			Derbyshire Police Authority	6,623		
2,258	260		Derbyshire Fire & Rescue Authority	2,330	257	
6,210	13,009		High Peak Borough Council	6,463	10,263	
		78,735				**81,520**
			Distribution of Previous Year Surplus /(Deficit)			
	(1,334)		Central Government		244	
184	(240)		Derbyshire County Council	490	(69)	
28			Derbyshire Police Authority	74		
11	(27)		Derbyshire Fire & Rescue Authority	29	3	
30	(1,068)		High Peak Borough Council	79	80	
		(2,416)				**930**
			Charges to the Collection Fund			
92	50		Write Offs of uncollectable amounts	135	563	
76	87		Increase/(Decrease) in Impairment Allowance	348	(349)	
	(77)		Refunds Charged to Provision for Appeals		(309)	
	1,647		Increase/(Decrease) in Provision for Appeals		1,549	
	136		Cost of Collection Allowance		133	
		2,011				**2,070**
53,139	**25,191**	**78,330**	**Total Expenditure**	**57,018**	**27,502**	**84,520**
(380)	**(2,359)**	**(2,739)**	**Movement on Fund Balance in year**	**361**	**1**	**362**
(192)	2,180	1,988	(Surplus)/ Deficit on Fund Brought forward	(572)	(179)	(751)
(572)	**(179)**	**(751)**	**(Surplus)/Deficit on Fund Carried Forward**	**(211)**	**(178)**	**(389)**

Notes to the Collection Fund Accounts

1. Non-Domestic Rates (NDR)

From 1st April 2013 Central Government introduced the Business Rates Retention Scheme. Where previously Business Rates collected by local authorities were paid over to Central Government as part of a National Pool, under the retention scheme 40% of the Business Rates would be retained by the Council (50% to Central Government, 9% to the County Council, and 1% to the Fire & Rescue Authority).

Central Government continues to set a National Non-Domestic Rate Multiplier and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their Rateable Value by that amount, adjusted by any applicable reliefs or exemptions.

2018/19		2019/20
£69,936,113	Total Non- Domestic Rateable Value at Year End	£70,550,973
49.3p	National Non-Domestic Rate Multiplier	50.4p

2. Council Tax Base

Council Tax income derives from charges raised according to the value of residential properties that have been classified into 8 bands, based on valuations as at 1 April 1991. Individual charges are calculated by estimating the amount of income required from the Collection Fund by County Council, Police Authority, Fire & Rescue Authority and this Council, and dividing this total figure by the Council Tax base. The Council Tax base for the year was calculated as follows:

Valuation Band	Proportion of Band D Charge (ninths)	Number of Dwellings in Valuation List		Number of Band D Equivalent Dwellings	
		2018/19	2019/20	2018/19	2019/20
Band A	6	8,482	8,552	3,308	3,370
Band B	7	12,884	12,990	7,787	7,885
Band C	8	8,838	8,929	6,789	6,869
Band D	9	4,736	4,805	4,275	4,338
Band E	11	3,716	3,756	4,221	4,266
Band F	13	2,095	2,103	2,814	2,839
Band G	15	825	823	1,289	1,286
Band H	18	47	47	63	62
Total		**41,623**	**42,005**	**30,546**	**30,915**
Deduction for non-collection				(336)	(340)
Additional properties and adjustments during the year				0	0
Council Tax Base (Band D equivalent)				**30,210**	**30,575**

3. The Fund Balance

Prior to the end of each year, the year-end surplus or deficit on the Collection Fund for both Council Tax and Business Rates is estimated in order that it can be distributed amongst the billing and precepting authorities along with the precepts for the coming year. The declaration has to be made on 15th January each year for Council Tax and 31st January for Business Rates. The estimated surplus/deficits declared for the 2018/19 year were a £672,000 surplus for Council Tax and a surplus of £258,000 for Business Rates, both of which have been distributed in 2019/20.

For Council Tax, the estimated surplus was apportioned amongst the preceptors in proportion to the value of their respective demands and precepts made on the Collection Fund for 2018/19. For Business Rates, the estimated deficit was apportioned using the prescribed proportions for the year the surplus or deficit related to. Under the normal retention scheme this is 50% (Central Government), 40% (Billing Authority), 9% (County Council), and 1% (Fire Authority). During 2018/19 the Council was part of the Derbyshire 100% Business Rates Pilot, therefore the surplus/ deficit relating to 2018/19 was distributed 50% (Billing Authority [the Council]), 49% (County Council), and 1% (Fire Authority).

2018/19 Council Tax	2018/19 Business Rates		2019/20 Precept Council Tax	2019/20 Precept Business Rates	Distribution of Estimated Surplus / (Deficit) Council Tax	Distribution of Estimated Surplus / (Deficit) Business Rates	2019/20 Total Council Tax	2019/20 Total Business Rates
£000	£000	**Precepting Authorities**	£000	£000	£000	£000	£000	£000
	(1,334)	Central Government		12,828		244		**13,072**
38,615	12,508	Derbyshire County Council	40,447	2,309	490	(69)	**40,937**	**2,240**
5,847		Derbyshire Police Authority	6,623		74		**6,697**	
2,269	233	Derbyshire Fire & Rescue Authority	2,330	257	29	3	**2,359**	**260**
46,731	**11,407**		**49,400**	**15,394**	**593**	**178**	**49,993**	**15,572**
		District & Town/ Parish Councils						
5,660	11,941	High Peak Borough Council	5,863	10,263	79	80	**5,942**	**10,343**
190		New Mills Town Council	201				**201**	
117		Chapel-en-le-Frith Parish Council	120				**120**	
273		Parish Councils	279				**279**	
6,240	**11,941**		**6,463**	**10,263**	**79**	**80**	**6,542**	**10,343**
52,971	**23,348**		**55,863**	**25,657**	**672**	**258**	**56,535**	**25,915**

On the 2019/20 Collection Fund, the accounts record an in-year deficit of £361,000 for Council Tax and an in-year deficit of £1,000 for Business Rates. The balance at 31st of March 2020 has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the precepting authorities' debtor and creditor accounts and those of the billing council as follows:

2018/19 Council Tax Cummulative Surplus /(Deficit)	2018/19 Business Rate Cummulative Surplus /(Deficit)		2019/20 Council Tax In Year Surplus/ (Deficit)	2019/20 Business Rate In Year Surplus/ (Deficit)	2019/20 Council Tax Cummulative Surplus /(Deficit)	2019/20 Business Rate Cummulative Surplus/ (Deficit)
£000	£000		£000	£000	£000	£000
0	245	Central Government		(116)	0	129
417	(108)	Derbyshire County Council	(264)	92	153	(16)
63		Derbyshire Police Authority	(38)		25	
24	2	Derbyshire Fire & Rescue Authority	(16)	0	8	2
68	40	High Peak Borough Council	(43)	23	25	63
572	**179**	**Balance at 31 March**	**(361)**	**(1)**	**211**	**178**

The Council Tax cumulative surplus amounts attributable to the County Council, Police Authority and Fire & Rescue Authority above are shown as creditors in the 2019/20 Balance Sheet; the Business Rates cumulative surplus amounts attributable to Central Government, the County Council and Fire & Rescue Authority above are shown as creditors in the 2019/20 Balance Sheet.

4. Council Tax & Non-Domestic Rates Income reported on the Comprehensive Income & Expenditure Statement

The Comprehensive Income & Expenditure Statement includes income from Council Tax & Non-Domestic Rates in "Taxation and Non-Specific Grant Income & Expenditure"; this is further detailed in Note 3c in the Notes to the financial statements. A reconciliation between the income reported in the Collection Fund Statement and Notes and that shown in Note 3c follows.

2018/19			2019/20	
Council Tax	Business Rates		Council Tax	Business Rates
£000s	**£000s**	**Note 3c Taxation and Non-Specific Grant Income**	**£000s**	**£000s**
(6,285)		Council Tax Income	(6,499)	
	(2,527)	Non-Domestic Rates Retention		(1,949)
(6,210)	(13,009)	HPBC Precept	(6,463)	(10,263)
(30)	1,068	HPBC Share of (Surplus)/ Deficit Distributed in the Year	(79)	(80)
(45)	(912)	HPBC Share of actual (Surplus)/ Defict recorded at 31st March	43	(23)
	85	Contribution to Derbyshire Business Rates Pool*		301
	10,241	NDR Tariff **		8,116
(6,285)	**(2,527)**	**Total**	**(6,499)**	**(1,949)**
0	**0**	**Variance**	**0**	**0**

* Under the Business Rates Retention system, the NDR levy is a charge on a proportion of growth above the Business Rates Funding Baseline in the year. This is a charge to the General Fund and as such does not feature in the Collection Fund Statement. As a member of a Business Rates Pool in 2019/20 the Council does not have to pay this levy to Central Government, but instead pays a contribution to the Derbyshire Business Rates Pool.

** The NDR Tariff is the difference between the NDR Baseline and the Funding Baseline, which are set by Central Government as part of the Budget. It is paid to Central Government during the year out of the General Fund and as such does not feature in the Collection Fund Statement.

5. Community Charge

It should be noted that outstanding arrears in respect of Community Charge are still being collected and these amounts are credited directly to the Council's General Fund.

Accounting Policies

1. General Principles

The Statement of Accounts summarise the Authority's transactions for a financial year and the position at the financial year-end. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. Those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise Cipfa's Code of Practice on Local Authority Accounting in the United Kingdom, applicable to the financial year, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Accruals of Income and Expenditure

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

- In compliance with IFRS15 revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- In compliance with IFRS15 revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The resources available are concentrated on identifying and accruing individual transactions of £10,000 and above.
- An Accumulated Absences creditor balance is maintained to reflect the value of time owed to employees for accrued holidays, TOIL (time off in lieu) and flexitime. This balance is based on an historic value subject to annual review and amendment where there have been significant changes in staff numbers or working patterns.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial instruments repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

5. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible assets attributable to the service.

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined

by the Authority in accordance with statutory guidance.
Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance [MRP], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

6. Employee Benefits

Benefits Payable during Employment
Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for restructuring.
Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits
Employees of the Authority are members of The Local Government Pensions Scheme, administered by Derbyshire County Council.
The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Pension Scheme

The Derbyshire Pension Fund is part of the Local Government Scheme, and is accounted for as a defined benefits scheme:

- The liabilities of the Derbyshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate determined by the actuary (based on the indicative rate of return on high quality corporate bond).
- The assets of Derbyshire Pension Fund attributable to the Authority are included in the Balance Sheet at fair value:
    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value.

The change in the net pension liability is analysed into the following components:

- Service cost comprising:
    - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
    - past service cost – the increase as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
    - net interest on the net defined benefit liability (asset) – i.e. the net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
    - the return on plan assets – excluding amounts included in the net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions

made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid to the Derbyshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

7. Events after the Reporting Period
Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

8. 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 for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest. 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 Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.
Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, 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 Comprehensive Income and Expenditure Statement 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)
- 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 costs, except for those whose contractual payments are not solely payment of principal an interest (i.e. where the cashflows 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 interest rate 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.

When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary 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 on 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 of 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 and 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.

Finance Assets Measured at Fair Value through Profit or Loss (FVPL)

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.

Fair value of an asset is the price that would be received to sell and asset in an orderly transaction between market participants at the measurement date. 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.

9. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

10. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

11. Interests in Companies and Other Entities

The authority has a material interest in Alliance Environment Services Ltd (AES) with Staffordshire Moorlands District Council and Cheshire East Council. This arrangement is assessed as Joint Operation therefore is not required to prepare group accounts. The Council does not have interest in any other any company or entity that has the nature of a subsidiary, associate or joint venture, so has no requirement to prepare group accounts.

12. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

13. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

The cost of inventories is assigned using the First In First Out [FIFO] costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

14. Investment Property

Investment properties are those that are used solely to earn rentals and/ or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

15. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee:
Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

Comprehensive Income and Expenditure Statement (where applicable–may not be a finance charge e.g. leases in regard to land.)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).
The Authority is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases
Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor:

Finance Leases
Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases
Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

16. Property, Plant and Equipment
Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition
Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement
Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction –historic cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- surplus assets – the measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historic cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. (see Componentisation below)

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

Disposals and Non-current Assets Held for Sale
When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.
Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the Government. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.
The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Componentisation
A formal Componentisation policy has been adopted in accordance with the requirements of International Reporting Standards effective from 2010/11. The policy applies to all categories of Property, Plant and Equipment which meet the following criteria:

- Individual assets and groups of similar assets, whether held at historic cost or current cost, with a gross carrying value of £800,000 and above will be considered for the purposes of componentisation.
- Items below this level will be disregarded as the impact upon the total cost of service is not considered material.
- Assets that are above the £800,000 threshold will be 'componentised' where the cost of the component is significant in relation to the overall cost of the asset. A component will be deemed significant where it represents 20% of the total cost of the overall asset at the time of acquisition or construction and where the component element has a significantly different useful life and/or method of depreciation to the main asset.
- where assets comprise two or more components any change in overall valuation will not simply be applied to the overall asset but assigned to its component parts in accordance with any split provided by the Valuer

Derecognition
When a component is replaced or restored the old component should be "derecognised" (written off) to avoid double counting. Under the Code, derecognition is required to ensure the asset carrying values are not materially overstated. To this end the following principles will be applied when calculating derecognition values.

Council Dwellings
For valuation purposes the housing stock has been separated into 90 "Beacon" Groups with each having a property that has been identified as representative of the rest. An annual valuation of the housing stock is performed using the Beacon properties as representative of the entire population. The Council owns around 4,000 such dwellings, representing an average individual Carrying Value of £30,000.

As the average carrying value of housing stock is both small and not calculated by individual property, there is no practical benefit in separately identifying and valuing the components that make up each individual house. Council dwellings will therefore only be valued with Land and Buildings identified as separate components.

General Fund Assets (GF)

- The component does not need to have been separately identified under the above policy
- All spending on assets valued at over £800,000 will be considered for de-recognition
- On assets valued at under £800,000, only capital spending greater than £160,000 (20%) will be considered for de-recognition

- On all assets, capital spending lower than £160,000 will be treated as an enhancement without any de-recognition.

Council Dwellings (HRA)

- The HRA Capital Programme will be reviewed to identify any instances when all dwellings in a Beacon Group have been modified or enhanced in the year so that de-recognition can be considered.
- In all other cases, capital spending will be regarded as maintaining the average values across all Beacon Groups and will be 100% de-recognised at cost.

Determining De-Recognition Values (GF and HRA)

- Derecognition will be based on valuations of the replaced component provided by Property Services; or
- Where no valuations are readily available, replacement cost will be used, adjusted for appropriate levels of depreciation and impairment.

Note: all assets will be considered separately for an Impairment Review in accordance with the Code.

De-minimis

Where the gross value of a Property asset is £10,000 or less it is included on the Balance Sheet at its carrying value without further revaluation, depreciation or impairment. These assets are subjected to an annual internal review. Where this identifies the potential for a significant increase that would take carrying values above £10,000, a formal valuation will be triggered.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.
Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

18. Reserves

Equate to the residual value of the Authority's assets after deducting all its liabilities. They are reported on the Balance Sheet under two categories:

Usable Reserve

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Unusable Reserves

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority. They are of two kinds:

a) Those that hold unrealised gains and losses. Arising from changes in Asset or Liability valuation, where gains/ losses will only be released once the Asset/ Liability is disposed of.
b) Adjustment accounts that carry a balance reflecting the timing difference between income

and expenditure as recognised under accounting standards and that required under statute.

These reserves, explained in the relevant policies and Statement notes, are Revaluation Reserve [(a) *capital*]; Deferred Capital Receipts Reserve [(b) *capital*]; Capital Adjustment Account [(b) *capital*]; Pensions Reserve [(b) *employees*]; Accumulated Absences Account (b); *Financial Instrument* Adjustment Account (b); Collection Fund Adjustment Account (b).

19. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

20. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

21. Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities held and maintained for their contribution to knowledge and culture.

The Council holds a range of Heritage Assets;

- Civic Regalia – comprises the various chains of office associated with the ceremonial functions of the Council and the office of Mayor (including deputies and consorts).
- Art Collection - a small collection, which has been donated from various sources over a number of years.
- Civic Memorabilia – items, commemorative in nature, that have been donated to the Council.
- Legal Documents – a number of historical legal documents.
- Monuments, Memorials, Statues and Other Assets – the Council either owns or is custodian for a range of items (e.g. fountains, wells etc.) considered significant to the heritage of the borough.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets as detailed below.

Both the Civic Regalia and Art collections are held on the Balance Sheet at Insurance Value which is based on market value. It is considered that they have an indefinite life and therefore Depreciation is not charged. The Art Collection is specifically maintained and preserved in its original condition.

In addition, both collections are annually reviewed in order to establish if carrying values remain current and if impairment is required. For security reasons, the Council does not publicly reveal precise details of either its Civic Regalia or the Art Collection.

Information on cost or value is not usually held on the remaining Heritage Assets and the Council considers that the cost of obtaining valuations tend not to be commensurate with the potential benefits to the users of the Statement of Accounts. Therefore these assets are rarely included on the face of the Balance Sheet. However, an periodic review of such assets is undertaken to ensure that this assumption remains valid.

22. 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 (i.e. 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 proportionally the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet included the Authority's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

23. Fair Value Measurement

The Authority measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

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

24. Presentation of Items in Other Comprehensive Income & Expenditure

The Authority does not have any transactions in Other Comprehensive Income and Expenditure which are reclassifiable to the Surplus or Deficit on the Provision of Services and has therefore not split Other Comprehensive Income and Expenditure into those items that will, or will not, be reclassified subsequently to the Surplus or Deficit on the Provision of Services when specific conditions are met.

Glossary of Financial Terms

Accounting Period
This is the length of time covered by the accounts. It is normally a period of 12 months commencing 1st April. The end of the accounting period is the reporting date.

Accounting Policies
Accounting policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statement.

Accruals
The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which they were earned or incurred, and not in the period in which any cash is received or paid.

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

- Events have not coincided with the actuarial assumptions made for the last valuation; or
- The actuarial assumptions have changed.

Amortised cost
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Asset
An asset is something that the Council owns that has a monetary value. Assets are either 'current' or 'non-current'. A current asset will be used by the end of the next financial year, whereas a non-current asset provides benefits for a period of more than one year.

Balance Sheet
A snapshot of the overall financial position of the Council at the reporting date.

Balances
Reserves held in Council funds at the reporting date.

Capital Adjustment Account
Provides a balancing mechanism between the cost of non-current assets consumed and the capital financing set aside to pay for them. (Introduced by the 2007 SORP (Statement of Recommended Practice), it replaced the Capital Financing Account.)

Capital Charges
The depreciation charge covering non-current assets used in the provision of services.

Capital Expenditure
Spend on the acquisition of non-current assets or expenditure which adds to and does not merely maintain existing assets.

Capital Receipts
Income received from the sale of capital assets, a specified proportion of which may be used to finance new capital expenditure and the remainder is set-aside and may only be used for paying off debt.

Carrying Value
The value at which an asset or liability is held on the Balance Sheet.

Cash Flow Statement
This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Chartered Institute of Public Finance and Accountancy (CIPFA)
The professional accountancy body concerned with local authorities and the public sector.

Collection Fund
Fund indicating the level of Council Tax and Non-Domestic rates received by the Council and the payments which are made from these funds, including precepts to Central Government, other authorities and the Council's own demand.

Community Assets
Assets which the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency
Accounting concept applied in the preparation of the accounts, ensuring that the accounting treatment of like items within a period and from one period to the next is the same.

Contingent Assets & Liabilities
Possible asset or obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Creditors *(Payables)*
Amounts owed by the Council for goods and services, where payments have not been made at the reporting date.

Current Assets
Items that can be easily converted into cash.

Current Liabilities
Items due immediately or in the short-term.

Debtors *(Receivables)*
Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

Depreciated Replacement Cost (DRC)
A method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all the relevant forms of obsolescence and optimisation.

Depreciation
Measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use over time or obsolescence through technological or other changes.

Earmarked Reserves
Reserves set aside for a specific purpose, a particular service, or type of expenditure.

Events after the Reporting Period
Events, both favourable and unfavourable, which occur between the reporting date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Extraordinary Items
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are not expected to recur. They do not include exceptional items nor do they include any prior period items merely because they relate to a prior period.

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

Fees and Charges
Income earned arising from the provision of services.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee from the lessor. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amount to substantially all of the fair value of the leased asset.

Financial Instrument
These are contracts that give rise to a financial asset of one entity and a financial liability of another. Examples include trade payables and receivables, borrowings, investments, loans and bank deposits.

Financial Year
A period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1st April to 31st March.

General Fund (GF)
The main revenue fund of a billing authority. Day-to-day spending on services is met from the fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account (HRA).

Going Concern
The accounting concept that assumes the Council will remain in operational existence for the foreseeable future. This means in particular that the income & expenditure accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants
Assistance by government and its agencies and similar bodies, in the form of cash or transfer of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

Heritage Asset
An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Revenue Account (HRA)
Local authorities are required to maintain this separate account to record the expenditure and income arising from the provision of housing. All other services are charged to the General Fund.

Impairment
The writing down in the value of an asset, owing to a change in market value use of resource.

Income & Expenditure Account
Summarises the resources that have been generated and consumed in providing services and managing the Council during the year.

Infrastructure Assets
Inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Examples of such assets are highways and footpaths.

Intangible Assets
Non-financial non-current assets that do not have physical substance but are identifiable and are controlled by the Authority through custom or legal rights. Examples of such assets are software licences.

International Financial Reporting Standards (IFRSs)
A suite of accounting standards used across the world and prepared by the International Accounting Standards Board (IASB). IFRS is the international equivalent of the Financial Reporting Standards (FRSs) formerly used in the UK. IFRSs apply to local authorities and any departure from these must be disclosed in the published accounts.

Investment Properties
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 the use in the production or supply of goods or services or for administrative purposes; or the sale in the ordinary course of operations.

Joint Operation
Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators.

Joint Venture
Arrangement under which two or more parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and joint venturers have the rights to the net assets of the arrangement.

Leasing
Method of financing the provision of various capital assets, usually in the form of operating leases which tend not to provide for property in the asset to transfer to the Authority.

Liability
A present obligation of the Authority, settlement of which is expected to require the outflow of resources such as cash or the provision of a service.

Long-Term Debtors
Monies due to the Council which are unlikely to be recovered within a 12-month period, for example third party loans.

Long-Term Investments
An investment intended to be held for the medium- or long-term and will not be capable of realisation within a year of the reporting date.

Minimum Revenue Provision (MRP)
Minimum amount which must be charged to an authority’s revenue account each year for the repayment of principal and set aside as a provision for credit liabilities.

Net Book Value
Amount at which non-current assets are included in the balance sheet, i.e. their historic cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost
Cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value
Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

New Homes Bonus
A reward grant paid to authorities based on the number of new homes built or brought back into occupation. A premium is paid for affordable homes included in these numbers.

Non-Current Assets
Asset that yields benefits to the Authority and the services it provides for a period of more than one year.

Non-Domestic Rates (NDR)
Amounts payable to local authorities from Non-Domestic properties: this distributed to Central Government 50%; 9% to the County Council; 1% to the Fire Authority; and 40% is retained by the Council.

Non-Operational Assets
Non-current assets held by the Authority but not directly occupied, used or consumed in the delivery of services.

Examples are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases
A lease other than a finance lease.

Operational Assets
Non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Precept
Demands made upon the collection fund by Central Government and other authorities (Derbyshire County Council, Derbyshire Police Authority, Derbyshire Fire Authority and Town & Parish Councils) for the services they provide.

Provisions
Amounts set aside where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential. The best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Prudential Framework
The Prudential Framework replaced the credit approval mechanism previously used by central government to control borrowing for capital expenditure. Local authorities are now allowed to determine their own capital programmes according to prudent assessments of affordability. Authorities must set their spending plans in accordance with the CIPFA Prudential Code.

Reserves
Sums set aside to meet future expenditure on specific purposes.

Revaluation Reserve
A capital reserve that records net gains (if any) from revaluations of assets made after 1 April 2007. (Introduced by the 2007 SORP, it replaced the Fixed Asset Restatement Account).

Revenue Expenditure
Expenditure on the day-to-day running of the Council, including employee costs, running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)
Expenditure classified as capital which does not result in a non-current asset being carried on the Balance Sheet. This would include capital grants or renovation grants to private persons.

Revenue Support Grant (RSG)
Grant paid to local authorities by Central Government to help finance its general expenditure, becoming less significant as its level is reduced year-on-year.

Section 106 (S106)
This section of the Town and Country Planning Act 1990 enables legal agreements between planning authorities and a developer where, on being granted a planning application, the latter may be obliged to provide additional funding for specified services.

Short-Term Investments
An investment that is capable of realisation within a year of the reporting date.

Soft Loan
Loans made for policy reasons rather than as financial instruments; commonly made to local and voluntary sector bodies that undertake activities considered beneficial to the community. They may be interest free or below prevailing market rates.

Usable Capital Receipts Reserve
Distinguishes the amounts in the reserve from any capital receipts that have been posted to the Capital Adjustment Account to reduce the Authority's underlying requirement to borrow.

Useful Life
Period over which the Authority will derive benefits from the use of a non-current asset

Independent auditor's report to the members of High Peak Borough Council (to be inserted on completion of audit)