



**ST HELENS**  
BOROUGH COUNCIL

# STATEMENT OF ACCOUNTS 2019-2020



# APPROVAL OF ACCOUNTS

---

## APPROVAL OF ACCOUNTS

I confirm that these Accounts were approved by the Audit and Governance Committee at its meeting held on 4th February 2021.

*Lynn Clarke*

Chair of meeting approving the Accounts

Date: 4th February 2021



# TABLE OF CONTENTS

---

	<b>Page No.</b>
Narrative Report by the Executive Director of Corporate Services	<b>4</b>
Explanation of the Financial Statements	<b>34</b>
Independent Auditors Report to the Members of St Helens Borough Council	<b>35</b>
Statement of Main Principles, Accounting Policies and Estimation Techniques	<b>41</b>
Statement of Responsibilities for the Statement of Accounts	<b>55</b>
Annual Governance Statement 2019-2020	<b>56</b>
Core Financial Statements	
• Movement in Reserves Statement	<b>72</b>
• Comprehensive Income and Expenditure Statement	<b>73</b>
• Balance Sheet	<b>74</b>
• Cash Flow Statement	<b>75</b>
Index of Notes to the Core Financial Statements 2019-2020	<b>76</b>
• Expenditure and Funding Analysis (EFA) and Note to the EFA	<b>78</b>
• Other Notes to the Core Financial Statements	<b>80</b>
Supplementary Financial Statements	
• Collection Fund Statement	<b>143</b>
Notes to the Collection Fund Statement	<b>145</b>
Glossary of Financial Terms	<b>149</b>

# NARRATIVE REPORT BY THE EXECUTIVE DIRECTOR OF CORPORATE SERVICES

---

## 1. Introduction to the Narrative Report

This Narrative Report provides an overview of St Helens Borough Council, including the key issues impacting on the Council and its accounts. It provides a summary of the Council's financial position as at 31 March 2020, and an outline of its operational environment and wider performance, whilst going on to consider risk and the future. Although only impacting in the final weeks of 2019-2020, the Narrative Report is set very much within the context of the COVID-19 pandemic; the most challenging emergency the UK and local authorities have faced for generations. The Narrative Report is structured as follows:

- Introduction to St Helens
- Key facts about St Helens
- Council - political and management structure
- Council operating model - partnerships and strategic planning
- Operational environment
- Council financial summary and resource allocation 2019-2020
- Council performance summary 2019-2020
- Risk management
- Future outlook
- Conclusion

## 2. Introduction to St Helens

St Helens Borough Council is one of the 6 local Merseyside authorities that make up the Liverpool City Region. Situated strategically at the heart of the North West and central to the 'Northern Powerhouse,' the borough also enjoys strong connections to Greater Manchester, Lancashire and Cheshire. An extensive road, rail and bus network provides excellent accessibility to and from St Helens.

St Helens covers an area of 136 square kilometres, of which approximately half is rural, and half is urban. The borough has a proud industrial heritage, built around its reputation as a centre for innovation in chemical production, pharmaceuticals and a world-famous glass industry. Like many northern towns, the industries on which it once thrived have now largely declined. However, in recent years regeneration has brought about the positive transformation of many parts of the borough, with the development of new industry, businesses, housing, transport infrastructure and green spaces. The Council's aspirations for the borough remain high and the creation of additional economic growth remains a key priority if it is to succeed in its plans and deliver its ambitious vision of a future St Helens.

## 3. Key Facts about St Helens

St Helens' demographics, the profile of its communities and its living environment are all critical factors that play a key role in influencing the range, shape and direction of services that the Council provides, for it to ensure that the needs of the local population are capable of being met.

**Office for National Statistics (ONS) Mid-Year Population Estimates 2019 show that there are approximately 180,600 residents in St Helens, a population that is expected to grow steadily over the next 10-20 years, although at a lesser rate than that predicted for the North West and England.**

St Helens' age profile is relatively old; with proportionally less people aged 0-16 and more people aged 65+ than there are nationally. It is also an ageing population with ONS Population Projections suggesting that numbers of residents in their 80's will nearly double, whilst numbers of residents in their 90's will nearly triple by 2037.

Relatively high levels of deprivation and inequality exist within the borough. The Index of Multiple Deprivation 2019 ranks St Helens as the 26th most deprived local authority in England out of 317. Nearly a quarter of all neighbourhoods within the borough fall within the most 10% deprived of neighbourhoods nationally.

The health of the population is not as good as it should be, with Census data showing that over 8% of people describe their health as bad or very bad. Statistics show that life expectancy from birth for both males and females at 77.7 years and 81.0 years is significantly below national averages of 79.6 years (males) and 83.2 years (females).

The percentage of the population economically active has shown improvement in recent years (79.0%) and is above the regional average (77.7%) and only marginally lower than the national average (79.2%). Economic inactivity rates are close to the regional and national averages, however high levels of long-term sickness and disability persist.

Residents' average gross weekly pay of £555.70 is on a par with the North West average of £555.80, but below the national average of £591.30.

Housing affordability is an issue within the borough with the average house price now almost 6 times the median gross annual earnings.

Crime rates within St Helens on the whole compare favourably to neighbouring authorities and those in its most similar family comparator group, although the incidence of serious violence and domestic abuse remain challenges.

For a detailed picture of St Helens and its communities please visit:

[info4.sthelens.gov.uk](http://info4.sthelens.gov.uk)

#### **4. St Helens Borough Council**

St Helens Borough Council provides a range of local authority services to the residents, businesses, schools and visitors to the borough, either directly or through commissioning or partnership arrangements. The services delivered include care services for older people, vulnerable adults and people with disabilities, children's centres and early years' services, school support and improvement, support for children with special educational needs, fostering and adoption services, public health, waste and recycling, street cleansing, libraries, leisure services, licensing, housing and homelessness support, planning and development permissions, environmental health and trading standards, benefits administration, maintenance of highways, footpaths, parks and open spaces, and many more.

#### **Political Structure**

St Helens has a total of 16 electoral wards and 48 ward Councillors. Following the last local elections in May 2019, the membership of St Helens Borough Council was:

- 37 Labour Party Councillors
- 4 Liberal Democrat Party Councillors
- 3 Conservative Party Councillors
- 2 Green Party Councillors
- 2 Independent Councillors

At Full Council, all Councillors meet to debate decisions on the Council's budget, constitution and policy framework. Full Council also elects a Leader with Executive powers selected from the elected Council as a whole.

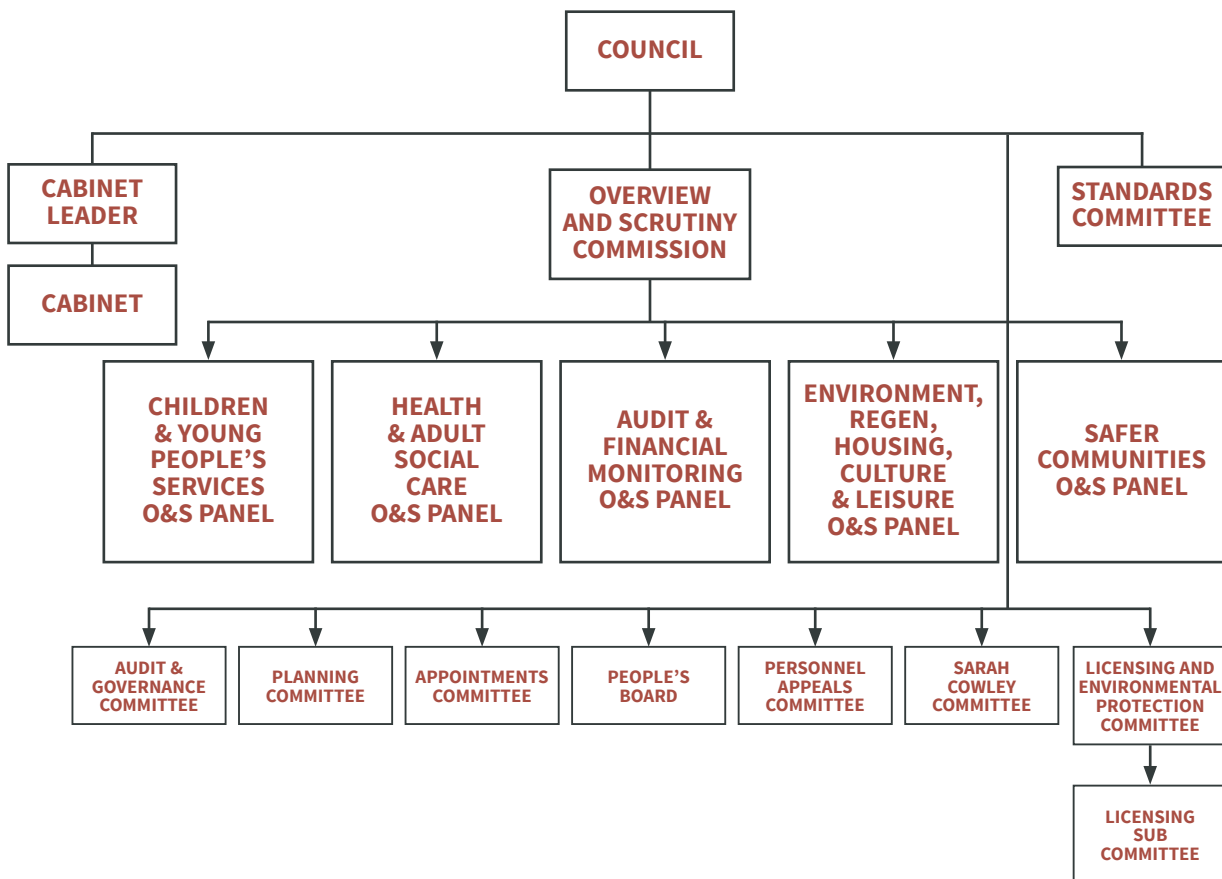
In 2008, the Council adopted a Leader and Cabinet model as its political management structure. The Cabinet is the principal decision-making body of the Council. It is made up of the Leader and up to nine Councillors whom the Leader appoints as Portfolio Holders. Each Cabinet Member has responsibility for an individual Portfolio area, each of which relates

to particular services and functions of the Council.

In addition, a series of regulatory committees, also appointed by Full Council, discharge specific Council functions, which are not the responsibilities of the Cabinet.

An Overview and Scrutiny Commission and a series of dedicated Overview and Scrutiny Panels exist to hold the Cabinet to account. Their role is to examine the policies, decisions and actions taken by the Cabinet, along with the overall performance of the Council. Where necessary, the Commission and its Panels can

make recommendations for improvement and have the power to call in decisions made by the Cabinet prior to implementation. The 2019-2020 Overview and Scrutiny structure is reflected in the diagram below. Looking ahead, the Council Budget 2020-2021 contained a decision to reduce the number of Scrutiny Panels from five to three, with the Commission and remaining Panels covering the three directorates of Corporate, People's and Place. Further information on the Council's political structure and processes is available within the Constitution.





## Management Structure

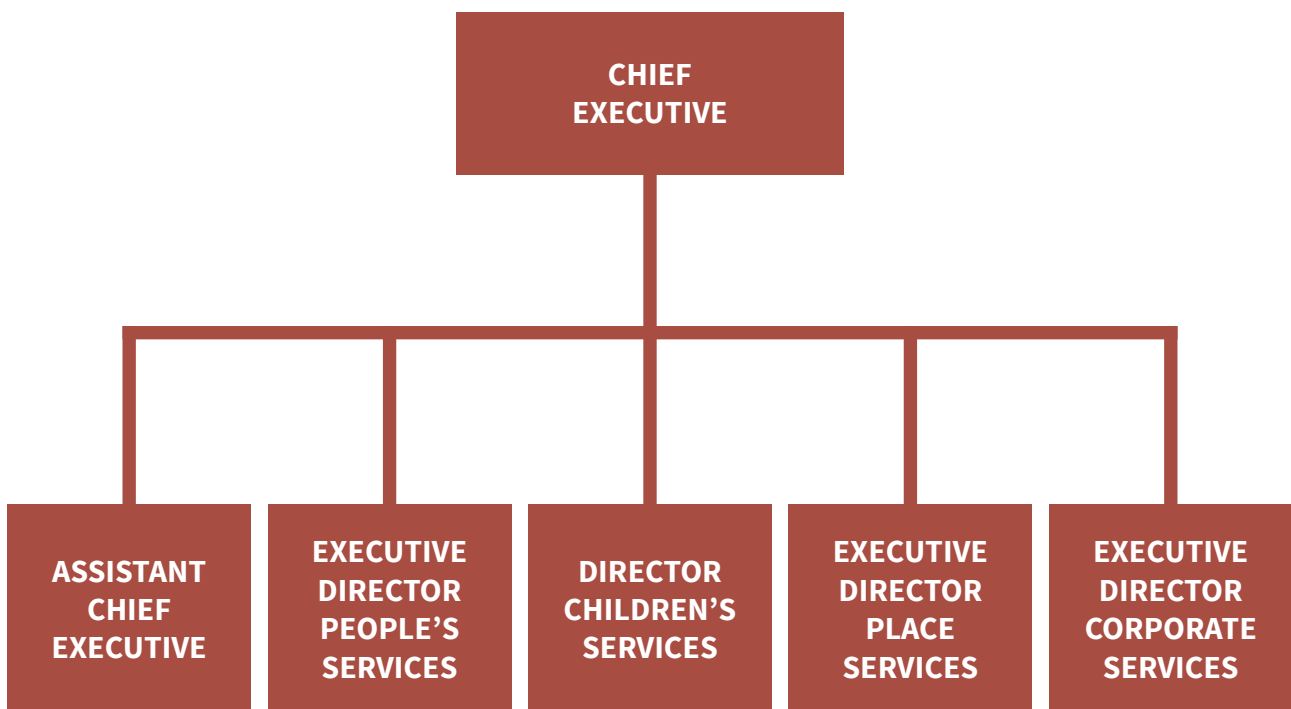
2019-2020 saw significant change within the senior management structure of the Council. Over the course of the year there have been three different Chief Executives in post. In December 2019 during the tenure of an Interim Chief Executive and following the appointment of a new permanent Chief Executive, St Helens Borough Council approved a revised organisational structure in support of its programme of modernisation. The first phase saw the implementation of a revised structure for the Executive Leadership Team, with recruitment to the new structure taking place in the first and second quarters of 2020. This structural reorganisation will continue over the course of 2020-2021 to ensure that the Council has the requisite capacity across the organisation to deliver on its agreed priorities. The Council is currently based around three Directorates led by a Senior Management Team comprising the Chief Executive, an Assistant Chief Executive, three Executive Directors and a Director of Children's Services.

The People's Services Directorate provides a broad range of statutory and non-statutory services for children, young people and adults, covering social care, education, and public health.

The Place Services Directorate provides a wide range of place-based services including planning and economic development, environmental care, highways, housing, community safety, libraries and leisure services and regulatory functions such as environmental health and trading standards.

The Corporate Services Directorate provides a series of statutory functions, including front line services such as revenues and benefits, along with support services that add value and enable the effective running of the Council.

At April 2020, the Council had a total workforce of 3,007 people (excluding those employed by schools). As a result of the requirement to deliver significant savings and efficiencies, in the period June 2010 to March 2020, the workforce has reduced by 33%, with the loss of 1,479 posts.



## 5. St Helens Borough Council Operating Model

### Partnerships

The Council can demonstrate a long history of successful partnership working dating back to the founding of one of the country's first ever public/private sector partnerships in 1988. A number of partnerships have since continued to bring together public services, businesses, and the voluntary and community sector to work jointly to regenerate the borough, create safer communities, improve health and wellbeing and deliver better outcomes for children, young people and adults.

National policy, increasing financial pressures and growing demand for services have led to the redefining of partnership working and the redevelopment of partnership structures, both at a regional level and beyond, as well as locally within St Helens.

At a sub-regional level, along with five other local authorities, St Helens is part of the Liverpool City Region Combined Authority, which was formally established on 1 April 2014. Its purpose is to facilitate greater economic growth across greater Merseyside and provide transparent and accountable strategic decision-making in support of economic development, transport, strategic housing, and employment and skills.

In November 2015, the Liverpool City Region formally agreed a devolution deal with Central Government which, along with agreement to choose a directly elected Mayor in May 2017 and the transfer of new powers and responsibilities from Whitehall, also included confirmation of £900 million of funding over a thirty year period. The Combined Authority and the Liverpool City Region devolution agreement will have a significant influence on the future ability of Merseyside, Halton and St Helens to create sustained economic growth. St Helens Borough Council will seek to maximise the opportunities that it brings both in the short and longer term.

At a district level in response to the significant challenges facing the borough, there has also

been a need to redefine ways of partnership working through a more collaborative approach and new models of integrated service delivery that are resilient and capable of delivering required outcomes.

During 2016-2017, the Council set out to lead a review of pre-existing partnership arrangements and established a new framework for collaboration, which is now well established.

**The revised Council structure is currently supported by a People's Board, taking on the statutory responsibilities of the Health and Wellbeing Board and the Community Safety Partnership, an Economy Board, established to drive forward economic growth within the borough, and a Children's Improvement Board established in response to the Ofsted ILACS inspection in 2019.**

In response to the COVID-19 pandemic St Helens Borough Council and members of its Executive Leadership Team have collaborated closely with the Merseyside Resilience Forum (MRF) to establish the MRF Strategic Recovery Coordinating Group, a Tactical Recovery Coordinating Group and several thematic recovery cells which continue to coordinate the Liverpool City Region response to the pandemic. Locally, the onset of the pandemic led to the creation of St Helens Together, a partnership between St Helens Borough Council and a range of voluntary organisations brought together by Halton and St Helens Voluntary Community Action to lead the community support response to COVID-19.

The integration of health and care services within St Helens has provided a strong starting point for enabling a coordinated response to the pandemic. Going forward partnership working will be key to effective recovery planning with partners across the Liverpool City Region and locally within St Helens.

### **Strategic Planning**

There is a long and well-established approach to strategic and financial planning within St Helens Borough Council. Over the course of 2019-20 the Council began work on a new Council Plan. A draft Plan was approved in March 2020, subject to future consultation with the community and partners.

The plan contains six strategic priorities which shall underpin everything the Council does.



# OUR PRIORITIES



Although the draft Plan was approved in March 2020, the COVID-19 pandemic has necessitated a further review of the Plan. The review will incorporate reset and recovery activity, feedback from community consultation and take account of a reviewed council budget for 2020-2021 and a new performance framework and targets aligned to the outcomes sought. The Plan priorities will drive the Council’s future service planning process, ensuring appropriate activity is undertaken across the organisation to deliver its long-term vision and goals. Required outcomes are to be defined by robust performance indicators with challenging but deliverable targets commensurate with resources. Financial information systems will continue to be aligned with plans allowing close monitoring of budgets and service expenditure.

## 6. Operational Environment

2019-2020 has been a year of unprecedented change, challenge and risk for St Helens Borough Council.

Prior to the COVID-19 pandemic, during 2019-2020 the Council was already facing a number of significant challenges, which in summary included:

- The severe financial risks and pressures stemming from continual grant reductions at a time of rising cost and demand for services.

- Challenges associated with significant changes over the course of the year at senior management level and the Council’s ongoing restructure.
- The requirement to deliver significant improvement in Children’s Services following a full Ofsted ILACS inspection in September 2019 and the judgement of ‘Inadequate’.
- The requirement to deliver improvement plans following the Local Government Association Peer Review and Culture Review in the period January to March 2019 and linked to this the delivery of a council-wide programme of modernisation ‘One Council’.

The onset of the COVID-19 pandemic has seen the Council’s traditional operational environment, and the way in which it delivers its services, change immeasurably. As a result, the challenges now facing the Council have been amplified and great uncertainty lies ahead both for the local authority and the community it serves. Our thoughts are with those affected and we stand alongside St Helens residents and local businesses who are working hard to maintain their day to day lives.

As a council, community leader and partner to the health, business and voluntary sector we recognise the role we play in supporting the national recovery effort and our focus is placed

on addressing the impacts felt at the local level, whilst speaking up for both St Helens and the Liverpool City Region at the national level.

### **The Financial Operating Environment**

Prior to the outbreak of the pandemic the Council was already operating within a very challenging and uncertain financial climate.

Over a period of ten years since the Comprehensive Spending Review of 2010, ongoing cuts in government funding resulted in significantly reduced Council budgets and the loss of £90m of Central Government funding. St Helens was disproportionately affected with relative annual grant reductions far higher than many more affluent areas. Over the course of 2019-2020 a £5.025m reduction in Revenue Support Grant resources resulted in a Council savings requirement of £6.2m. The accumulation of annual savings requirements over the period 2010-2020 has impacted heavily on the Council's ability to deliver its essential statutory duties and the discretionary services most valued by residents, particularly at a time of burgeoning service demand, cost pressures and raised expectations.

Within the pre COVID-19 operational environment several other factors heightened the climate of uncertainty and increased the level of financial risk the Council has been facing. These included:

- The lack of any certainty around a future funding settlement for local government including any guarantees around revenue streams including the Improved Better Care Fund and New Homes Bonus.
- The uncertainty on future levels of funding stemming from Government's Fair Funding Review and needs assessment which is due to result in the setting of new baseline funding allocations for local authorities.
- The uncertainty regarding the future participation in the Liverpool City Region Non-Domestic Rates Retention Pilot & Mid Merseyside Non-Domestic Rates Pool. Government policy around Business Rates has transferred significant risk to the Council

due to the potential for business failures and the consequent reduction in Business Rates. The level of appeals in the rating system could also generate a significant requirement to refund prior years' payments of Non-Domestic Rates.

- The increasing pressures on adult social care services due to a growing frail and elderly population coupled with the uncertainty around the funding available to provide for a sustainable social care system given the non-recurrent nature of existing funding streams and uncertainties arising from the continued delays to the publication of the Social Care Green Paper.
- The significant cost implications and budgetary challenge associated with improving children's social care services and the comparatively high numbers of children in care, those needing protection and children with special educational needs and disabilities within St Helens.
- The potential direct or indirect cost implications and other risks impacting on the Council linked to the UK's departure from the European Union.
- The uncertainty linked to the potential for significant increases in future pension fund costs and costs associated with other areas of Government policy such as the national living wage.

It is now evident that the short to medium term pressures and challenges highlighted above will be substantially dwarfed by the impact of the COVID-19 pandemic. Moreover, its impact is likely to be felt over a sustained period due to the effect upon the local economy, the community and the subsequent increased demand placed upon local government services.

The Council has undertaken financial modelling and has provided regular forecasting of additional spending and income loss pressures since the outbreak of the pandemic to the Ministry of Housing, Communities and Local Government. The latest return was submitted on 31 July 2020.

The latest Forecast expenditure pressures for 2020-2021 equate to approximately £12m. The majority of the additional expenditure costs relate to social care and the provision of sufficient support for individuals in the community and residential and nursing settings. Additional costs have also been incurred providing support for the homeless, shielding and local charities and community food banks. The provision of PPE and additional staffing in a small number of service areas has also incurred costs.

Forecast income pressures equate to approximately £19m. The income loss arises from significant reductions in sums received from sales, fees and charges, commercial and other income and also a reduction in the collection of Council Tax and Non-Domestic Rates. Future losses in income are anticipated to arise in the event of business failure and loss in Non-Domestic Rates income as the economy shrinks, whilst the impact on residents' ability to pay council tax is likely to be considerable. However, until the longer-term impact of COVID-19 on the economy becomes more apparent it is difficult to forecast any such losses with any degree of certainty.

These pressures also include a forecast for some of the previously agreed 2020-2021 budget savings that are now in danger of being delayed or not being delivered. In addition to the revenue implications of the crisis, the Council has an extensive capital programme and the current pandemic may have an impact on capital schemes in terms of costs, timeliness and delivery.

The financial pressures faced by local authorities in providing a response to COVID-19 have been recognised by Government. However, the quantum of additional funding provided to date does not cover the current forecast financial pressures that the Council faces, nor indeed meeting the need for the Council to sustain its response going forward to support and protect the community.

The Government has made available national un-ringfenced emergency funding over three separate tranches totalling £3.688bn, of which St Helens has been awarded £17.126m. In addition, the Council has received £1.328m conditional Test and Trace funding to mitigate against and support the management of local outbreaks of COVID-19. The Council has also been allocated £1.794m ringfenced infection control funding to support adult social care providers to reduce the rate of COVID-19 transmission in and between care homes and support the wider resilience of the workforce. Other specific Government funding has been made available which includes funding to support the leisure, retail and hospitality sector and council tax hardship funding.

Government have promised support for specific elements of income pressures, but not all. However, all additional support announced to date by Government, relates to support for the immediate pressures; the ongoing implications will have far reaching consequences in terms of social, economic, health and community impacts, and the Council will require significant additional support moving forwards into 2021-2022 and beyond.

If left unaddressed the financial challenges faced by the Council have the potential to place service delivery and the ongoing response to COVID-19 at risk, whilst also damaging the prospects of a swift recovery.

In recognition of the financial position arising from COVID-19, approval of an Emergency Budget 2020-2021 will be sought from Council in November 2020, aligned with the Recovery and Reset phase of the Council's COVID-19 response, with all services included for review.

### **The Council's Wider Operational Environment Post COVID-19**

Setting aside the financial implications of COVID-19, the impact of the pandemic on the wider operational environment of the Council and the services it delivers has been profound.

The Council is extremely proud of how it, alongside partners and communities,

mobilised quickly in response to the COVID-19 pandemic. The new Executive Management team reacted at speed to ensure the implementation of Government policy and national guidance to limit the spread of the virus, protect the health of all Council staff and residents and ensure the most vulnerable in our communities are safe and cared for. Important information was regularly and effectively communicated to the public and staff via a range of channels.

Following the announcement of lockdown on 23 March 2020, new governance arrangements were quickly established including a COVID-19 Strategic Group, a Local Reset and Recovery Group and themed sub-groups, which are coordinating the Council's response to the pandemic in the context of the Merseyside Resilience Forum and its constituent groups. A number of committee meetings were initially cancelled, but the democratic decision-making process is now operating remotely in line with national guidance, but with plans for a phased hybrid re-introduction of revised arrangements, including those for overview and scrutiny.

All staff in service areas with no statutory duty for face to face resident contact were immediately asked to work from home and not to go into the workplace. Where the transformational shift to remote digital delivery has not been possible, some council staff have been in the workplace and appropriate workplace social distancing measures have been put in place. Likewise, for staff working in non-office-based settings and directly with service users appropriate PPE and Health and Safety actions have been taken.

Members of staff unable to undertake their usual roles have been redeployed on a temporary basis to support key service areas. The change to an organisation that is now predominantly operating remotely is working well. The resilience and adaptation shown by staff has been impressive and the Council recognises their wellbeing is paramount to the continued response. Ongoing appropriate support is being provided to ensure effective

management and supervision, as well as support for the mental health and wellbeing of all staff. Going forward there are no plans to return to pre-COVID-19 working arrangements. Initial estimates indicate that around 90% of staff will be agile workers. The development of an agile working policy with supporting HR policies is continually evolving, taking account of a wide range of workforce implications.

During the initial stages of lockdown, several services including day care services, some community health services, leisure centres and libraries were closed. Recycling collections were also suspended for a period of time, whilst household waste collection moved from fortnightly to weekly. The majority of council services however have remained securely and effectively operational during lockdown, albeit with several having to adapt what and how they deliver, with a shift to greater online delivery.

At the same time collaboration with partners has led to new / additional areas of service being quickly established in response to the pandemic. Amongst others these have included:

- A Community Hub and response services, including food distribution services to support our most vulnerable residents and shielded people. More than 840 local people have registered to be a volunteer with #StHelensTogether to provide this critical support, whilst a dedicated Helpline has responded to over 15,500 calls for support.
- The provision and distribution of PPE.
- Support for the establishment of mobile testing sites.
- Additional support and services to local care homes.
- Emergency / discretionary grant payments to eligible businesses and other financial assistance provided to vulnerable individuals.
- Additional services to the homeless and vulnerable children and families.

As the easing of lockdown restrictions has continued the Council has been able to safely reintroduce services including weekly recycling and green waste collection. Planning continues for the phased reopening of other areas of service including day care services, face to face contact centres, registrars, libraries and outdoor playgrounds. Full building risk assessments are being undertaken and cooperation on a regional approach is ongoing to facilitate this safely.

Consideration is now being given to the development of new ways of working to address issues such as face to face service delivery, safe access and movement within buildings, and cash handling. The Council recognises communication with our customers and residents will be critical to ensure the provision of support to those who need it most and that changes to the way services are delivered are fully understood.

Close working with schools, Head Teachers and Chairs of Governors assisted the partial reopening of schools from 1 June 2020. As of the first week in July approximately 20% of pupils were attending educational establishments in St Helens. The communication, support and guidance provided by the Council to the business sector has facilitated safe workplace reopening and the reopening of St Helens town and district centres. A coordinated approach between council services, including Licensing and Environmental Health, and partners was adopted, with joint visits to all town centre pubs and restaurants, to prepare business premises for their chosen reopening dates.

As lockdown restrictions continue to ease the risk of a further outbreak remains high. Local authorities are being asked to support national plans to control the COVID-19 reproduction number (R) and respond to further 'local outbreaks'. The Council's focus will be to support the national approach to preventing, identifying and managing infection. All council services will be expected to plan for the impact of a local outbreak. A local Outbreak Management Plan has now been published

together with appropriate governance arrangements and work is ongoing to further support and resource the local Test and Trace model, which will need to be operational seven days a week.

### **The Council's Approach to Reset and Recovery**

A number of principles underpin the Council's approach to reset and recovery:

- Economic impact, support and recovery - including stabilisation, stimulation, and development of a more resilient, inclusive and green economy.
- Support for vulnerable residents - including addressing family poverty and worklessness.
- Health and Social Care - including transformation and further integration to a 'new normal', working closely with key partners and building on the successful integration that already exists with St Helens Cares.
- Relationships/Connections - including with Liverpool City Region, other local authorities, national agencies and our communities.
- The Council's financial resilience - both revenue and capital.
- The Council's transformation - including the sustainability of new ways of working developed during the response to COVID-19; how the Council may adapt to a phased release (and ramping up) of the lockdown and what this means for service delivery.
- Evidence base and analysis - including closely monitoring impacts and the effectiveness of responses, and informing decision making on the above areas.

The Council has adopted a three-phased approach to implement reset and recovery planning. The first phase considers the initial response to recovery during lockdown and following its easing. The second phase will consider the immediate horizon and the transition to a 'new normal' over the coming twelve months. The third phase will look to



the longer term reset and transformation to address the organisational, economic and social consequences of the pandemic.

St Helens Reset and Recovery Strategic Group was established to drive the above approach with six subgroups set up linked to the priorities of our draft Council Plan.

Reset and Recovery Plans continue to be progressed across these six priority areas, aligned to the strategic approach being taken by the Merseyside Resilience Forum and its constituent groups. Directorates have completed impact assessments that include recommendations on embedding new practices and system change, exploring and sharing good practice, and identifying where there have been significant impacts on service delivery due to COVID-19.

The Council will take this unique opportunity to refresh its priorities, be clear about its longer-term ambitions and move into a phase of transformation where it can create a fairer and more secure future for all its communities. At the same time, the focus on 'business as usual', so far as possible, continues in the context of ambitions within the 'One Council' programme of modernisation.

The key themes and emerging actions from the Directorate impact assessments which are forming the basis for Reset and Recovery Plans are set out as follows:

### **People**

- A review of the role of Adult Social Care and its relationship to place based integration, community development and asset-based approaches.
- A review of commissioning strategies encompassing Residential/Nursing/Domiciliary/Day Care is required for the short, medium and long term that preserves individual safety, ensures adequate supply of services and wherever possible supports people to remain at home.
- The alignment of reset and recovery planning with the CCG and Health partners to ensure consistency of approach, building

on the successful integration achieved to date and plans for a locality-based approach to delivery.

- Mapping the impact of COVID-19 on the borough's children and young people to ensure a clear understanding of the new 'starting point', whilst considering the revised service approaches that will now be required in the face of potentially greater complexity and further increased demand. Action taken is to be fully aligned to Children's Services Improvement Planning.
- Planning for the longer-term recovery activity required to re-build the resilience and capacity of the education sector, with a focus on Learning and the Curriculum, Support for Vulnerable Learners, Workforce Support and Planning, Early Learning and Childcare, Transition Planning Post-16 and Business Sustainability.
- A review of Health Improvement services focussing on the benefits and opportunities for health improvement and addressing health inequalities in our localities due to COVID-19.
- The development of a new Health Protection/Population Health Strategy that has the response to COVID-19 fully embedded.
- To continue to work with and support the voluntary and community sector to increase community resilience, capacity and local participation, including sustaining and further developing the potential of the volunteer hub 'St Helens Together'.
- The further development of a local Test and Trace model linked to the Outbreak Management Plan.
- The implementation of the new Domestic Abuse Strategy and development of a revised Community Safety Strategy.

### **Place**

- To continue to effectively implement council place-based activity in response to further Government guidance and further easing of lockdown restrictions.

- The development of a St Helens Economic Recovery Plan and programme of interventions to support the borough's economic recovery in the medium and long-term linked to the Liverpool City Region Economic Recovery Plan workstreams.

This will encompass:

- Liverpool City Region and local interventions to support the borough's business base, such as promoting St Helens as a place to invest and live, tailored bespoke support across all sectors and working with businesses to address supply chain / workforce issues.
- activity to promote economic inclusion, sustainable employment and skills development across the borough, building on opportunities for growth, research and innovation through developments including Parkside and Glass Futures.
- a focus on development and infrastructure, identifying sector specific areas of need and capital projects required to reset the borough, improve economic strengths and stimulate economic activity. Areas of focus will encompass the regeneration of town and district centres, commercial development, roads, public transport, highways, active travel, digital infrastructure and housing.
- The development and delivery of a Climate Change Strategy, further air quality planning, and a range of actions to promote an attractive, green and sustainable place that contributes to enhancing people's health, wellbeing and quality of life.
- The further development of plans for arts, culture and heritage to promote the borough and specific reset and recovery plans for libraries and leisure services.

### Organisation

- An emergency reset of the Council's budget for 2020-2021 and review of investment plans.

- The development of a revised Council Plan / Borough Strategy, repositioned to respond to the post COVID-19 challenges now facing St Helens. This will be supported by revised annual delivery planning to reflect the new Council structure and an effective performance management framework linked to priorities.
- The development of a St Helens Together Community Engagement Strategy 2020-2025 to support strong, active and inclusive communities capable of influencing and shaping the borough. Initial consultation on the Borough Strategy will begin the reset of the relationship between the Council and the communities it serves and inform the development of future delivery plans.
- The implementation and delivery of a new Customer Service Strategy. The intended aim is to have a "one stop shop" approach for residents, supported by more accessible digital delivery to improve the overall customer experience.
- The delivery of an Agile Working Strategy and a suite of revised workforce policies and procedures to support implementation.
- The development and delivery of a Digital Strategy to further drive the transformational shift towards agile working and the wider use of digital technologies to redesign services around the needs and preferences of our communities, reviewing how we will deliver our services differently.
- A review of the Council's estate and workplace arrangements linked to the implementation of agile working and the 'One Public Estate' programme.
- The development of an enhanced business intelligence function to monitor the impact of the new environment and the effectiveness of service responses to drive improvement, value for money and greater support for vulnerable communities and customers.

## 7. St Helens Borough Council Financial Summary and Resource Allocation

The following provides an overview of the key elements of the Council's finances over the period 2019-2020.

### Revenue 2019-2020

The Government published its final local government finance settlement for 2019-2020 on 29 January 2019. In response to the provisional settlement made in December 2018 the Council made a series of representations to the government consultation. However, there were no changes in the final settlement when compared to the provisional settlement and the Council experienced a further reduction to Revenue Support Grant (RSG) funding for 2019-2020 of £5.025m.

The overall reductions in general support grant faced by the Council since 2010 totals £90m and have placed enormous pressure on the services provided by the Council as it continues to deliver its statutory responsibilities and the discretionary services most valued by the residents of the Borough.

The 2019-2020 budget was the final year of a three-year Council budget set in March 2017 and covering the period 2017-2020. The aim of the budget was to provide resource cover to deliver the Council's statutory responsibilities and to set a foundation for and facilitate the delivery of the Council's key ambitions and its borough level strategic objectives.

Delivery of £20.6m savings were required over this three-year period, including £6.2m for 2019-2020. There has been regular reporting through the Financial Monitoring Report of progress and actions against the approved savings for 2019-2020.

The Settlement also confirmed the Council's continued participation in the Liverpool City Region 100% Business Rates Retention Pilot scheme during 2019-2020.

In preparing the budget, a suite of information was published on the Council Website and consultation was undertaken inviting feedback and comments from residents. The process

was also subject to member review via a Budget Scrutiny Task Group established by the Overview and Scrutiny Commission.

The original 2019-2020 budget was approved at a meeting of Council on 27 February 2019, with Council Tax levels increased by 2.99% when compared to 2018-2019.

In setting the budget, Council agreed to the application of £3.0m general balances in 2019-2020 to further support the urgent and emerging priority actions required to improve and maintain Children's Services within the Borough. The funding would support the actions contained within the children's improvement plan to drive forward good practice and deliver improved outcomes. Integral to this process were revisions to the Core Children's Social Work structure.

In addition, the budget included additional resources to support other priorities within Children's Services including:

- Permanent funding of £1.154m to support the recruitment and retention of foster carers to ensure that the service had the resources to meet the needs of both potential carers and children in care.
- A further £3m funding to support the ongoing pressures associated with the number of Children Looked After due to the increasing cost of placements for children brought into care for the first time and the need for more complex placements for children whose existing care arrangements break down.
- An additional £1m to reflect the above inflation rising costs of children's care placements and independent foster agency placements.
- The transfer of £6m to the Children's Services Reserve to make available resources to support these increasing demand pressures and to support the ongoing actions arising from the Ofsted Inspection Visit.

Revisions made to the original 2019-2020 budget, reflected the approved use of

earmarked reserves and were reported regularly through revised reporting processes introduced during 2019-2020 in consultation with the Local Government Association, in the form of Financial Monitoring Reports presented to Cabinet. In addition, these reports detailed the prevailing budgetary positions and the significant financial pressures the Council faced. The principal approvals for use of earmarked reserves during 2019-2020 included the following:

- At its meeting on 17 July 2019 Cabinet approved £0.4m funding from the Children Services Reserve to facilitate the implementation of a new Edge of Care and Complex Safeguarding service and an additional £0.8m from the same reserve to support investment in Education and Children’s Special Educational Needs, Community and School Support Services.
- At its meeting on 18 September 2019 Cabinet approved the use of £1.5m from the Essential Equipment Reserve to support

the necessary replacement of IT devices across the Council and £2.9m from capital resources to fund the modernisation of its vehicle fleet over a three-year period.

The following table provides detail of the 2019-2020 revenue outturn position when compared to both the original and revised budgets. The table show the position after allowing for adjustments relating to “uncontrollable” budgets (e.g. capital charges and support service charges) and allowing for:

- the carry forward of £1.059m unspent budget provision for continuing earmarked reserve funded schemes into future years.
- the acceleration of the approved usage of £0.442m earmarked reserves from future years into 2019-2020.
- Cabinet approval for the creation of a Restructuring Reserve of £0.465m from the uncommitted balance on the restructuring budget in 2019-2020.

	<b>Original Budget £000</b>	<b>Revised Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>
Service Directorate expenditure (see below)	121,851	125,748	134,465	+8,717
Levies and Parish Precepts	21,415	21,415	21,394	(21)
Debt Management Costs	11,316	11,516	11,105	(411)
<b>Expenditure</b>	<b>154,582</b>	<b>158,679</b>	<b>166,964</b>	<b>+8,285</b>
Non-Domestic Rates & Top-up receipts	(67,355)	(67,355)	(67,369)	(14)
Income from Council Tax	(74,831)	(74,831)	(74,831)	-
New Homes Bonus	(1,825)	(1,825)	(1,825)	-
Section 31 Non-Domestic Rates Grants	(6,209)	(6,209)	(6,707)	(498)
Mid Mersey Non-Domestic Rates Pool	-	-	(408)	(408)
Non-Domestic Rates Levy - MHCLG distribution	-	-	(155)	(155)
Investment Interest	(940)	(1,140)	(1,577)	(437)
<b>Income</b>	<b>(151,160)</b>	<b>(151,360)</b>	<b>(152,872)</b>	<b>(1,512)</b>
<b>Transfers to/(from) Earmarked Balances</b>	<b>(422)</b>	<b>(3,990)</b>	<b>(5,613)</b>	<b>(1,623)</b>
<b>Net Contribution (to)/from General Fund Balances</b>	<b>3,000</b>	<b>3,329</b>	<b>8,479</b>	<b>+5,150</b>

The breakdown of Service Directorate outturn positions is as follows:

### **People's Services Directorate (+£6.979m)**

Pressures in the People's Services Directorate were reported as being significant throughout the whole period, with the most challenging positions being those in relation to:

- Children Looked After and Leaving Care Services for Younger People (£3.0m)
- Learning Disability Support Services for Adults (£3.7m)
- Support for the Frail and Elderly (£0.9m)
- Home to School / College Transport (£0.6m)

Net savings against budget were achieved in a number of other functions delivered by the Directorate, including Sensory Support, Mental Health Support, Support with Memory & Cognition Services, Support for children with Special Educational Needs and Disabilities, and Management, Commissioning & Support Services.

### **Place Services Directorate (+£3.430m)**

Pressures in the Place Services Directorate were also reported throughout the year, with the prevailing economic climate particularly impacting on a number of income generating services. The outturn position included:

- Library Service (£0.9m)
- Building Support Services (£0.6m)
- Estates and Markets (£1.5m)
- Recycling (£0.4m)
- Parking Services (£0.3m)

The largest savings against approved budget were made in relation to Highways Maintenance, Supporting People, Community Safety Services, and Management and Support Services.



### Corporate Services Directorate (-£1.692m)

The net underspend of £1.5m against the Corporate Services Directorate budget included £0.7m from the early implementation of savings necessary to achieve a balanced budget in future years and a further £0.8m of in-year management and support costs.

### Reserves and Balances

As a result of this outturn position, General Fund Balances as at 31 March 2020 stood at £9.3m.

The Council's earmarked reserves are based principally around the themes of children's social care, growth & environment, transformation, risk/insurance and reserves to support community and service investment and strategic priorities. A detailed list of Reserves is shown in the Movement in Reserves Statement and the accompanying disclosure notes.

### Capital Expenditure and Financing

The Council spent £27.3m in 2019-2020 on capital items across a range of services:

<b>Capital Programme Schemes</b>	<b>£m</b>
Schools and Early Years	3.5
Newton Le Willows Health and Fitness Centre (incl. equipment)	3.4
Disabled Facilities Grants and other Housing Initiatives	3.0
A49 to M6 Junction 22 Link Road	2.5
A570 St Helens Linkway	2.0
A58 Liverpool Rd/A580 East Lancashire Road	1.8
Carriageway Investment	3.3
Other Highways & Transportation Schemes	2.6
Recycling & Waste Collection	1.8
ICT Device Refresh	1.4
Vehicle Replacement	0.8
Other	1.2
<b>Total Capital Expenditure</b>	<b>27.3</b>

<b>Funding Source</b>	<b>£m</b>
Grants & Other Contributions	15.9
Capital Receipts	2.3
Revenue Contribution	4.4
Borrowing	4.7
<b>Total Funding</b>	<b>27.3</b>

## Retirement Benefits

The net liability for retirement benefits shown in the Balance Sheet is as follows.

	31 March 2019 £m	31 March 2020 £m	Change £m
Local Government Pension Scheme (Merseyside Pension Fund)	300.88	271.44	(29.44)
Teachers' Pension Scheme	21.97	19.33	(2.64)
<b>Total</b>	<b>322.85</b>	<b>290.77</b>	<b>(32.08)</b>

The overall net liability for retirement benefits has decreased significantly during the 12-month period to 31 March 2020. The principal factors contributing to this movement are:

- Revisions to the life expectancy assumptions which are used to calculate the level of future scheme liabilities.
- A reduction in the assumed rate of increase in salary, pensions and CPI inflation which are used to calculate the level of future scheme liabilities.
- Falls in equity markets and corporate bonds which impact on both asset values and accounting liabilities.
- The results arising from the Actuarial Valuation of the Merseyside Pension Fund - this necessitates a full recalculation of the assets and liabilities attributable to each employer, as opposed to the approximate valuations provided between full valuations.

### Borrowing

As at 31 March 2020 the Council's borrowing was £124.666m which represents an increase of £21.331m. During the course of the year a new loan of £25m was secured with the Public Works Loan Board (PWLb) to finance the cost of historic expenditure within the capital programme. The loan was taken at the time to secure the historic low rates that were available and to avoid potential future increases in the Bank Rate. The increase in borrowing resulted in a corresponding increase in investments.

No economic opportunity arose for rescheduling or repayment of existing debt during the year.

### 8. St Helens Borough Council Performance Summary 2019-2020

The Council's performance management framework in 2019-2020 was driven by the objectives and key measures of success within the Council's key planning document, the Council Plan 2018-2020.

Critical to the achievement of the Council's desired outcomes for both the organisation and the community, is the link that exists between budgets, service planning and delivery and performance targets. A proportionate, but comprehensive, set of performance indicators exist to measure progress against key objectives and operational areas. A review of measures and targets is ordinarily conducted annually to ensure their ongoing relevance.

Performance targets are set to be challenging, but realistic, and commensurate with the available level of resource. The process is subject to internal challenge and the range of measures and associated targets is formally approved by Cabinet and reviewed by Overview and Scrutiny.

Quarterly Financial and Performance Monitoring reports to Cabinet detail analysis of spend against budgets, service delivery progress and performance against targets. Commentary on actions relative to identified budget pressures or to address any identified

concerns in relation to performance or service delivery is included within the reports. Reports are also reviewed by Overview and Scrutiny Panels, allowing the opportunity for examination of any specific areas of underperformance or concern.

The COVID-19 pandemic has significantly impeded the Council's ability at the start of 2020-2021 to set meaningful targets and review its measures of performance. All indicators are being impacted to varying degrees by the crisis. In this light, future performance management arrangements will need to be a key consideration of the Council's reset and recovery activity. Therefore, over the first half of 2020-2021, the Council's range of indicators and associated targets will be reviewed and impact assessed, ensuring a clear line of sight to the new priorities and desired outcomes of the Council Plan / Borough Strategy, which in turn will be reviewed to incorporate the approach to reset and recovery planning and feedback from community consultation.

The Council's Performance Outturn report for 2019-2020 demonstrates areas of both strong performance against targets and progress in terms of service delivery across all portfolios. The report also highlights areas in which the Council is not yet meeting ambitious targets to deliver its high aspirations, along with action taken to improve performance. The full report is available within the Performance section of the Council website. A brief overview of some of the key points in relation to performance and delivery of strategic objectives is set out below.

### **Growth and the Economy**

- A landmark twenty year partnership between the Council and English Cities Fund to regenerate St Helens Town Centres and ensure development across the Borough was announced in March 2020. A phased Development Strategy will be produced with envisaged development comprising of leisure, housing and retail opportunities. Masterplans will initially focus on St Helens and Earlestown town centres.

The partnership will complement the work of the Town Deal Board, established in September 2019 following the announcement of St Helens being one of 100 places to develop proposals to access the Government's £3.6 billion Towns Fund.

- Work continued over the course of 2019-2020 on the development of the Local Plan, for submission to the Planning Inspectorate. In an Extraordinary Cabinet meeting held on 6 March 2020, the Council decided to delay submission of the Local Plan in order to determine the land use planning implications of the Council entering into a strategic, long-term regeneration partnership. Future updates on the progress of the Local Plan are expected in summer 2020.
- The Council continued to work collaboratively to provide new opportunities for growth and investment in the Borough and actively worked with a significant number of developers to bring forward economic development and housing schemes. Significant arrivals include Amazon (Haydock), Widd Signs (Bold), and Synergy LMS (Mere Grange). The Ways to Work employment and skills programme continued to support inward investors in recruiting residents. Work continued with colleagues across Children's Services, to support Care Leavers into employment and training. The rate of employment increased by nearly 2%, a rate comparable to the North West average.
- Over 144,500m<sup>2</sup> of new build employment floorspace was completed in 2019-2020 in St Helens. The completed developments included a unit for B8 storage or distribution use at Penny Lane North (Haydock Green), two units for B8 use at Florida Farm (M6 Major) and a unit for B8 use at Andover Road, Haydock.
- The outline application for the development of Parkside and the A49 link road were approved in December. The scheme was subsequently called in by the Secretary of



State and the Council is now awaiting the outcome. A hybrid planning application has come in for employment land at Omega West, in Bold, this has the potential to develop approximately two million square foot of employment floorspace.

- St Helens demonstrated strong housing growth with a net increase of 758 dwellings during 2019-2020. The Council continues to work with developers to bring forward a number of significant Brownfield sites in the Borough for housing schemes. Work is in progress with Liverpool City Region partners, through the Housing and Spatial Planning Board, to develop and agree a 'pipeline' of housing sites that will be prioritised to secure investment from Homes England.
- Work continued to deliver over £80m of transportation investment in the borough with support from developers, the Department for Transport and the Liverpool City Region Combined Authority. Plans are underway to develop a further £200m of infrastructure projects, which will improve connectivity within St Helens. Several major road engineering schemes were completed, including the Sutton Hall / Eltonhead Road and Windle Island projects.
- Over 130 businesses are signed up as Invest St Helens Ambassadors, committed to raising the profile of St Helens and changing the way St Helens does business. The Future Generation Programme, developed with the Ambassadors seeks to raise aspiration in young people and links schools, businesses and young people to the future economy. Projects have included traineeships, career advice and interview preparation, a twelve week confidence building programme for all Children Looked After and Care Leavers and fundraising to deliver Christmas for Care Leavers 2019.

### **People's Services**

- The Adult Social Care Directorate invited the LGA to scrutinise their performance through the TEASC Towards Excellence in Adult Social Care self-assessment. This involved

producing a self-assessment and meeting with the LGA to review and consider areas for further development. Verbal feedback from the process indicated that the LGA considered performance within St Helens to be broadly robust, with no specific concerns. Challenges facing the Local Authority and Adult Social Care services were acknowledged as the future funding of services and the increasing demographic demand placed on services.

- Adult Social Care services maintained strong performance against the national Adult Social Care Outcomes Framework, comparing favourably to other authorities. Performance in relation to the number of older people admitted to residential or nursing care and in delayed transfers of care from hospital were very encouraging.
- The Children's Improvement Board is overseeing a refreshed improvement plan put in place following the Ofsted ILACS inspection in which the local authority was given an overall 'Inadequate' judgement. The independent Chair of the Improvement Board continues to oversee improvement activities and bring appropriate scrutiny and challenge to officers, members and partners. The Chair is required to provide progress reports to the DfES on a six-weekly basis and report to the Minister on a six-monthly basis.
- Challenges within children's social care services include high numbers of referrals, children in need and children looked after. Considerable further investment was made within the year in children's social work and early help services to support improvement planning and Children's Services continue to embed a culture that places children at the centre of all that they do. Key areas of focus to address performance have included:
  - Accelerating the implementation of the Edge of Care Service and developing capacity to offer targeted and specialist support to children and families to enable children to remain within their own families when it is safe to do so and to re-unify

children with their families who have been in the care of the local authority.

- Implementing the new Early Help Strategy to allow the provision of support to a child or young person and their family as soon as a difficulty emerges.
- Leading work to strengthen understanding and application of Descriptions of Need across the partnership.
- Work to improve social work practice in relation to children in need and children on child protection plans, focusing on improving the quality of assessments and plans including planning for permanence. Greater support for newly qualified social workers has been put in place along with a Workforce Learning and Development Strategy. Workforce development plans are being finalised.
- Attainment results in the Early Years, at Key Stage 2 and Key Stage 4 showed improvement. However, local comparative performance remains below both regional and national averages. The 2019 Early Years Foundation Stage outcomes showed an increasing number of children educated in St Helens achieving a Good Level of Development. Performance continues to remain below comparable national averages, although the attainment gap has decreased. Attainment at Key Stage 2, in terms of achievement at the expected standard in reading, writing and mathematics increased in St Helens by 3% in 2019 and is now better than comparable regional and national averages. The progress pupils made between Key Stage 2 and Key Stage 4, known as Progress 8, has improved but remains an issue of concern with pupils continuing, on average, to make significantly less progress than that made by other pupils nationally. Challenges also remain in narrowing the attainment gap between the most vulnerable / disadvantaged pupils and their peers across the key stages.
- The percentage of secondary schools in St Helens judged in their most recent inspection by Ofsted to be good or better continues to remain below comparable regional and national averages. The percentage of primary schools in St Helens judged by Ofsted to be good or better improved within the year but remains below comparable national averages. All special schools in St Helens are currently judged by Ofsted to be good or outstanding.
- A whole programme of action is ongoing to raise attainment and support school improvement led by the Learning Partnership which is now firmly established. A new School Effectiveness Strategy 2019-2022 was co-produced during the year by Head Teachers and local authority officers across health, social care and education as part of the Learning Partnership. Work streams against each priority area have been established and are being led by a Headteacher and local authority officer. Progress towards actions is being monitored termly.
- The Ofsted/CQC SEND Improvement Plan was audited and gained high assurance. A SEND peer review led by the Teaching School is supporting three schools in both the process of reviewing and evaluating but also in looking directly at the provision within schools for children with Special Educational Needs and/or Disabilities. They will have the opportunity to share successful practice but also advise and support each other, with the insight of the Teaching School Lead, as to how best improve provision. A SEND multi agency/parent carer workshop was held in January 2020 to reflect on progress and define priorities for the next three years. The first draft of the SEND strategy developed from the workshop has been considered at the newly established SEND Partnership Board which met for the first time on 1st June. The meeting of this Board was delayed due to the impact of COVID. There will now be a period of further engagement with children and young people, parents, carers and stakeholders to finalise a borough wide strategy.

- Performance in respect of Public Health measures continues to reflect many of the challenges inherent within the health of the local population. Comparative performance across much of the Public Health Outcomes Framework remains in the lower quartile. The breastfeeding rate at 6-8 weeks following birth reached its highest recorded level for St Helens, although rates remain significantly lower than national comparators. The mortality rate due to suicide showed further improvement this year but remains high. The number of teenage conceptions increased again during the year and numbers of children with excess weight in Reception and Year 6 remain very high. The rate of alcohol specific admissions to hospital for under 18's saw another in-year decrease, but under 18 admissions and all age admissions still present a significant challenge with rates in St Helens amongst the highest nationally.
- Programmes of work were ongoing over the course of the year to address performance:
  - Actions to increase the rate of breastfeeding included baby cafes, volunteer peer support and the successful 'Your Milk Your Story' social media campaign.
  - Actions were progressed to reduce suicide and self-harm, including an innovative primary care pilot, which is identifying patients at increased risk and providing support. The 'OK to Ask' campaign was rolled out on World suicide day in September. Work within the community to raise awareness about mental wellbeing and resilience and a month-long calendar of suicide prevention activities were undertaken.
  - A revised strategy and action plan were drafted to address teenage conceptions and close working with schools continued to increase interventions.
  - A new Healthy Weight Strategy and Integrated Wellbeing Service are focussing on childhood obesity, whilst a Physical Activity Campaign and initiatives targeting

schools, nurseries, high streets and services that engage with early years was also ongoing.

- The Alcohol Harm Reduction action plan was signed off by the People's Board. The plan covers prevention, identifying and reducing alcohol risk (including in the hospital setting), better treatment services for those who need them, support for children and young people, and enforcement.

## Place Services

**The Council received funding of almost **£135,000** as part of a successful joint competitive bid for Merseyside for tree planting from the Urban Tree Challenge Fund. Over the next two years over three hundred new urban trees will be planted in St Helens parks and streets.**

- The Council's greenhouse gas emissions showed a further in-year reduction, with emissions now almost 50% lower than the baseline year of 2009-2010. Electricity emissions from Council buildings are 54% lower and emissions from street lighting are 63% lower than the baseline year.
- Recycling performance continued to improve with a further increase by year end. At 38.4%, performance is almost 2% better than the previous year. Household waste collected also reduced compared to the previous year. Success is attributed to a food waste project implemented in April 2019, with an extra five hundred tonnes of food waste recycled in 2019-2020. Further improvement is sought with comparative performance below the median.
- High levels of cleanliness were maintained in the Borough with 95% of land and

highways regularly assessed as having acceptable levels of littering. Incidents of fly-tipping saw a small reduction from the previous year.

- The Council approved a Capital and Revenue Programme for Transport and Highways of over £14m for 2019-2020, ensuring the maintenance of the transport network to the highest standard and to improve and enhance our existing infrastructure.
- Work commenced on the development of a Strategic Needs Assessment in relation to Crime and Disorder to inform the development of the new Safer St Helens Strategy. A workshop was held with partner agencies to review the current governance arrangements for the Community Safety Partnership and a report on the proposed revised arrangements scheduled to go to the People's Board on 22 July 2020 for approval.
- Merseyside Police secured Home Office funding for 2019-2020 to establish a multi-agency Violence Reduction Unit to tackle knife crime and serious violent crime and this saw Safer St Helens Community Safety Partnership utilise funding to undertake a number of community-based initiatives aimed at diverting young people away from criminal activity.
- The incidence of domestic abuse and repeat incidents of domestic abuse remained high. In October 2019, St Helens Borough Council held a Domestic Abuse Summit, bringing together partners across the borough to discuss how organisations can work together to tackle the issue of domestic abuse in our communities. St Helens Borough Council subsequently led on the development of a new strategy, a partnership plan to tackle domestic abuse and 'stop the silence'. Extensive consultation took place to collectively develop the priorities within the new Strategy which was approved by Cabinet in March 2020.
- The year saw a significant reduction in youth re-offending. A restructure of the St Helens Youth Justice Service was approved and fully implemented to ensure that the service has the necessary capacity to support the health and education needs of young people supported by the service and to provide additional support for children who are looked after and for victims of crime. A revised Strategic Youth Justice plan was approved in September 2019.
- The performance of housing support services remained generally strong. The Housing Options & Advice Service worked closely with the Under One Roof Choice-Based Lettings Team and Torus to identify and alleviate blockages to accessing social housing, and to work to open up routes to the private rented sector to accelerate the move on from temporary accommodation. Funding was secured from the Ministry of Housing, Communities and Local Government (MHCLG) for 2019-2020 to support initiatives to tackle levels of rough sleeping in the borough. Funding was used to develop a three bed 'crash pad' at the YMCA and to part fund a Rough Sleeper Co-ordinator with Halton Council. Towards the end of March 2020, the Council responded to the Government's ask to bring every rough sleeper in. Every rough sleeper in the borough was given the opportunity of accommodation through the use of crash pads, Salvation Army facilities and commercial hotels.
- The plans for a new Town Centre Library at the World of Glass were approved and work commenced in March. The COVID-19 pandemic however forced the suspension of work and a delay in the supply chain. Work is now underway again and the Library will open later in 2020. The Business Plan for Year Two of the Arts in Libraries - Cultural Hubs Programme was approved by the Arts Council. Feedback on the Year One Annual Report for Cultural Hubs was extremely positive.

- The Council commissioned Counterculture Partnership LLP to develop an Arts Strategy to set the strategic direction of the arts and its wider role in the development of the Borough over the next ten years as a unique place to live and work.
- The refurbishment of Newton le Willows Health and Fitness Centre progressed well. Phase One, the fitness suite and immersive cycle studio opened on 9 September 2019. Phase 2 of the redevelopment opened on 2 December 2019. New facilities include a spacious and bright reception with self-serve entry and a new Costa Coffee shop, the adventure play, party rooms and new dry changing rooms.

### **Council-wide Services**

- Collections rates for Council Tax and Non-Domestic Rates were lower than anticipated. A dedicated Council Tax recovery team has been created and work has been undertaken to identify and protect the most vulnerable residents and adapt our collection processes appropriately. The collection rate for Non-Domestic Rates is now less reliant on the large good payers and was also impacted by a challenging local economic environment, whilst the normal proactive recovery push at year-end was compromised by the COVID-19 lockdown. In response the Council continues to enforce recovery of outstanding debt and take steps to combat tax avoidance and evasion.
- A ‘One Council’ modernisation programme was developed to act as a delivery plan to help the council modernise, while placing the resident or customer at the heart of what we do. A ‘One Council Plan on a Page’ overview workplan was produced and work continued to determine the detailed outcomes sought across the eight programme workstreams. Progress against a number of these workstreams during 2019-2020 is summarised below.
- A review and refresh of the Council Plan commenced with facilitated workshops with both Members and senior officers taking place to shape priorities and objectives. This led to the production of a draft plan which was approved subject to future consultation with the community and partners. The draft plan will also be subject to review during 2020-2021 to take account of reset and recovery activity linked to the COVID-19 crisis.
- Improvements to strategic communications continue with approval granted for investment in a new council website, intranet and a customer relationship management system. The new weekly newsletter ‘All about us’ is becoming more embedded and its use promoted across all sections of the Council, with good feedback received from staff. The Council’s reach and engagement on Facebook has been expanded and a new corporate Instagram account was launched.
- Development of a Customer Services Journey Improvement Plan commenced. Baseline and trend analysis of the Customer Journey was completed. Work commenced on a new draft Customer Service Strategy and Customer Service Standards policies, which will be completed for approval in the second quarter of 2020-2021.
- Work continued on the modernisation of HR policies and procedures, with refinements made to induction processes and IT arrangements for new starters. A ‘Welcome to St Helens’ section of the Council website is being developed to provide open access to all induction documentation. The review of workforce capacity commenced with the initial priority focus on Children’s Services. Potential providers have been approached and demos held with a view to procuring a new HR system with more sophisticated workforce planning tools.
- The strategic review of IT was completed. Business Partnering arrangements were explored and proposals developed. Twelve independently facilitated IT focus groups were completed. A report and learning

were compiled, and work has continued to progress the action plan. Key actions include improving the service desk, improving communications and business relations with users and modernising a number of IT applications.

- The implementation of agile working progressed with work continuing on the Asset Strategy and workforce accommodation. The rollout of replacement IT equipment and software across the workforce was successfully completed ahead of schedule and in place to enable home working during the COVID-19 pandemic. The mapping of business needs has been completed and is being evaluated to inform a Strategic Asset Management plan. The Council's approach to agile working was accelerated towards the end of March 2020 with the onset of 'Lockdown'. An Agile Working Strategy is under development and work has begun on the review of a whole series of policies and procedures in relation to supporting staff and managers within a new agile working environment.
- The Employee Wellbeing Survey was completed, with strong levels of participation from staff and the results collated. Analysis identified a number of key themes, which will inform the new Organisational Development Strategy and revised Council values and beliefs. Discussions are underway with external providers to facilitate support on a culture and values review and the introduction of Leadership and Management training. Approval was gained for the appointment of a Head of Organisational Development.
- Terms of reference for the Workplace Health and Wellbeing Board were established. The group continue to work on a Workplace Mental Wellbeing Strategy and Action Plan. The roll out of Mental Health First Aiders commenced and the Managing Stress programme for managers was undertaken with positive feedback. The Workplace Health and Wellbeing Board has continued to consult and engage on reward

and recognition strategies for employees alongside well-being initiatives across the Council. A draft enhanced employment offer was approved by Executive Directors and rolled out to staff in February 2020.

## 9. Risk Management

The Council's approach to risk management is fully embedded within its culture, being an integral part of the Council's Governance Framework. A Risk Management Policy exists along with strong arrangements and processes for identifying, evaluating and managing risks to the delivery of the Council's strategic objectives. Executive Directors lead on identifying risks in their respective areas and an electronic Corporate Risk Register exists to report the likelihood, potential impact and means of mitigation. Each risk has a mandatory review timeline linked to severity and likelihood and all risks are reviewed at least annually. There is a detailed process for continual reassessment of risk. The process is overseen by the Safety and Risk Management Group which meets quarterly and is chaired by the Executive Director of Corporate Services. The Risk Register is reported to Members via the Audit and Governance Committee on a periodic basis. Key strategic risks within the Corporate Risk Register include:

- Failure to manage budget pressures.
- Failure of information governance.
- Failure of key IT systems and services.
- Failure of cyber security.
- Impact of a 'No Deal' EU exit.
- Failure to undertake effective workforce planning.
- Failure of health and care integration.
- Failure to safeguard children and adults from significant harm.
- Failure to effectively manage school improvement.
- Failure to ensure the effectiveness of business continuity planning.
- Failure to respond to emergency events.

Going forward during 2020-2021 the Council will undertake a full review of all risks on the Corporate Risk Register to assess the impact and implications of COVID-19 and revised working arrangements.

To mitigate risk the Council produces Business Continuity Plans for all critical areas of service. All Business Continuity Plans are subject to regular review. Again, over the course of 2020-2021, all plans will be subject to further review in the light of COVID-19, revised operational arrangements and learning from the impact of the pandemic.

### **10. Future Outlook**

The future outlook remains very uncertain and the Council recognises that the COVID-19 pandemic will have far reaching consequences in terms of social, economic, health and community impacts, and that in the medium and long-term the change required for local government will be fundamental.

The future financial outlook is of pressing concern, with the Council facing exceptional budget pressures and a huge budget deficit.

The current levels of uncertainty around the full impact of COVID-19 and future levels of funding local authorities may receive from Government raise significant questions around council's financial survival, resilience and sustainability.

This uncertainty has led Council leaders across the country to warn that billions more in financial support will be needed to avert potential catastrophes in local government and call for all increased costs and losses of income due to the pandemic to be under-written by Government. The Council continues to lobby the Government to provide funding that covers the loss of income Local Authorities are experiencing, and will continue to experience moving forward, due to the pandemic, as well as all increased costs resulting from the Council's COVID-19 response.

Growth in the local economy remains essential to increasing local prosperity and the employment prospects of residents.

A strong local economy is also important if the Council is to grow its tax base and revenue to compensate for the huge financial losses in Central Government funding, whilst sustaining the delivery of vital local services and its response to reset and recovery in relation to the current crisis.

St Helens faces significant economic challenges in terms of prosperity and productivity gaps. Against headline economic indicators, St Helens sits in the bottom half of all English local authorities. Whilst these gaps have persisted for many years, the effects of the last recession were felt disproportionately in St Helens. By the end of 2018 St Helens had not recovered GVA to its pre-recession peak.

The pandemic has caused significant disruption to the local economy and businesses. The fact that the UK economy shrank by over a fifth in April 2020 due to the impact of COVID-19 confirms the country is facing the most serious economic challenge in generations. The impact of the UK exit from the European Union presents further risk. St Helens does not face this unparalleled economic turmoil from a position of strength. Current projections by the Liverpool City Region Combined Authority are that St Helens will face the second largest economic slowdown out of all LCR authorities, with an anticipated 39% decline in output and over 25% of jobs at risk. The longer the pandemic continues, the greater the impact will be on the economy and the greater the intervention will need to be to assist businesses, create inclusive growth and support employment. The Council, together with partners within the Liverpool City Region and more locally will continue to develop St Helens Economic Recovery Plan in the context of the regional Economic Recovery Plan - 'Building Back Better'.

Working with the St Helens Economy Board, the Council will seek to promote the borough, attract new business, support existing businesses, create strong employment opportunities, enable skill development and reinvigorate the Town Centre and district

centres across St Helens. A Growth Reserve has been created by the Council to support the revenue implications of delivering the strategy and further investment using Capital Receipts/borrowing and external grant funding to assist delivery remain options. The Council must sustain the momentum on existing opportunities for growth and regeneration including, Parkside, the Town Deal and English Cities Fund partnership and Glass Futures, whilst capitalising on new and future opportunities.

It is clear that the impacts of COVID-19, be they direct or indirect, have not been felt equally across society and that the greatest impact is falling on the least privileged. It is therefore likely that the high levels of relative deprivation, inequality and disadvantage within St Helens will be further exacerbated as a result of the pandemic. The Council has a critical role to play in mitigating the socioeconomic impact of the pandemic and supporting the most vulnerable individuals and communities within the borough. Significant additional support across a wide range of service areas has been provided by the Council during the initial period of the crisis, which is ultimately unsustainable in the present financial climate. It is anticipated the future impact of COVID-19 will further increase the already high demand and cost pressures key areas of service are experiencing, and solutions as to how to continue to support those most in need and prevent more costly interventions downstream are required. As a result, it is accepted there will be a requirement to consider changes to the definition of 'essential services' post COVID-19 and that this in turn may lead to the cessation of some services, traditionally provided by the Council, on a permanent basis.

The most pressing concerns about the Council's ability to meet future demand pressures exist within Adult's and Children's services.

Local modelling is projecting a significant budget deficit within St Helens health and care system. Across the country there are

increasing levels of unmet need and unknown need. There has been a historic absence of resources to properly invest in prevention and early intervention and there is a now a very real prospect of care providers failing. Long-term reform and a plan for Adult Social Care services aligned to the NHS long-term plan with certainty about future funding is required at a national level. Locally, to address the challenges of cost and demand and ensure the future sustainability of local health and care services, the ongoing development of St Helens Cares will remain a key priority for the Council and partners. Further consideration of redesign and integration of services based upon the current workstreams will continue with delivery continuing to be supported, as appropriate, through the Transformation Reserve.

Emerging evidence suggests that children and young people may be the hardest hit by the impact of COVID-19. The closure of schools has the potential to widen existing inequalities in educational achievement. For children already living in difficult circumstances, access to the safety net of support and supervision of professionals from schools, health and social care has been reduced by lockdown and school closures, raising concerns that vulnerable children could be missing out on vital support during the crisis. The increased stress among families who are already dealing with adversity is, in turn, increasing the risk of neglect and domestic violence.

The Council will need to consider and respond appropriately to all these issues within the context of what was already a hugely challenging environment pre COVID-19. High numbers of children in care and leaving care, children and families open to social care services and children and young people with special educational needs and disabilities already represented a significant financial pressure and continue to do so. Addressing the outcome of the full Ofsted Inspection of Children's Services (ILACS) and the delivery of the required improvement plan is one of the Council's most pressing priorities. To



support this process of improvement and ensure a sustainable model of both social care and education services that deliver the best possible outcomes for children, young people and their families, the Council has invested significant additional resources in a dedicated Children's Services Reserve.

The great uncertainty all councils are facing, led to a large degree by the financial challenge that lies ahead, is compounded by growing expectations of the role of local authorities and changing community need, necessitating a rethink of purpose. Change will be required in the way services are to be delivered, whilst considering which services will still be delivered. Local communities and neighbourhoods have a vital role to play in influencing and shaping the future of St Helens. St Helens Borough Council will take this opportunity to really engage with residents to understand what they need and value. The Council will explore how it can commit to helping people to do more for themselves, each other and their community, with the aim of moving away from its traditional paternal role as a service provider to an enabling role capable of unlocking and supporting greater capacity within the community.

The St Helens Together community response to the pandemic has shown the value of effective engagement and coordination, with individuals, groups, businesses and partners right across St Helens coming together to support and care for each other. The Council is now seeking to build on the strengths and creativity shown by communities over this period. The starting point for this new conversation being the recent and ongoing open and transparent engagement with the public, the voluntary community and faith sector, businesses and partners on the development of the new Council Plan / Borough Strategy to be clear about long-term ambitions for the borough.

The impact of the COVID-19 crisis and the Council's subsequent response has resulted in a dramatic shift in the Council's operational environment and ways of working. Going

forward the Council will take this opportunity to reset its culture and build on what has worked well with an emphasis on the adoption of agile working as the norm and a transformational shift to greater digital delivery. The ambition is for smarter service provision and new ways of working to drive greater efficiency and cost reduction, whilst improving customer service and supporting demand management to reduce pressures.

Reset and recovery planning in response to the COVID-19 crisis is now underway across service areas and delivery of the One Council programme of modernisation and the LGA Peer Review action plan is continuing to support the Council on its journey of transformation. The Self-Assessment Action Plan accompanying the Annual Governance Statement 2019-2020 references a number of these areas for modernisation and improvement, identified specifically in relation to ensuring the continuation of the Council's strong governance arrangements.

## **11. Conclusion**

The Council from a financial perspective has continued to operate effectively during 2019-2020, despite it being a year of unprecedented change, challenge and risk. A clear budget strategy has been implemented, resulting in a balanced budget which addressed a number of underlying budget pressures.

The strength of this approach was again acknowledged by our latest External Audit report, which provided an unqualified opinion on our financial statements, whilst finding in all significant respects the Council had proper arrangements in place to secure economy, efficiency and effectiveness in the use of its resources.

Sound financial management over a sustained period has to date largely allowed the Council to minimise the impact of government funding reductions on front line services, whilst affording the Council the ability to invest in the delivery of its strategic priorities.

However, the significant challenges that the Council continues to face, in terms of the

rising level of costs and demand for services, alongside the drive to deliver significant improvements in Children's Services and modernise the Council, make the financial management of the Council increasingly difficult.

Potentially these operational and financial challenges will be dwarfed by the ongoing implications of the COVID-19 pandemic. The financial cost and economic and societal impact to date leave no doubt about the scale of the challenge ahead. However there remains considerable uncertainty and difficulty in determining the full impact of the crisis and its effect on the level of resources available to the Council. Our understanding will be refined and improved as we move forward to consider how the Council is to remain financially resilient and sustainable in what are very uncertain times.

The lack of certainty around future Government funding levels only compounds the challenge that the Council faces. In the first instance, the Council will continue to work within the sector to try to ensure that Government provides the appropriate level of financial resource required for it to continue the effective response to tackling the pandemic and delivering its full range of statutory duties.

What is clear in the short term however, is that the Council will need to deliver a significant level of savings, which will be considered within the Emergency Budget. Financial planning will be fully aligned with the Council's priorities and plans for recovery and reset with the aim of establishing a long-term sustainable budget that will allow us to effectively meet the ongoing needs of the community.

Further difficult decisions are potentially inevitable. However, despite the strain placed on the public, private and community sectors during this uncertain period, examples of determination, resilience and the potential for opportunity and transformation have shone through, leaving the Council's ambitions undimmed. The strength and effectiveness of

collaboration shown between staff, Members, partners and residents in response to the pandemic has been truly remarkable, and this coupled with clarity of purpose around our priorities and plans for recovery and reset provide a strong platform to successfully move forward.

The Council remains fully committed to the overriding principles that nothing is more important than making sure it does all it can to keep all residents safe and supported during these truly difficult times, whilst delivering our future vision of a better borough for all.

**I would like to thank all Members and Officers for the strong commitment shown during 2019-2020 and express my gratitude to all colleagues who have contributed to the preparation of this document and for their support and dedication during the financial year.**



**Cath Fogarty**

**Executive Director of Corporate Services**

**Date: 14 August 2020**



# EXPLANATION OF THE FINANCIAL STATEMENTS

---

The Statement of Accounts is prepared to demonstrate the Council's financial performance for the year ended 31 March 2020 and present its overall financial position at the end of that period. The core financial statements are included on pages 72 to 75 and are prepared to comply with the requirements of International Financial Reporting Standards. The statements are supplemented by a number of notes providing relevant additional information. The core financial statements are:

## **Movement in Reserves Statement**

This statement shows the changes in reserves held by the Authority and splits them between those reserves which are available for the Council to spend or to reduce the Council Tax (usable reserves) and those created to reconcile the technical and statutory aspects of accounting (unusable reserves).

## **Comprehensive Income and Expenditure Statement (CIES)**

This statement is fundamental to the understanding of the Authority's activities, in that it reports the net cost for the year of all the functions for which the Authority is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers.

## **Balance Sheet**

This shows the Authority's financial position at the financial year-end, including the assets and liabilities employed in carrying out the Authority's functions and its balances and reserves.

## **Cash Flow Statement**

This statement summarises the flows of cash arising from transactions with third parties for both revenue and capital purposes during the year and shows the changes to the Council's cash and 'cash equivalents' during the financial year.

In addition to the core financial statements, the Statement of Accounts includes the Annual Governance Statement, that serves to explain the effectiveness of the governance framework operating during the financial year and the statutory Collection Fund Statement, which shows the income received from Council Taxpayers and Non-Domestic Ratepayers and how this is distributed between St Helens Borough Council, the Police & Crime Commissioner for Merseyside, Merseyside Fire & Rescue Authority, Liverpool City Region Combined Authority and Central Government.

It is important to note that the detail included in the Statement of Accounts will differ from the Council's internal management reports (e.g. Financial Monitoring Report). However, the Council's overall financial position e.g. balances and reserves will be the same.

# Independent auditor's report to the members of St Helens Borough Council

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of St Helens Borough Council (the 'Authority') for the year ended 31 March 2020 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include the Statement of Main Principles, Accounting Policies and Estimation Techniques, the Index of Notes to the Core Financial Statements and the Notes to the Collection Fund Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Executive Director of Corporate Services and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Executive Director of Corporate Services use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Director of Corporate Services has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Executive Director of Corporate Services conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

### **Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings and property investments**

We draw your attention to Note 2 in the Index of Notes to the Core Financial Statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings, investment properties and the Authority's share of the pension fund's property investments as at 31 March 2020. As disclosed in Note 2 in the Index of Notes to the Core Financial Statements, the global pandemic has had a significant impact upon many sectors of the economy. The assets held by Merseyside Pension Fund include some property assets for which, as a result of the Covid-19 pandemic, the Fund's valuer has declared a material uncertainty in relation to their valuation as at 31 March 2020. The Council's valuations of land and buildings and investment properties have also been reported on the basis of material valuation uncertainty. Our opinion is not modified in respect of this matter.

### **Other information**

The Executive Director of Corporate Services is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Opinion on other matter required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Authority, the Executive Director of Corporate Services and Those Charged with Governance for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Corporate Services. The Executive Director of Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director of Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Corporate Services is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Governance Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

### Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, except for the effects of the matters described in the basis for qualified conclusion section of our report we are satisfied that, in all significant respects St Helens Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

### Basis for qualified conclusion

Our review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the following matter:

In November 2019 Ofsted published a report following their inspection of children's social care services, which took place in September and October. They judged the overall effectiveness of children's services to be inadequate. This rating remained in place during 2019/20. An Ofsted monitoring visit took place in 2020 which found that the Authority had made good progress in addressing the findings from their previous inspection. However, Ofsted also reported that the Authority still has a way to go to secure sustained improvements in children's social care services. Having considered the findings and conclusions of Ofsted's inspections, together with the results of our audit work, we have concluded that there are weaknesses in the Council's arrangements for managing the performance of children's social care services. This matter is evidence of weaknesses in proper arrangements for understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.

### Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the St Helens Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Andrew Smith*

**Andrew Smith, Key Audit Partner**

for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

22 February 2021



# STATEMENT OF MAIN PRINCIPLES, ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

---

## GENERAL

The Statement of Accounts summarise the Authority's transactions for the financial year 2019-2020 and the position at the year-end 31 March 2020. The Authority is required to prepare an annual Statement of Account by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom, supported by International Financial Reporting Standards (IFRS).

The following accounting policies and estimation techniques have been adopted and they are consistent with the Council's overarching accounting concepts and, where appropriate, the relevant accounting standards.

## 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:

- Council Tax and Non-Domestic Rates income is accrued in accordance with the assessed liability for the period to 31 March.
- fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- expenses in relation to services received are recorded as expenditure when the services are received rather than when the payments are made.
- interest payable on borrowings and receivable on investments are accounted for 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.
- Capital Receipts from non-current asset disposals are recorded on completion of the asset sale.

The one exception which merits comment occurs where no apportionment of wages' costs is made at 31 March where that date does not coincide with the end of the 'wages week'.

In accordance with IAS18 Revenue Recognition, revenue should be measured at the fair value of the amount payable or receivable. In practice, this is the amount that the Council has invoiced, or for which it has been invoiced.

## **ASSETS HELD FOR SALE - SEE PROPERTY, PLANT AND EQUIPMENT**

### **CAPITAL RECEIPTS**

Capital Receipts on non-current asset disposals are initially credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, with a subsequent appropriation to the Usable Capital Receipts Reserve made via the Movement in Reserves Statement.

Usable Capital Receipts are classed as a Usable Reserve in the Balance Sheet.

### **CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents are represented by:

- cash-in-hand/cash overdrawn.
- unpresented cheques or other unpresented methods of payment.
- investments repayable on demand without penalty or change in value.

### **CHANGES IN ACCOUNTING POLICIES, ESTIMATIONS, ERRORS AND PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments may arise as a result of changes in accounting policies, to correct material errors or to provide a consistent representation of current and prior period activity/positions.

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 or conditions on the Authority's financial position. Where a change is made, it is applied retrospectively 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 the opening balances and comparative amounts for the prior period.

## **CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the cost of holding non-current 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 (specific to the individual asset) against which they can be written off.
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council Tax to cover these items. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (see "Redemption of Debt"). The items detailed above are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

**CONTINGENT LIABILITIES -  
SEE PROVISIONS AND CONTINGENT  
LIABILITIES**

**DEPRECIATION - SEE PROPERTY, PLANT  
AND EQUIPMENT**

**EMPLOYEE BENEFITS**

**Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, and paid annual leave for employees, and, in accordance with IAS 19 Employee Benefits and the provisions of the Code, 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 accumulating compensated absences earned by employees but not taken before the year end, which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services but reversed out through the Movement in Reserves Statement to the Accumulating Compensated Absences Adjustment Account.

The Authority undertakes an annual high level review of the variables and inputs that give rise to this accrual. Where this review indicates that the previous year accrual provides a materially correct position of the current benefits then a full exercise is not undertaken and no increase or reduction to that sum is made.

**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, and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

**Post-Employment Benefits**

As part of the terms and conditions of employment of its Officers and other employees, the Authority offers retirement benefits to those individuals and participates in three Pension Plans:

- the Local Government Pension Scheme (LGPS) for staff employed under NJC terms and conditions – this is a defined benefit plan where the Authority and the employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities and investment assets. This plan is administered by the Merseyside Pension Fund.
- the Teachers' Pension Scheme (TPS) for those employed under Teachers' terms and conditions, administered by Teachers' Pensions on behalf of the Department for Education. The TPS is a statutory scheme subject to the Teachers' Pensions Regulations 1997 (as amended). It provides Teachers with defined benefits upon their retirement, and the Authority contributes towards the cost by making contributions based on a percentage of members' pensionable salaries.
- the NHS Pension Scheme (NHSPS) for those Council staff who were compulsorily transferred from Primary Care Trusts and other NHS bodies, and retained access to the NHSPS, and Council staff who have access to the NHSPS as a result of their terms of employment. The NHSPS is a statutory scheme administered by NHS pensions and provides its members with defined benefits upon retirement, with the Authority contributing based on specified percentages of members' pensionable pay.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work/worked for the Authority. These benefits are related to a combination of pay and service.

However, the arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. In accordance with IAS 19 Employee Benefits, the schemes are therefore accounted for as if they were defined contribution schemes and, consequently, no liability for future payments of benefits is recognised in the Balance Sheet. The People's Services Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year and payments relating to the NHS scheme members.

### **The LGPS**

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Merseyside Pension Fund attributable to the Authority are included in the Balance Sheet using the Projected Unit Credit actuarial cost method - 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds of currency and term appropriate to the currency and term of the scheme's liabilities.
- The assets of Merseyside Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value.
- The change in the net pensions liability is analysed into the following components:
  - current service cost

- past service cost (including curtailments)
- pensions administration expenses
- net interest expense (interest on plan assets and plan liabilities)
- remeasurement gains and losses
- contributions paid to the Merseyside Pension Fund

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. This is achieved via the Movement in Reserves Statement, by way of appropriations to/from the Pensions Reserve to remove the notional debits and credits for retirement benefits and to replace them with debits for the cash paid to the pension fund and pensioners (and any such amounts payable but unpaid at the balance sheet date).

### **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 (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme. No such awards have been made for a number of years.

### **Pensions Reserve**

The cost of providing pensions for employees is funded in accordance with the statutory requirements governing the particular pension plans in which the Authority participates. However, accounting for employees' pensions is in accordance with prevailing accounting standards, subject to any interpretations set out in the Code.

Where the payments made for the year in accordance with the Plan requirements do not match the Authority's recognised operating and finance costs for the same period, the recognised cost of pensions will not match the

amount required to be raised in taxation. An appropriation to or from the pensions reserve, which equals the net difference is recognised through the Movement in Reserves Statement.

Remeasurement gains and losses during the year, which impact on the net surplus or deficit of the Fund, will also be subject to a corresponding appropriation to/from the Pensions Reserve.

### **FAIR VALUES**

The Council measures some of its non-financial assets, such as surplus assets and investment properties at fair value at each reporting date. Fair value 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interests).

When measuring the fair value of a non-financial asset, the Council 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 Council or their appointed valuer uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 - inputs that are observable quoted prices in active markets. The most reliable fair value measurement
- Level 2 - inputs that are observable either directly or indirectly and are traded in active markets (but do not qualify as Level 1)
- Level 3 - unobservable inputs (no observable input exists), where there is little, if any, active market

### **FINANCIAL INSTRUMENTS - ASSETS**

Financial Assets are classified based upon a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes. Financial assets can be measured as:

- Amortised cost
- Fair value through profit and loss
- Fair value through other comprehensive income

The Council's business model is to hold investments to collect contractual cash flows, ie. payments of interest and principal. All of the Council's financial assets are therefore classified as amortised cost and are recognised on the Balance Sheet on the basis of Fair Value, and subsequently accounted for using the Amortised Cost basis. In doing so, annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset, multiplied by the effective interest rate of the instrument. The interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

### **FINANCIAL INSTRUMENTS - LIABILITIES**

The provisions within the Code are derived from the same Accounting Standards as detailed in the policy on Financial Assets.

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure part of the Comprehensive Income and Expenditure

Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For all of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (adjusted for accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Where premiums and discounts on the repurchase or early settlement of borrowing 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 Council has a policy of spreading the gain/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.

It is the Council's policy to treat LOBO (Lender Option/Borrower Option) loans as long-term liabilities, unless there is an expectation that they will be repaid in full within the next 12 months.

### **GOVERNMENT GRANTS AND CONTRIBUTIONS**

Whether paid on account, by instalments, or in arrears, government grants and third party contributions are recognised as due when there is reasonable assurance that the Council will comply with the conditions attached to the payments (if any) and that 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 acquired, using the grant or contribution, are required to be consumed by the recipient as specified or must otherwise 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 Revenue or Capital Grants Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant line 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.

### **HERITAGE ASSETS**

Heritage Assets are recognised and measured, including treatment of revaluation gains and losses, broadly in line with the Council's accounting policies on Property Plant and Equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets and these are detailed below.

The Council's Heritage Assets has been categorised into three different sub-groups:

- Fine art and museum collection
- Civic regalia
- Statues and monuments.

#### **Fine Art and Museum Collection**

The Council's art collection is comprised of the paintings held by the Council on display within the Town Hall, those paintings held on display in the World of Glass, a number of sculptures



that are displayed on various Council buildings and a collection of small value artefacts held as a museum collection at the World of Glass. The collection of artefacts, paintings and sculptures, which are located in a number of premises across the Borough, have been accessioned to, or acquired by, the Council and its predecessor Authorities.

The fine art collection held at the World of Glass and that held within the Council comprises of various types of paintings (oil, watercolour and pen and ink). Records of all paintings are stored on a database, a copy of which is held by the Council's Insurance Section. The paintings held within the Council's collection are included on the Balance Sheet and have been valued based on their insurance valuations. External valuations for the Council's fine art collection were carried out by Bonham and these have been used as the basis upon which to establish the value of individual items within the collection. There are over 300 items within the fine art collection.

The collection held at the World of Glass comprises of around 2,500 artefacts. The collection comprises of diverse items that have been deemed to be of historical interest. External valuations for these items have not been obtained for this collection on the grounds of materiality: as no individual items within the collection are deemed to have significant values it is believed that the cost of obtaining valuations would outweigh the benefit gained. An inventory of all items within the collection is maintained by the museum curator and a hard copy of this is retained within the Insurance Section.

The Council has a local history and archives library which contains a number of public records relating to local institutions which the National Archives deems to be records of national significance. In addition, the library houses a number of collections relating to St Helens which includes correspondences, deeds and plans that are unique and are of historical importance. Whilst these collections are recognised to have local historical significance, they do not have a material value

and, for this reason, have not been valued or included on the Balance Sheet.

### **Civic Regalia**

The Council's civic regalia comprises of various mayoral chains and jewels, a mace and a variety of pieces of civic silverware. The value at which the civic regalia has been recognised in the Balance Sheet is based on the valuations obtained by the Insurance Section. The most recent insurance valuations for these items were provided by Lyon & Turnbull Limited.

### **Statues and Monuments**

The Council has a number of statues and monuments located across the Borough which fall to be recognised in the accounts as Heritage Assets. The most valuable items within this sub-category of Heritage Assets are the Saints Tribute statue and the Big Art Project: Dream. All material items classified as statues and monuments have been recognised at historic cost. This is deemed to be appropriate as this reflects the amount that has been spent on these assets since their construction.

No depreciation is charged on the Council's Heritage Assets, since the Council believes that the assets it currently holds as Heritage Assets will have infinite lives and as such any depreciation charge calculated would be immaterial.

### **INTANGIBLE ASSETS**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council (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. Intangible assets are measured at cost and the balance is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement on a straight-line basis typically over a period of 5 years. These amortisation charges are not permitted to have an impact on the General Fund Balance and are reversed to the Capital Adjustment Account via the Movement in Reserves Statement.

## INVENTORIES

Inventories are included in the Balance Sheet at the lower of actual cost and net realisable value. The cost of inventories is assigned using an average costing formula.

## INVESTMENT PROPERTIES

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, for the production of goods or for regeneration purposes.

Investment properties are measured, initially, at cost and, subsequently, at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms length. Properties are not depreciated but are re-valued 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 the Capital Receipts Reserve.

## JOINT ARRANGEMENTS

Joint Arrangements are arrangements in which two or more parties have joint control bound by a contract. A Joint Arrangement can be classified as:

- **A Joint Venture**

This is an arrangement under which two or more parties contractually agree to share control, such that decisions about activities of the entity require consent from all parties.

Material interests in Joint Ventures would ordinarily necessitate the completion of group accounts using the equity method of consolidation.

- **A Joint Operation**

This is an arrangement under which parties that have joint control have the rights to the assets and obligations for the liabilities relating to the arrangement. Under such arrangements the Council recognises the assets and liabilities it controls on the Balance Sheet and debits/credits the Comprehensive Income and Expenditure Statement for its proportion of any expenditure incurred/income received.

## LEASES

Under the requirements of IAS 17 Leases, the Council is required to consider/review all of its lease arrangements and apply the primary and secondary tests detailed in the standard to determine the extent to which the risks and rewards incidental to ownership lie with the lessor or lessee and therefore whether leases should be classified as operating or finance leases, with the subsequent accounting treatment being in accordance with the standard.

### **Authority as Lessee - operating leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service(s) benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

### **Authority as Lessor - operating leases**

Where the Authority grants an operating lease over an item of Property, Plant or Equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease.

## OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance. In practice, the Authority operates and manages its corporate and support services separately under the control of the Executive Director of Corporate Services, and therefore these are shown separately as 'Corporate Services Directorate' on the face of the Comprehensive Income and Expenditure Statement.

## PENSIONS – SEE EMPLOYEE BENEFITS

### PRIVATE FINANCE INITIATIVE (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the assets needed to provide those services passes to the PFI contractor. The Council has one PFI scheme for Rainford High School, part of Rainford Academies Trust. As the assets will pass to the Academy Trust at the end of the contract, the Council does not carry the assets used under the contract on its Balance Sheet.

The Council recognises a liability for amounts due to the operator to pay for the capital investment.

The amounts payable to the PFI operator each year are analysed into five elements:

- Fair value of services received during the year - debited to the relevant services in the Comprehensive Income and Expenditure Statement.
- Finance cost - an interest charge is raised on the outstanding Balance Sheet liability and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The interest rate is calculated for the scheme so that the Balance Sheet liability is zero at the end of the contract. The interest rate applicable for the Authority's PFI scheme is 9.8897%.
- Contingent rent - increases in the amount to be paid for the property arising during the contract.

- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI.
- Lifecycle replacement costs - are split between revenue and capital costs. Revenue lifecycle costs are debited to the relevant service in the Comprehensive Income and Expenditure Statement in the year in which they are incurred. Any capital lifecycle costs are debited to Property, Plant and Equipment to reflect enhancements to the PFI asset. In the early years of the scheme no lifecycle costs are incurred.

## PROPERTY, PLANT AND EQUIPMENT

### Recognition

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

In line with the requirements of IAS 16 Property Plant and Equipment, the Council recognises and accounts separately for any components where the value of the asset is of sufficient materiality and the component costs are significant in relation to the total cost of the asset.

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 Council and the cost of the item can be measured reliably. Expenditure that maintains, but that does not add to, an asset's potential to deliver future economic benefits (repair and maintenance) is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, which includes the purchase price and 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 Council does not capitalise borrowing costs incurred while the asset is under construction.

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

- infrastructure, community assets and assets under construction - depreciated historical cost. Community assets can be carried at current value.
- school buildings - current value but due to their specialist nature depreciated replacement cost is used as an estimate of current value.
- surplus assets - the current value measurement is fair value which is estimated as the highest and best use from a market participant's perspective.
- all other assets - fair 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 have short useful lives or low values (or both), depreciated historical cost is used as a proxy for current value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, which is, as a minimum, every five years. Assets with a gross book value of £3m or more are valued every year. Revaluations are carried out as part of a rolling programme by a qualified Valuer, in accordance with guidance issued by the Royal Institute of Chartered Surveyors (R.I.C.S.). For 2019-2020, the Council used external valuers, Wilks, Head and Eve to value Property, Plant and Equipment. Investment property was revalued by the Council's in-house Estates

Section, with the exception of the Hardshaw Centre, for which Wilks, Head and Eve LLP provided valuations. The effective date of the revaluation is the date upon which the revaluation was produced.

Key assumptions used in revaluing the assets include:

- good title can be shown and the properties are not subject to any unusual or onerous restrictions, encumbrances or outgoings.
- the land and properties are not contaminated.
- there are no prevailing environmental factors that would alter the valuations provided.

Increases in valuations are generally matched by credits to the Revaluation Reserve to recognise unrealised gains. In some circumstances, gains may be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, the appropriate accounting treatment is dependent on whether the asset has been previously revalued upwards and there is a corresponding gain on the Revaluation Reserve. Where there is a balance of revaluation gain for the asset in the Revaluation Reserve, then the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains). Where there is no balance on the Revaluation Reserve or 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 an impairment loss is identified, the appropriate accounting treatment is dependent upon whether the asset has been previously revalued upwards and there is a corresponding gain on the Revaluation Reserve. Where there is a balance of revaluation gain for the asset in the Revaluation Reserve, then the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains). Where there is no balance on the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any subsequent reversal of impairment loss 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 life (e.g. freehold land and certain Community Assets) and assets that are not yet available for use (assets under construction).

Depreciation on all Property, Plant and Equipment assets is calculated by allocating the asset value over the period expected to benefit from their use on a straight-line basis. All assets are assessed individually in relation to their asset lives for the purpose of

calculating depreciation. Conditions relative to each asset are considered in arriving at this determination.

Depreciation is calculated on the following bases:

- Buildings - straight-line allocation over the useful life of the property as estimated by the valuer, which can range from 10 to 60 years.
- Vehicles, plant and equipment - straight line allocation over the lifetime of the asset as advised by a suitably qualified officer which range from 2 to 30 years.
- Infrastructure - straight-line allocation over 30 to 40 years.

The Authority will apply component accounting (i.e. major components of the asset are depreciated over their respective estimated economic lives) to assets with a book value in excess of £5m where the impact of component accounting is considered material to the Financial Statements. The Council has adopted a policy in which assets are split into component parts. The assets are split using standard percentages of the building. Each of the component categories have standard average lives, which are then used for the purpose of calculating the depreciation charge.

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

## Assets Disposal 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 and 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 Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses 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.

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 gains or loss on disposal. Receipts from disposal (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 of a non-current asset are categorised as capital receipts and credited to the Capital Receipts Reserve and then can be set aside either for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to this 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 fixed 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.

## **PROVISIONS AND CONTINGENT LIABILITIES**

The Council sets aside provisions for any liabilities of uncertain timing or amount that have been incurred in accordance with the requirements of the Code and IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Provisions are disclosed as separate balance sheet items, whilst provisions for bad and doubtful debts are netted off the carrying amount of debtors.

Provisions are recognised when:

- the Authority has a legal or constructive obligation as a result of a past event.
- it is probable that a transfer of economic benefits will be required to settle the obligation.
- a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the 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. Where it is considered that an individual provision is of sufficient materiality or interest, then it will be shown quite separately on the face of the Comprehensive Income and Expenditure Statement.

Where payments for expenditure are incurred to which the provision relates, they are charged direct to the provision carried in the Balance Sheet.

Provisions are reviewed at each Balance Sheet date to reflect the current best estimate, taking into account the risks and uncertainties surrounding the events. Where it is subsequently assessed that it becomes less than probable that a transfer of economic benefits will now be required (or a lower

provision is required), the provision is reversed and credited back to the relevant service.

In contrast, Contingent Liabilities are not accrued in the accounting statements. They are disclosed by way of notes if there is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority; or
- a present obligation that arises from past events, but where it is not certain that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

### **REDEMPTION OF DEBT**

Provision for the redemption of debt is made in accordance with the requirements contained in the Local Authorities (Capital Finance and Accounting) Regulations 2008. The Council calculates its annual revenue provision with reference to assumed lives of its assets. For borrowing incurred under the prudential arrangements (i.e. unsupported by Government funding), the charge is calculated on a straight line basis over the estimated life of the asset; the only exception to this is when a scheme is of a regeneration and/or infrastructure nature for which there has been no Government support, where the provision will be made using the Annuity Method Approach. For its PFI scheme and that element of the CFR that was prior to the prudential regime supported by Central Government, the Authority calculates a revenue provision using the annuity method. Whilst this calculation is still broadly based on a charge over the asset's life, the resultant profile for revenue provision is more closely aligned with the flow of economic benefit which, it is felt, is more appropriate for PFI schemes.

### **RESERVES**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked 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.

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

The purpose and usage of each reserve is disclosed in notes accompanying the Core Statements.

### **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

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.

These items are generally grants and expenditure on assets not owned by the Authority.

## **SCHOOLS**

The Code of Practice on Local Authority Accounting the United Kingdom confirms that the balance of control for local authority maintained schools (those categories of schools identified in the Schools Standards and Framework Act 1998) lies with the local authority. The Code stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority single entity financial statements. Therefore, these schools' transactions, cash flows and balances are recognised in the financial statements as if they were transactions of the local authority.

School assets are recognised as a disposal from the Council's Balance Sheet on the date on which a relevant school converts to academy status, not on the date of any related announcement. Nor is any impairment recognised prior to the date of conversion.

## **TAX INCOME (NON-DOMESTIC RATES, COUNCIL TAX)**

### **Non-Domestic Rates**

The Council acts both as an agent (collecting Non-Domestic Rates on behalf of the Merseyside Fire & Rescue Authority) and as a principal (collecting Non-Domestic Rates for itself). Non-Domestic Rates transactions and balances are therefore allocated between the Council and Merseyside Fire & Rescue Authority, applying accepted agent and principal treatments as appropriate. Under the legislative framework for the Collection Fund, both parties share proportionately the risks and rewards that the amount of Non-Domestic Rates collected could be more or less than predicted.

The Council participates in a Non-Domestic Rates pool with Warrington and Halton Borough Councils. Under the arrangements of this 'Mid-Mersey Pool' the Authority may benefit from the redistribution of levy savings that accrue to Warrington Borough Council as a result of the pools existence. Any sums received are recorded as part of the Taxation and Non-Specific Grant Income line of the

Comprehensive Income and Expenditure Statement.

### **Council Tax**

Similarly, the Council acts both as an agent (collecting Council Tax on behalf of the Police and Crime Commissioner for Merseyside, the Merseyside Fire & Rescue Authority and the Liverpool City Region Combined Authority) and as a principal (collecting Council Tax for itself). Council Tax transactions and balances are therefore allocated between the Council and the major preceptors, applying accepted agent and principal treatments as appropriate. Under the legislative framework for the Collection Fund, all four parties share proportionately the risks and rewards that the amount of Council Tax collected could be more or less than predicted.

The Council's proportionate share of both Non-Domestic Rates and Council Tax will be recognised in the Comprehensive Income and Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority, the difference between the Non-Domestic Rates and Council Tax income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund, shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

For both Council Tax and Non-Domestic Rates, the Council's proportionate share of assets and liabilities (debtors, receipts in advance, provision for doubtful debt, etc.) are recognised individually within the Balance Sheet. The net asset/liability in relation to the other parties is shown as a single debtor/creditor figure, as appropriate.

### **VALUE ADDED TAX (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.



# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

---

## THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Authority, that Officer is the Executive Director of Corporate Services.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

## RESPONSIBILITIES OF THE EXECUTIVE DIRECTOR OF CORPORATE SERVICES

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

In preparing this Statement of Accounts, the Executive Director of Corporate Services has:

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

The Executive Director of Corporate Services has also:

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

## CERTIFICATE

I certify that this Statement of Accounts gives a true and fair view of the financial position of St Helens Borough Council at 31 March 2020 and its income and expenditure for the year then ended. In doing so, I authorise the Statement for issue and confirm that it is this date up to which events after the Balance Sheet date have been considered in preparing the Statement.



**Cath Fogarty**

**Executive Director of Corporate Services**

**Date: 4 February 2021**

# ANNUAL GOVERNANCE STATEMENT 2019-2020

## 1.0 Scope of Responsibility

1.1 St Helens Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

1.3 The Council approved and adopted a Code of Corporate Governance in April 2017 based on the principles in the CIPFA /SOLACE Delivering Good Governance Framework 2016. A copy of the Code of Corporate Governance is held on the Council's website.

1.4 This statement explains how St Helens Borough Council complies with the Code and meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2015. It is the responsibility of all officers of the Council to comply with the approved Code of Corporate Governance Framework.

## 2.0 The Purpose of the Governance Framework

2.1 The governance framework comprises

the systems and processes, and culture and values, by which the Council is directed and controlled, and its activities through which it accounts to, engages with and leads our communities. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 The governance framework at St Helens Borough Council has continued to operate and will remain subject to ongoing review to ensure its operational effectiveness in the future.

## 3.0 The Governance Framework

### 3.1 Overview

3.1.1 The year 2019-2020 has been a period of significant change and risk for the Council. The unprecedented period of austerity has resulted in the need to find savings of £20.6m over the 3 year period 2017-2020, with frontline services

and support for vulnerable residents prioritised. In addition, in 2019-2020 the Council underwent a number of staffing changes at a senior manager level; there have been three Chief Executives in post in the previous 12 months, as well as a significant number of other staffing changes at executive leadership level. The end of 2019-2020 saw the arrival of the COVID-19 pandemic, which has resulted in seismic changes to the way that we have traditionally delivered our services.

3.1.2 Maintaining a good governance framework that is owned and prioritised across the Council throughout this turbulent period is an essential element in ensuring that public money is properly accounted for and that business is conducted in accordance with the law and appropriate standards.

3.1.3 The following are the key strategic elements of the systems and processes that the Council has put in place which underpin the governance arrangements and how they meet the seven principles of effective governance as outlined in the CIPFA / SOLACE Delivering Good Governance in Local Government Framework.

### **3.2 Strategic Planning**

3.2.1 The Council vision is articulated in the St Helens Borough Council Plan 2018-20. This was refreshed during 2020 and a draft approved in March 2020, subject to consultation.

The draft Council Plan for 2020-2021 has the following aims:

- Ensure children and young people have a positive start in life;
- Promote good health, independence and care across our communities;
- Create safe and strong communities for our residents;

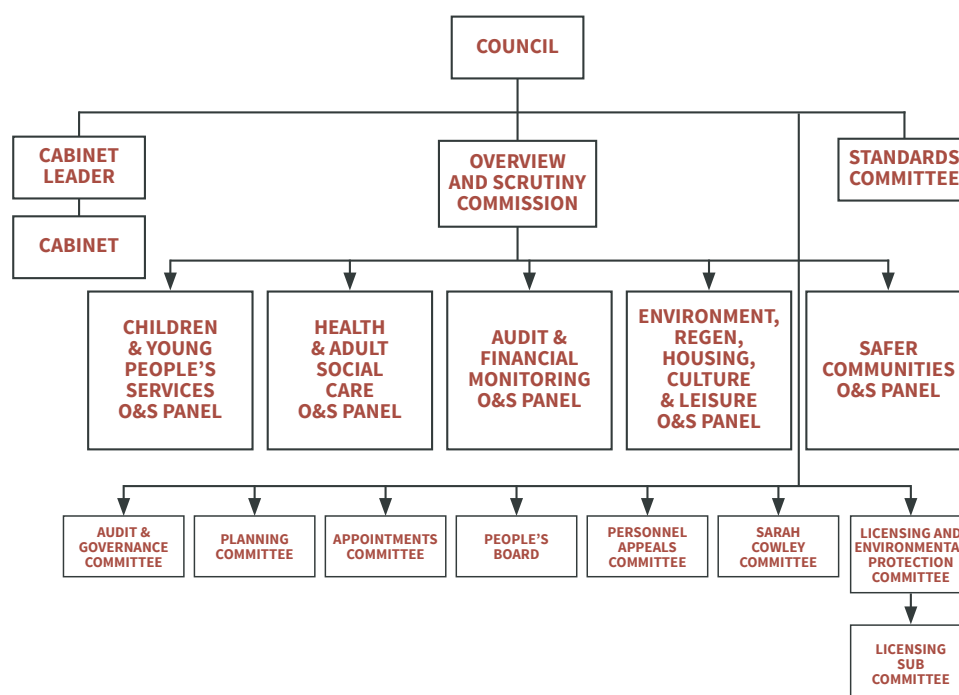
- Support a strong, diverse and well-connected local economy;
- Create a green, thriving and vibrant place to be proud of;
- Be a modern, efficient and effective Council.

3.2.2 Each of the above aims contain a small number of objectives and a summary of the key programmes of activity that will be undertaken to achieve them. It is the objectives of the Council Plan which form the basis of the Council's approach to departmental service planning, with each service plan containing a series of actions specified against objectives of the Council Plan.

### **3.3 Decision Making**

3.3.1 The Council has adopted and approved a Constitution that establishes an efficient, transparent and accountable decision-making structure. Member and Officer roles are clearly defined within the Constitution.

# DEMOCRATIC STRUCTURE



3.3.2 The Cabinet is the main decision-making body. Meetings are open to the public except where personal or confidential matters (Part II) are being discussed. It comprises the Leader of the Council and Cabinet which consists of 9 portfolios that hold responsibility for the delivery of the Council Plan and its objectives.

3.3.3 This is supported by an effective scheme of delegation which is well understood and adhered to. These arrangements are clearly established in the Constitution and supporting documents, including financial and contract procedure rules.

3.3.4 The Council has an appointed Monitoring Officer and Deputy Monitoring Officer whose primary function is to ensure that the Council operates in a lawful manner.

3.3.5 The Council has established consultation and engagement mechanisms which enable the Council to understand the views, needs and preferences of all its stakeholders.

This is subject to further review in 2020-2021.

## 3.4 Scrutiny

3.4.1 The Council has an Overview and Scrutiny Commission and 5 Scrutiny Panels which are;

- i. Audit and Financial Monitoring;
- ii. Children and Young People's Services;
- iii. Health and Adult Social Care;
- iv. Environment, Regeneration, Housing, Culture and Leisure;
- v. Safer Communities.

3.4.2 The Commission and Panels undertake an annual programme of reviews of services and performance and have the authority to request Cabinet Members and officers to attend meetings. Health and other partners are also invited to attend to review performance. Scrutiny reports and recommendations are presented to Cabinet. The scrutiny function is supported by dedicated staff resources.

### **3.5 Financial Management**

3.5.1 The Executive Director of Corporate Services is the responsible Officer to the Council for the proper management of its financial affairs to meet the statutory requirements of Section 151 of the Local Government Act 1972, and complies with the requirements of the CIPFA 'Statement on the Role of the Chief Financial Officer in Local Government'.

3.5.2 Financial management has always been recognised as a strength in St Helens and the Council's medium-term financial strategy is aimed at maximising resources for priority areas and promoting value for money to reduce in so far as possible the burden on local taxpayers.

### **3.6 Codes of Conduct and Policies**

3.6.1 The Council has a Code of Conduct for both Officers and Members together with a range of supporting policies and procedures including:-

- Risk Management Strategy;
- Health and Safety;
- Equalities and Diversity;
- Finance;
- ICT and Information Management;
- Procurement;
- Declarations of Interests;
- Member / Officer relationships;
- Confidential Reporting (Whistleblowing)
- Code of Recommended Practice on Local Authority Publicity;
- The Planning Protocol;
- Anti-fraud, Bribery and Corruption.

3.6.2 These policies and procedures are supported with an ongoing programme of training for Officers and Members providing coverage on a wide range of topics ensuring awareness on new and developing issues.

3.6.3 The Council's Standards Committee seeks to promote and maintain high standards of conduct of Council Members and meets to discuss matters of ethical standards. The Monitoring Officer provides reports to the Standards Committee in relation to the operation of the Code of Conduct and the maintenance of high ethical standards.

3.6.4 The Council has effective arrangements in place to ensure it is able to meet its duties in relation to the Equality Act 2010 and the Council's Comprehensive Equality Policy through the impact assessment of decisions, services and employment.

### **3.7 Performance Management**

3.7.1 The Council's performance management systems ensure strong links between budgets, service delivery and performance targets. Performance indicators exist to cover organisational objectives and are regularly reviewed for relevance. Three-year targets, linked to the medium-term Budget Strategy, are set annually and are approved by Cabinet.

3.7.2 Financial and strategic planning are linked ensuring that resources are concentrated on achieving priority outcomes. Monthly meetings between the Executive Director of Corporate Services and Executive Directors of Departments are held to discuss budgets, progress against key performance measures and action required to address any identified concerns. Quarterly Financial Reports are presented to Cabinet.

### **3.8 Risk Management**

3.8.1 The Council has effective risk management arrangements with commitment from Members and Officers supported by staff training. The Corporate Risk Register identifies threats and risks to the achievement of

strategic priorities. Service Plans also contain an assessment of the likelihood and impact of service level risk, along with control measures. The business continuity and disaster recovery arrangements are subject to periodic review to ensure they remain current and fit for purpose. The robustness of these arrangements was tested during the COVID-19 pandemic.

- 3.8.2 The Safety and Risk Management Forum is a strategic group chaired by the Executive Director of Corporate Services and attended by the Executive Directors of Services or their nominated deputies and Senior Officers together with Head Teacher representatives, Trade Union and Human Resources representation, to consider occupational health, organisational safety and risk management issues.

### **3.9 Information Management**

- 3.9.1 The Council takes its Data Protection and Information Management responsibilities very seriously and has an Information Management Group in place to ensure that standards, training and monitoring arrangements are robust and effective.
- 3.9.2 Information management policies governing how data is accessed and protected are regularly reviewed, and subject to consultation prior to amendments to reflect current and emerging practice. Policies have been reviewed and updated to reflect the Data Protection Act 2018 and General Data Protection Regulations (GDPR).
- 3.9.3 Transparency guidelines are monitored for levels of compliance and the information provided on the website on standard data sets is subject to regular review.
- 3.9.4 Agendas and minutes are published on the website together with Delegated Executive Decisions and Administrative

Decisions in accordance with the Council's Constitution.

### **3.10 Workforce Training**

- 3.10.1 The Council recognises the benefits of having a committed, capable, skilled and diverse workforce. There is a requirement for workforce training and the implications to be considered within departmental service plans.
- 3.10.2 The Council's appraisal system links individual targets and performance to corporate priorities and informs the corporate training programme.

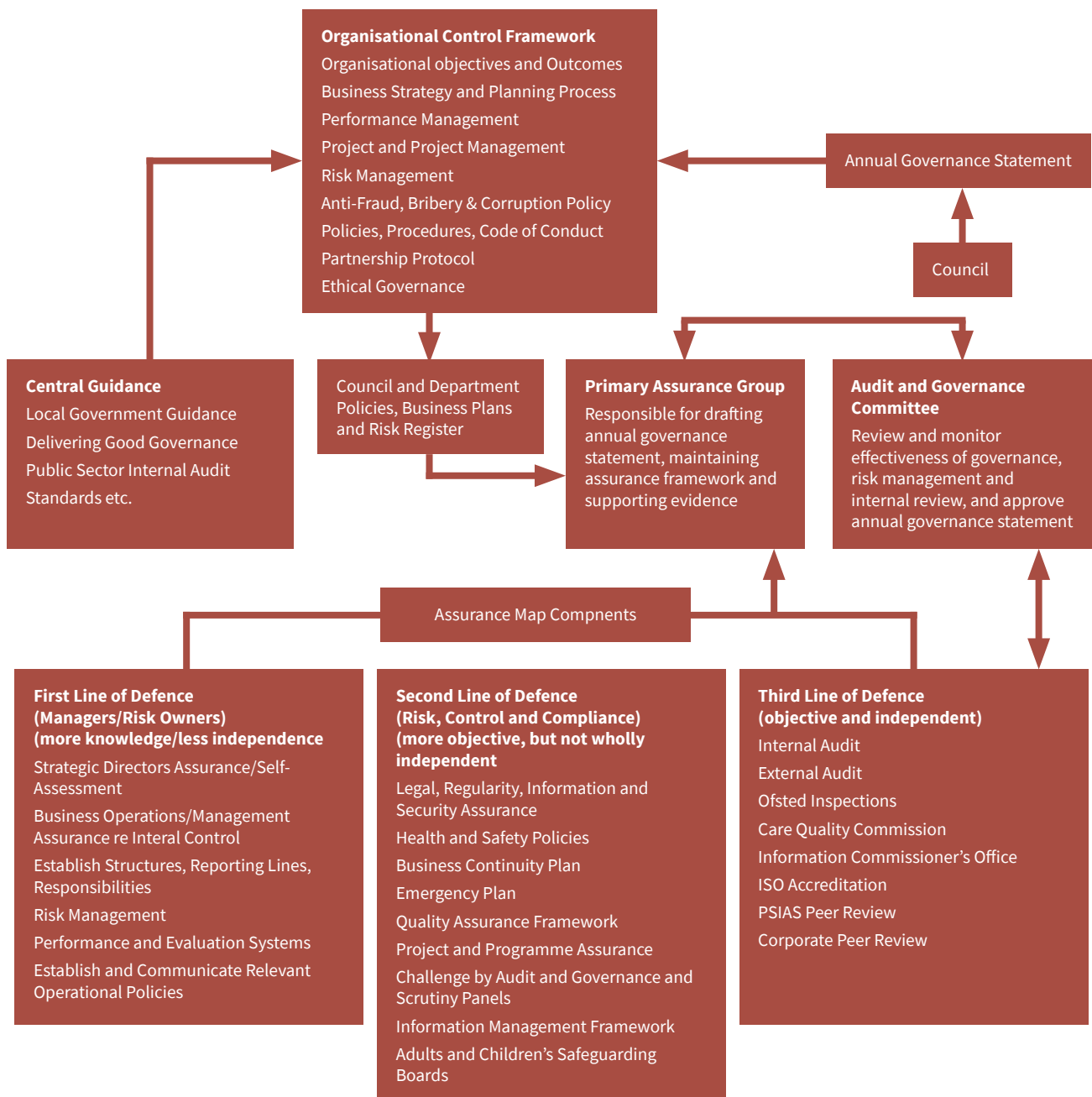
### **3.11 The Impact of the COVID-19 Pandemic**

- 3.11.1 The impact of the COVID-19 Pandemic began to be felt from March 2020. As a consequence, a number of meetings were cancelled including the March Audit and Governance Committee, March Cabinet and a number of Scrutiny Committees.
- 3.11.2 At the same time, and with full regard to the Business Continuity Plans, a Business Continuity Tactical Group was formed to ensure the continued delivery of a number of Priority 1 services, protecting the most vulnerable and maintaining essential environmental services such as refuse collection.
- 3.11.3 A number of non-essential services were temporarily closed including leisure centres and libraries and staff redeployed into essential services.
- 3.11.4 New areas of service were established to respond to the pandemic. These include, amongst others, food distribution centres, support for shielded people, social care task force and the procurement and distribution of Personal Protective Equipment (PPE).
- 3.11.5 Decisions were implemented swiftly to protect staff and residents; these decisions had an impact on a range of services such as procurement, HR, IT and information management.

## 4.0 Assurance

4.1 The Audit and Governance Committee has a key role as the “body charged with governance” and its Terms of Reference set out the requirement to gain and monitor the necessary assurances in respect of the Council’s control, governance, financial management and reporting framework.

# ASSURANCE MAPPING



4.2 The Assurance map above identifies the elements of the control framework and how they relate to the organisation and each of the Assurance map components.

4.3 The Executive Directors of the Council are required, on an annual basis, to provide documented assurance as to the adequacy and effectiveness of departmental management arrangements and controls and identify any areas for improvement.

4.4 The Council's complaints procedure is available to the community and complaints responses are monitored for quality and handling processes. The Council periodically conducts surveys to assess the levels of satisfaction with its services and their accessibility, and feeds these into service reviews.

## **5.0 The Primary Assurance Group**

5.1 The Council has an established Primary Assurance Group chaired by the Executive Director of Corporate Services which includes senior representatives with responsibilities covering all elements of the governance framework.

5.2 A detailed annual self-assessment of the governance arrangements based on the CIPFA/SOLACE guidance identifies any risks to the Council's ability to meet its objectives and drafts the Annual Governance Statement and Action Plan for approval by the Audit and Governance Committee.

5.3 The remit of the Primary Assurance Group includes:

- Evaluating the Council's internal control and governance framework using a robust evidence-based methodology;
- Consideration of assurances received from Executive Directors;
- Review of the internal audit outturn and identification of any significant internal control issues that have implications for the Annual

Governance Statement;

- Identification of actions for improvement and monitoring of previous years' recommendations.

5.4 The self-assessment for 2019-2020 incorporates all aspects of the CIPFA / SOLACE guidance.

## **6.0 Review of Effectiveness of Governance**

### **6.1 Governance Principles**

6.1.1 The annual review of the effectiveness of governance has been undertaken against the seven principles within the CIPFA/SOLACE framework. A detailed body of evidence is contained within a database which identifies the Core Principles, expected and actual assurance mechanisms and actions for improvement.

The core principles of good governance are as follows:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D. Determining the interventions necessary to optimize the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.



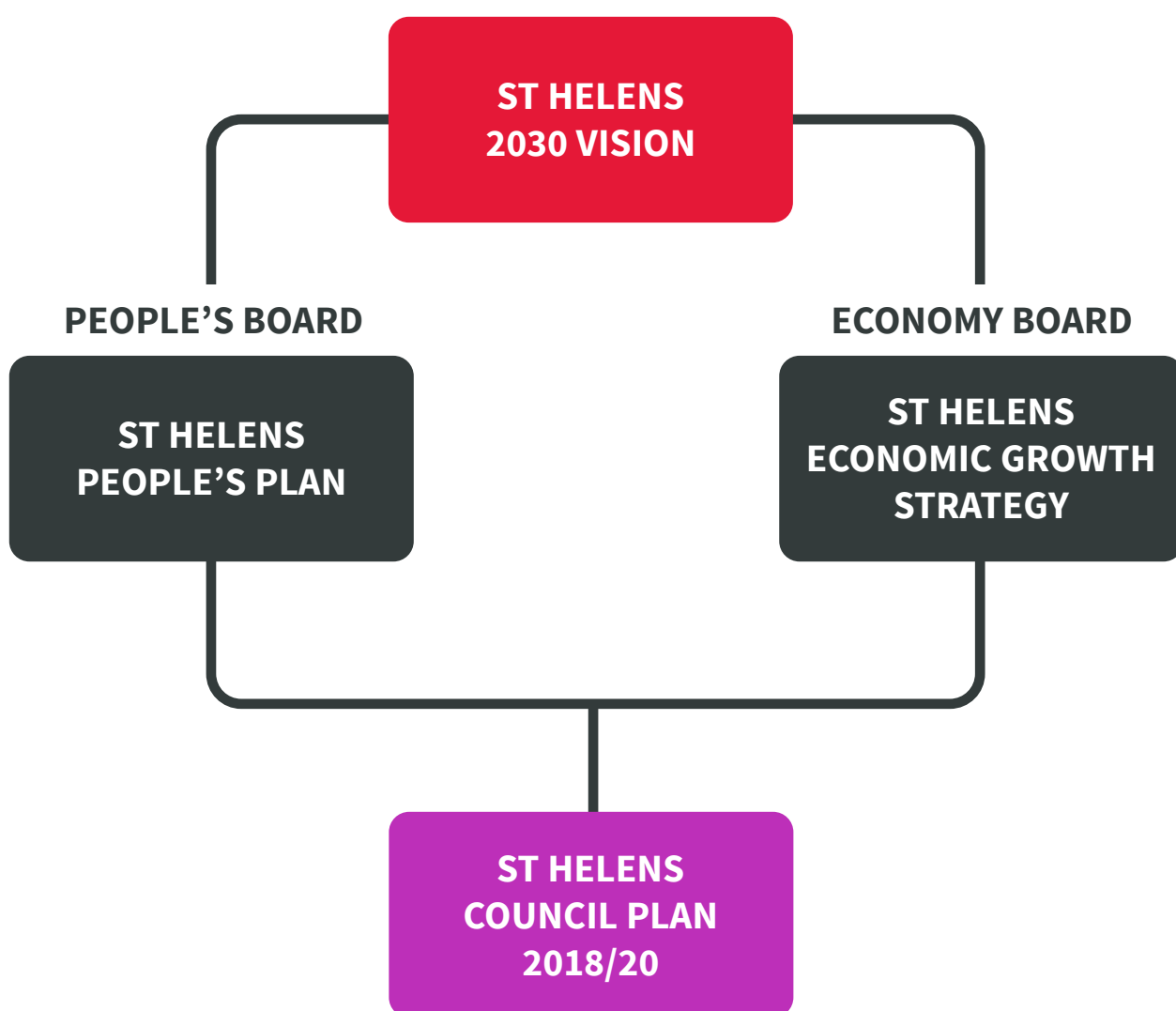
- 6.1.2 During 2019-2020 the Council has continued with its programme of organisational change and transformation to meet its future needs and aspirations. This process is defined within our One Council work programme and its eight specific workstreams. This process is continually reviewed and any impact on the governance arrangements is considered as part of decision making.
- 6.2 Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**
- 6.2.1 The Council's Constitution has been reviewed and updated during 2019-2020 to ensure it is relevant and appropriate, and revisions have been approved by Council. Work is ongoing to ensure that the Constitution is updated as appropriate.
- 6.2.2 The Standards Committee has met as necessary throughout the year and continues to monitor the behaviour of elected members and address any areas for improvement. Work in relation to the establishment of appropriate Officer/Member Protocols is ongoing.
- 6.2.3 Training on the Code of Conduct and Induction has been delivered to members and employees.
- 6.2.4 The Scrutiny Panels have delivered their programme of work including scrutiny of the budget process and all findings have been, or will be, considered by Cabinet and responded to.
- 6.3 Core Principle B - Ensuring openness and comprehensive stakeholder engagement.**
- 6.3.1 Council plans and publications have been reviewed and the draft Council Plan for 2020-2021 has established the organisational priorities and objectives which are subject to consultation with stakeholders.
- 6.3.2 Following the review of communications a comprehensive Communications Strategy has been produced which seeks to enhance all aspects of internal and external communications. Further development of our existing consultation and engagement processes has been identified and a review of this has also been planned.
- 6.4 Core Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits.**
- 6.4.1 The draft Council Plan 2020-2021 sets out a series of objectives and the outcomes in relation to economic, social and environmental developments. This will be subject to formal consultation over the course of the coming year.
- 6.4.2 Increased financial pressures and rising demand for services, particularly to protect and care for vulnerable adults and children and young people has led to existing partnership models of delivery being expanded to introduce new models of integrated service delivery that are resilient and capable of delivering outcomes.
- 6.4.3 The integration of the Council and St Helens Clinical Commissioning Group (CCG) was formalised in May 2018. The governance underpinning this arrangement is contained within a Section 75 Agreement which was updated during 2019-2020.
- 6.5 Core Principle D - Determining the interventions necessary to optimize the achievement of the intended outcomes.**
- 6.5.1 Financial management has always been recognised as a strength in St Helens and the Council's Cabinet receive regular financial and budget reports to inform the Council's financial planning, which is aimed at ensuring the availability of appropriate resources

for priority areas, and promoting value for money to reduce in so far as possible the burden on local taxpayers.

6.5.2 In recognition of the financial position arising from COVID-19, special consideration will be given to the progression of an Emergency Budget during 2020-2021, aligned with the Recovery and Reset phase of the Council's COVID-19 response, with all services included for review.

**6.6 Core Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.**

6.6.1 The Council structure is supported by the People's Board, a Children's Improvement Board and an Economy Board to drive economic growth within St Helens.



- 6.6.2 The capacity to deliver the Council’s ambitious work programme whilst maintaining existing strengths in governance and financial management has been considered. Revisions to the organisational structure commenced in 2019-2020 to mitigate the risks of failure due to capacity.
- 6.6.3 Following a Corporate Peer Review in 2019, there have been significant changes to the Senior Leadership Team during 2019-2020. In October 2019, an Interim Chief Executive was appointed, pending recruitment to the post. The Council’s new Chief Executive started in March 2020, together with a new Executive Director for Place who started in April and new role of Assistant Chief Executive who also started in the Council in April. A new role of Director of Children’s Services was established at the beginning of the year and an interim postholder started with the Council in March.
- 6.7 Core Principle F –Managing risks and performance through robust internal control and strong public financial management.**
- 6.7.1 Risk management arrangements have been enhanced during the year with more dynamic updates and reporting to Officers and Members introduced to support the changing organisational needs.
- 6.7.2 The Internal Audit annual outturn report has confirmed that the internal control environment was operating effectively and that there were no significant issues of concern within the Internal Audit process itself. A programme of audit recommendations to address system and operational weaknesses has been agreed and progress is monitored by the Audit and Governance Committee and relevant Scrutiny panel.
- 6.7.3 The Council’s Internal Audit Service has been subject to an external assessment and validation against the Public Sector Internal Audit Standards (PSIAs). This confirmed that the Internal Audit Service is compliant, and recommended that ongoing self-assessment against compliance with the Standards is undertaken. The most recent self-assessment was completed in August 2019 and a small number of improvement actions were identified. These are included in the Action Plan attached to the Internal Audit Annual report.
- 6.8 Core Principle G - Implementing good practices in transparency, reporting, and audit, to deliver effective accountability**
- 6.8.1 The Audit and Governance Committee has also considered the Statement of Accounts, matters raised by the external auditor, risk management, and the arrangements for fraud, bribery and corruption.
- 6.8.2 The cycle of formal reporting of portfolio financial and performance information to Cabinet and Scrutiny was met, and all documents were published on the Council’s website.
- 6.8.3 The Council’s external auditors, Grant Thornton, concluded in their Annual Audit Management Letter that for the financial year 2018/19:
- i. an unqualified opinion on our financial statements;
  - ii. an unqualified conclusion in respect of our arrangements for securing economy, efficiency and effectiveness in our use of resources;
- 6.8.4 In July and November 2018, the Council was subject to two external focused visits from Ofsted. The visits considered the Council’s arrangements for children in need and children subject to a child protection plan and ‘Front Door’

arrangements where contacts and referrals regarding concerns about children are received and actioned. During these focused visits, areas of considerable weakness were identified that were placing children at risk of inadequate protection and significant harm.

6.8.5 The Council took immediate and swift action. A robust Action Plan was developed, overseen by a newly created Children's Improvement Board and significant additional resources were assigned to increase capacity within Children's Services and prioritise improvement. In September 2019 the Council was subject to a full Ofsted Inspection of Local Authority Children's Services (ILACS), and although some improvements in service delivery were recognised, the Authority received an overall Inadequate judgement. A refreshed improvement plan was subsequently put in place and an independent Chair of the Improvement Board continues to oversee improvement activities and bring appropriate scrutiny and challenge to officers, members and partners.

6.8.6 During the period January to March 2019, the Council invited the Local Government Association (LGA) to undertake a Corporate Peer Challenge and a separate Cultural Review. The purpose of the reviews was to provide an independent, objective opinion of how the Council operates. The Peer Review Challenge examined the Council's understanding of place and priorities, its leadership, governance arrangements, financial planning and capacity to deliver. The Cultural Review looked at aspects of the Council's culture and its effectiveness in supporting change and enabling the Council to deliver against its priorities. The LGA subsequently produced two reports setting out their findings.

These provided a valuable external perspective on the Council's relative strengths and areas for improvement and in response, an action plan which encompasses the Council's One Council modernisation programme was produced. Progress is monitored regularly with update reports provided to Cabinet.

6.8.7 The Council's Investors in People (IIP) reassessment was completed between December 2018 and January 2019. The feedback report identified strengths across a number of areas, and the standard met in all areas except for one in relation to organisational values and beliefs, where it found these were not articulated and widely publicised and as a result were not 'owned' by the workforce. An action plan in response to the IIP findings was subsequently developed and incorporated into the wider LGA Action Plan.

## **6.9 Joint Venture Partnership**

The Council is one of two equal partners in Parkside Regeneration Limited Liability Partnership (Parkside LLP). Parkside LLP was set up in 2013 with a private sector partner with the aim of regenerating the former Parkside Colliery site.

Parkside LLP is run by a Board comprising of 6 persons of which 3 board members are nominated by the Council. Parkside LLP appoints its own independent auditors to review its annual accounts.

Whilst the board minutes of Parkside LLP remain private, owing to the commercial sensitive information contained therein, questions may be submitted to the Council relating to its involvement in Parkside LLP under the Freedom of Information Act 2000.

## 7.0 Conclusion

- 7.1 It is our opinion, based on the self-assessment undertaken and the assurances provided above, that our systems of internal control and governance are fit for purpose and are in accordance with the framework.
- 7.2 The governance framework remains robust, and adherence to its principles will protect the organisation as it moves forward with its multiple challenges of continued austerity, the consequences of the COVID-19 pandemic and will be supported by the Council's new Senior Management Team.
- 7.3 Significant governance and service delivery issues have been identified within Children's Services. The delivery of the Council's Children's Improvement Plan, which sets out the necessary arrangements to safeguard and improve outcomes for children, young people and their families, is the Council's number one priority. Following the Ofsted ILACS inspection, the independent Chair of the Children's Improvement Board reports progress to the Department for Education on a six-weekly basis and reports to the Minister on a six-monthly basis. In relation to the governance and service delivery weaknesses identified in Children's Services, a separate response with associated Action Plan has been provided. We are confident that the steps that we are taking to improve Children's Services will address the current failings in this area. We will monitor their operation and implementation as part of our next annual review.
- 7.4 Actions from the 2018/19 Annual Governance Statement Self-Assessment Action Plan in the main have been implemented with a small number of actions carried forward. Where further improvement is still needed, these have been incorporated into the 2019-2020 Action Plan. This is attached at Appendix 1.
- 7.5 The Council continues to face intense financial challenges, risks and pressures from continual grant reductions, and rising cost and demand for services. The cumulative loss in General Support Grant since 2010, over a ten-year period to 2020 is £90m. Further savings of £4.975m are required over the period 2020-2021. In addition, the COVID-19 pandemic has resulted in extreme additional cost pressures. The financial impact for 2019-2020 relates to the last few weeks of the financial year and accounts for approximately £215,000 of additional COVID-19 related spending. Current projections for 2020-2021 forecast a £25m budget gap. The Council remains committed to the ongoing review and development of its form and function. The Council's transformation programme will be critical to ensuring that residents, businesses and partners are provided with the best possible services.
- 7.6 The increasing demand pressures on our social care system which is already stretched means that it is increasingly difficult to meet the demands on our services. The protection of our most vulnerable, elderly persons and vulnerable children including those in care has necessitated a different approach to delivery across the locality, and for greater partnership working. The impact of COVID-19 towards the end of the financial year has put significant additional pressure on this service, and partnership working has never been more important. The sustainability of our care sector is threatened by the impact of the pandemic and we will need to consider alternative ways to commission and contract for care to keep our most vulnerable people safe. This in turn demands that our

governance arrangements need to be robust with clear accountabilities to our residents.

7.7 Our ambition around growing the economy is fundamental to our future financial resilience, and this approach brings new and emerging risks which need to be considered and assessed. It also requires appropriate capacity, capability and governance within the organisation and this is currently being considered as part of a review of structures and roles within the Place Directorate.

7.8 In addition, the investment decisions for the future sustainability of the Council require robust, considered assessments, working in collaboration with our partners, and our governance arrangements will need to be transparent in this respect. In order to ensure both capacity and focus in this area a new role of Assistant Director - Commercialisation has been appointed to via national advert.

7.9 The completion of our assessment against the Governance framework provides a formal mechanism by which we can constantly review and plan to improve our operating arrangements for enhanced partnership working, mitigation of financial risks, and support service redesign and economic growth.


7.10 The Council has a strong track record of promoting and maintaining high standards of behaviour and remains committed to seeking continuous improvement to review and strengthen the control, risk and governance environment wherever appropriate.

### 7.11 COVID-19

7.11.1 As soon as the severity of the COVID-19 pandemic became clear, the Council acted swiftly in its response to stand-down non-essential services and protect key services and the most vulnerable residents.

7.11.2 A number of decisions were made which have an impact on procurement, IT, information management, HR and finance in order to respond immediately to the pandemic.

7.11.3 All decisions taken during this time have been fully recorded and documented. These will all be reviewed as part the lessons learnt as part of the Council's reset and recovery process.



Signed: .....

Date: 27 July 2020 .....

**Chief Executive**



Signed: .....

Date: 27 July 2020 .....

**Leader of the Council**

# SELF-ASSESSMENT ACTION PLAN 2019-2020

Assurance Ref.	Assurance	Action	Lead Officer	Target Completion Date
<b>Core Principle – Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of the law</b>				
A1.1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.	To formally sign off the amended Members Code of Conduct and Member/Officer Protocol. To review the Employee Code of Conduct in line with the forthcoming organisational culture, values and behaviour review.	Director, Legal and HR  Assistant Director, HR	July 2020  March 2021
A2.3	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.	To amend the Recruitment and Selection Policy to reflect any changes from the Council’s Cultural Review.	Assistant Director, HR Assistant Chief Executive	March 2021
<b>Core Principle – Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of the law</b>				
C1.3	Delivering defined outcomes on a sustainable basis within the resources that will be available.	To provide performance training for Members, to better enable them to challenge performance in an open, constructive and supportive way.	Assistant Chief Executive	December 2021
<b>Core Principal – Determining the interventions necessary to optimise the achievement of the intended outcomes</b>				
D2.6	Ensuring capacity exists to generate the information required to review service quality regularly.	To integrate and improve complaint handling and reporting processes.	Director, Customer and Digital	June 2020 Complete

<b>Assurance Ref.</b>	<b>Assurance</b>	<b>Action</b>	<b>Lead Officer</b>	<b>Target Completion Date</b>
<b>Core Principle – Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b>				
E2.4	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks. By a) appropriate induction tailored to their role, b) having appropriate skills and knowledge and c) personal, organisational and system wide development.	To review the Induction Programme.  To update management training and development plans.	Assistant Director, HR  Assistant Director, HR Assistant Chief Executive	December 2020  December 2020
E2.7	Holding staff to account through regular performance reviews which take account of training or development needs.	To ensure that annual appraisals and reviews are completed by managers and effective monitoring of the process.	Assistant Director, HR Assistant Chief Executive	December 2020
<b>Core Principle – Managing risks and performance through robust internal control and strong public financial management</b>				
F2.1	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.	To monitor and take action on compliance against review and update of service plan options and individual appraisals through the quarterly Performance Management Dashboard.	Assistant Chief Executive	March 2021
<b>Core Principle – Implementing good practices in transparency, reporting and audit to deliver effective accountability</b>				
G1.2	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny whilst not being too onerous to provide and for users to understand.	To address the small number of areas of non-compliance against the Transparency Code of Practice, as identified by the latest independent assessment.	Director, Customer and Digital	December 2020



<b>Assurance Ref.</b>	<b>Assurance</b>	<b>Action</b>	<b>Lead Officer</b>	<b>Target Completion Date</b>
<b>OTHER CONSIDERATIONS</b>				
	Children's Governance Arrangements - Processes have been established to ensure that corporate and local service policies and procedures are implemented effectively and are periodically reviewed.	Over the last 12 months through the Governance Forum, policies that had previously not been reviewed for a long time have now been reviewed and updated and there is more oversight of policies and procedures through this forum.  However, what still remains lacking is an ongoing system for checking the implementation of key policies - this is something the Governance Forum are going to put in place this year.	Director, Children's Services	Ongoing
	In response to the most recent Ofsted inspection: Improved service and performance for Children's Services.	To monitor delivery of separate detailed action plan for Ofsted improvements and governance arrangements.	Director, Children's Services	Ongoing
	LGA Peer Review.	To monitor delivery of the action plan in response to the LGA Peer Review.	Executive Director, Corporate Services	Ongoing
	The impact of COVID 19 (as per Cipfas Finance Advisory Network guidance).	To conduct a review of the lessons to be learned from the Council's response to the COVID-19 pandemic.	Assistant Chief Executive	Ongoing

# 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 Statement shows how the movements in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts statutorily chargeable against council tax for the year.

Notes	General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000
Notes	7	8	9		6	
<b>Balance at 31 March 2018</b>	<b>62,746</b>	<b>29,826</b>	<b>9,184</b>	<b>101,756</b>	<b>20,781</b>	<b>122,537</b>
<b>Movement in Reserves during 2018-2019</b>						
<b>CIES</b> <b>5</b> Total Comprehensive Income and Expenditure	(28,155)	-	-	(28,155)	(5,629)	(33,784)
Adjustments between accounting basis and funding basis under Regulations	31,235	252	279	31,766	(31,766)	-
<b>Net Increase/(Decrease)</b>	<b>3,080</b>	<b>252</b>	<b>279</b>	<b>3,611</b>	<b>(37,395)</b>	<b>(33,784)</b>
<b>Balance at 31 March 2019 Carried Forward</b>	<b>65,826</b>	<b>30,078</b>	<b>9,463</b>	<b>105,367</b>	<b>(16,614)</b>	<b>88,753</b>
<b>Movement in Reserves during 2019-2020</b>						
<b>CIES</b> <b>5</b> Total Comprehensive Income and Expenditure	(28,684)	-	-	(28,684)	64,132	35,448
Adjustments between accounting basis and funding basis under Regulations	23,910	(2,047)	2,201	24,064	(24,064)	-
<b>Net Increase/(Decrease)</b>	<b>(4,774)</b>	<b>(2,047)</b>	<b>2,201</b>	<b>(4,620)</b>	<b>40,068</b>	<b>35,448</b>
<b>Balance at 31 March 2020 Carried Forward</b>	<b>61,052</b>	<b>28,031</b>	<b>11,664</b>	<b>100,747</b>	<b>23,454</b>	<b>124,201</b>

# COMPREHENSIVE INCOME AND 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.

Notes	2018-2019				2019-2020		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
	277,534	(184,676)	92,858	People's Services Directorate	293,540	(193,986)	99,554
	81,523	(26,569)	54,954	Place Services Directorate	78,038	(24,048)	53,990
	77,372	(62,084)	15,288	Corporate Services Directorate	73,537	(55,344)	18,193
15,16	<b>436,429</b>	<b>(273,329)</b>	<b>163,100</b>	<b>Cost of Services</b>	<b>445,115</b>	<b>(273,378)</b>	<b>171,737</b>
12			21,227	Other Operating Expenditure			21,439
13			10,196	Financing and Investment Income and Expenditure			11,609
14			(166,368)	Taxation and Non-Specific Grant Income			(176,101)
15			<b>28,155</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>28,684</b>
6(a)			(25,559)	(Surplus) or Deficit on Revaluation of Non-current Assets			(7,917)
11			31,188	Remeasurement (Gains)/Losses on Pension Assets/Liabilities			(56,215)
			<b>5,629</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(64,132)</b>
			<b>33,784</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(35,448)</b>

This Statement was prepared on the basis of the Council's Directorate Structure per the reporting requirements contained in The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

# BALANCE SHEET

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is usable reserves i.e. those reserves that the Authority may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Authority is not able to use to provide services (unusable reserves).

**Unusable reserves include:**

- reserves that hold unrealised gains and losses, particularly in relation to the revaluation of Property, Plant and Equipment
- adjustment accounts that absorb the difference between proper accounting practices and the requirements of statutory arrangements for funding expenditure

Notes	31 March 2019 £000		31 March 2020 £000
25	460,505	Property, Plant and Equipment	467,827
27	3,283	Heritage Assets	3,283
28	11,273	Investment Property	10,632
29	495	Intangible Assets	266
30	7,347	Long Term Investments	5,048
31	13,909	Long Term Debtors	14,005
	496,812	<b>Long Term Assets</b>	501,061
30	85,123	Short Term Investments	87,519
33	770	Assets held for Sale	770
34	24,734	Short Term Debtors	31,171
	657	Inventories	759
39	11,177	Cash and Cash Equivalents	23,917
	122,461	<b>Current Assets</b>	144,136
35	(4,952)	Short Term Borrowing	(4,377)
36	(38,240)	Short Term Creditors	(38,118)
16	(2,596)	Capital Grants Receipts in Advance	(1,516)
16	(4,287)	Revenue Grants Receipts in Advance	(10,164)
37	(14,247)	Provisions	(12,667)
	(64,322)	<b>Current Liabilities</b>	(66,842)
11	(322,847)	Pensions Liability	(290,768)
16	-	Capital Grants Receipts in Advance	(141)
16	(6,831)	Revenue Grants Receipts in Advance	(5,541)
35	(99,665)	Long Term Borrowing	(121,562)
37	(4,921)	Provisions	(4,270)
38	(31,934)	Other Long Term Liabilities	(31,872)
	(466,198)	<b>Long Term Liabilities</b>	(454,154)
	88,753	<b>Net Assets</b>	124,201
		<b>Financed by:</b>	
MIRS 6	105,367	Usable Reserves	100,747
	(16,614)	Unusable Reserves	23,454
	88,753	<b>Total Reserves</b>	124,201

In preparing this Statement, events up to 4th February 2021 have been considered. This is the date when the Executive Director of Corporate Services authorised the Statement for issue.

# CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period.

Notes	2018-2019 £000		2019-2020 £000
<b>CIES</b>	(28,155)	Net Surplus or (Deficit) on the Provision of Services	(28,684)
<b>42</b>	38,879	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	28,407
<b>43</b>	2,679	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2,610
<b>44</b>	<b>13,403</b>	<b>Net Cash Flows From Operating Activities</b>	<b>2,333</b>
<b>45</b>	(13,933)	Investing Activities	(9,748)
<b>46</b>	(1,474)	Financing Activities	20,155
	<b>(2,004)</b>	<b>Net Increase or (Decrease) in Cash and Cash Equivalents</b>	<b>12,740</b>
	13,181	Cash and Cash Equivalents at the start of the Reporting Period	11,177
<b>39(d)</b>	<b>11,177</b>	<b>Cash and Cash Equivalents at the end of the Reporting Period</b>	<b>23,917</b>

# INDEX OF NOTES TO THE CORE FINANCIAL STATEMENTS 2019-2020

Note	Note Content	Page No.
A	EXPENDITURE AND FUNDING ANALYSIS	78
B	NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS	79
1	ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED	80
2	CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES, ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY	80
3	CHANGES IN ACCOUNTING POLICY IN RELATION TO THE 2019-2020 STATEMENT OF ACCOUNTS	85
4	EVENTS AFTER THE REPORTING DATE	85
5	ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS	85
6	UNUSABLE RESERVES	90
7	GENERAL FUND RESERVES	95
8	CAPITAL RECEIPTS RESERVE	97
9	UNAPPLIED CAPITAL GRANTS	98
10	SCHOOLS BUDGET FUNDED BY DEDICATED SCHOOLS GRANT	98
11	PENSIONS	99
12	OTHER OPERATING EXPENDITURE	106
13	FINANCING AND INVESTMENT INCOME AND EXPENDITURE	106
14	TAXATION AND NON-SPECIFIC GRANT INCOME	106
15	EXPENDITURE AND INCOME ANALYSED BY NATURE	107
16	GRANT INCOME	108
17	TRADING ACCOUNTS	110
18	NATIONAL HEALTH SERVICE ACT 2006 POOLED FUNDS	111
19	LEASING	112
20	OFFICERS' REMUNERATION IN EXCESS OF £50,000	114
21	MEMBERS' ALLOWANCES AND EXPENSES	116
22	RELATED PARTY TRANSACTIONS	117
23	AUDIT FEES	118

<b>Note</b>	<b>Note Content</b>	<b>Page No.</b>
24	EXIT PACKAGES	119
25	PROPERTY, PLANT AND EQUIPMENT	119
26	PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS	122
27	HERITAGE ASSETS	123
28	INVESTMENT PROPERTY	124
29	INTANGIBLE ASSETS	125
30	SHORT AND LONG TERM INVESTMENTS	125
31	LONG TERM DEBTORS	126
32	CAPITAL EXPENDITURE AND FINANCING	126
33	ASSETS HELD FOR SALE	128
34	SHORT TERM DEBTORS	129
35	SHORT AND LONG TERM BORROWING	130
36	SHORT TERM CREDITORS	131
37	PROVISIONS	131
38	OTHER LONG TERM LIABILITIES	132
39	FINANCIAL INSTRUMENTS	133
40	TRUST FUNDS	139
41	CONTINGENT LIABILITIES	139
42	CASHFLOW STATEMENT - ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS	140
43	CASHFLOW STATEMENT - ADJUSTMENTS FOR ITEMS INCLUDED IN THE NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES THAT ARE INVESTING AND FINANCING ACTIVITIES	140
44	CASHFLOW STATEMENT - NET CASHFLOW FROM OPERATING ACTIVITIES	141
45	CASHFLOW STATEMENT - INVESTING ACTIVITIES	141
46	CASHFLOW STATEMENT - FINANCING ACTIVITIES	142

# NOTE A - EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax, Non-Domestic Rates and other income) by the Authority in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's Directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018-2019				2019-2020		
Net Expenditure chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis* £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis* £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
76,815	16,043	92,858	People's Services Directorate	87,964	11,590	99,554
29,157	25,797	54,954	Place Services Directorate	30,002	23,988	53,990
13,169	2,119	15,288	Corporate Services Directorate	13,220	4,973	18,193
<b>119,141</b>	<b>43,959</b>	<b>163,100</b>	<b>Net Cost of Services</b>	<b>131,186</b>	<b>40,551</b>	<b>171,737</b>
(122,221)	(12,724)	(134,945)	Other Income and Expenditure	(126,412)	(16,641)	(143,053)
<b>(3,080)</b>	<b>31,235</b>	<b>28,155</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>4,774</b>	<b>23,910</b>	<b>28,684</b>
(62,746)	-	-	Opening General Fund Reserves at 1 April	(65,826)	-	-
(3,080)	-	-	(Surplus) or Deficit on General Fund in Year	4,774	-	-
(65,826)	-	-	Closing General Fund Reserves at 31 March	(61,052)	-	-

\*See accompanying note for further detail relating to these adjustments. Details of the Council's expenditure and income analysed by nature is provided in Note 15.



# NOTE B - NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts:

2018-2019					2019-2020			
Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total Adjustments £000		Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
5,734	10,189	120	16,043	People's Services Directorate	6,294	5,470	(174)	11,590
20,528	5,241	28	25,797	Place Services Directorate	17,922	6,057	9	23,988
407	1,710	2	2,119	Corporate Services Directorate	300	4,653	20	4,973
<b>26,669</b>	<b>17,140</b>	<b>150</b>	<b>43,959</b>	<b>Net Cost of Services</b>	<b>24,516</b>	<b>16,180</b>	<b>(145)</b>	<b>40,551</b>
(19,862)	7,139	(1)	(12,724)	Other Income and Expenditure	(21,995)	7,956	(2,602)	(16,641)
<b>6,807</b>	<b>24,279</b>	<b>149</b>	<b>31,235</b>	<b>Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services</b>	<b>2,521</b>	<b>24,136</b>	<b>(2,747)</b>	<b>23,910</b>

This analysis provides further detail of those items that are chargeable to the General Fund that are not chargeable to the Comprehensive Income and Expenditure Statement and vice versa (such as depreciation and the current service cost in relation to pensions) and the removal of transactions which are only chargeable under statutory provisions (such as charges to services for the financing of capital investment and employer's pensions contributions).

These adjustments will include a number of those included in the Adjustments between Accounting Basis and Funding Basis in the Movement in Reserves Statement, which are further explained in Note 5.

# OTHER NOTES TO THE CORE FINANCIAL STATEMENTS

## 1. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The CIPFA Code of Practice on Local Authority Accounting (the Code) requires disclosure of information related to the anticipated impact of changes in accounting standards that have been issued, but not yet adopted by the Code for the relevant financial year. The standards that have changed are listed below. It is considered that if these standards had been adopted for the financial year 2019-2020, they would not have had any significant impact on the Financial Statements as presented.

- IAS 28 Investment in Associates and Joint Ventures: Long Term Interests in Associates and Joint Ventures
- IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement
- IFRS 3 Business Combinations: Definition of a Business
- Annual Improvements to IFRS Standards 2015-2017 Cycle

It was originally anticipated that the 2020/21 Code would incorporate a change in respect of IFRS 16 Leases but the requirement to implement the standard has been deferred for one-year by the CIPFA / LASAAC Local Authority Accounting Code Board. The standard will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (with some exceptions for low value and short-term leases).

As the standard will only be adopted in the 2021-2022 Statement of Accounts, the detailed work required to reasonably estimate the impact of standard has not

been undertaken at present. If work had been undertaken to estimate the impact of the standard, the results may not have been reliable due to estimation uncertainty that exists regarding asset valuations due to the significant impact the current global pandemic has had upon many sectors of the economy.

## 2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES, ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

In applying its accounting policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The Statement of Accounts contains some estimated figures that are based on assumptions made by the Authority about the future, or that are otherwise uncertain. Estimates are made, taking into account historical experience, current trends and other relevant factors.

However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Balance Sheet, where there is a risk of material adjustment in the forthcoming financial year, are detailed in this note, alongside commentary around the future assumptions and major sources of uncertainty.

### CRITICAL JUDGEMENTS COVID-19 and Funding

The Government previously took the unprecedented step of providing Councils with a four- year financial settlement in the period up to, and including, 2019-2020. The Government stated that this would

help local authorities prepare for the move to a more self-sufficient resource base by 2020 and provide better funding certainty and stability for the sector, to enable more proactive planning of service delivery and support strategic collaboration with local partners.

2019-2020 was the final year of the multi-year settlement. The Spending Round 2019 was announced by the Chancellor on 4 September 2019, as a one-year spending review that only covered 2020-2021. The decision at the time was to delay major funding reform until 2021-2022.

Prior to the COVID-19 pandemic, the Council was facing financial uncertainty in 2021-2022 and future years in the absence of a longer term Spending Review and due to anticipated changes to the Non-Domestic rates funding regime (with a reset of Non-Domestic rates growth and possible changes to retention levels), the implementation of the fair funding review (developing a new formula for the allocation of Central Government resources), the wider economic impact of the UK exit from the European Union and the general policy direction of Government.

The effect of COVID-19 has had a significant impact on the day to day running of the Council, as the Council responds to the global pandemic at a local and regional level. The longer-term impact on the Council remains uncertain, as the nation seeks to recover from the pandemic and as restrictions are lifted and the disruptions from an extended period of lockdown take effect.

The virus and measures taken to address it have undoubtedly impacted upon financial and economic activity and the effects will not be contained in 2019-2020 and 2020-2021, but will be felt for some considerable time, as the direct impact of additional costs and income losses continue.

Increased demand for many services provided by the Council is predicted

to continue as the likely consequences of COVID-19 recession, unemployment and reduction in tax revenues loom. The pandemic has served to heighten the already existing uncertainty into the longer term.

At the same time, significant uncertainty exists as to the timing and extent to which income from fees and charges, rental income and returns on investments will return to pre COVID-19 levels.

Levels of financial support provided by the Government have increased throughout 2020, with support for COVID-19 driven expenditure pressures and for a proportion of the losses in sales, fees and charges income. However, the Government has not provided any support in relation to Collection Fund losses, or those losses experienced in respect of commercial and investment activity.

The Council received an initial allocation of £6.4m of COVID-19 local government Emergency funding in March 2020 and a total of £17.1m of such funding as at the date of approval of this Statement. Separate government allocations have also been made for other specific purposes, such as Test and Trace services and Infection Control in care homes, with further funding announcements being anticipated. Government has also implemented a scheme which will compensate authorities for net eligible losses of income from sales, fees and charges which they had forecast to collect during 2020-2021. The Council has made a submission to Government for the period April 2020 to July 2020, which would result in £2.4m compensation for the period against gross losses of £4.1m

As a result of the pandemic, in April 2020 the Government announced the delayed implementation of planned Non-Domestic rates and fair funding changes until 2022-2023. In October it was announced that, in order to prioritise the response to COVID-19 and its focus on supporting jobs, the Government would be conduct a one-

year Spending Review for 2021-2022, to be announced on 25 November 2020. As a consequence, the Council will receive a single year settlement for 2021-2022 and will be without any clarity as to the ongoing level of Central Government support beyond that year.

The Council will continue to raise awareness of the financial pressures that are faced by local government and to lobby Government to provide a fair settlement and a Comprehensive Spending Review in the autumn that will reflect the extra financial burden which local authorities have been placed under.

This level of uncertainty brings inherent risks for the Council, for which a number of existing measures are in place to ensure the council's financial resilience. For example:-

- Ensuring sufficient reserves are held, underpinned by an annual review of earmarked reserves as part of the budget setting process
- Risk assessing the general reserve to identify the minimum level of reserves required within the annual budget report
- Ensuring an early indication of budget pressures through budget monitoring and reporting arrangements with actions necessary to manage or address such pressures.
- Ensuring cash liquidity and the sufficiency of cash balances through proactive treasury and cashflow management.
- Continuing to focus on achieving value for money through transformation and efficient procurement.

Having regard to these matters, working through its Corporate Leadership Team, elected members and partners, the Council will need to constantly assess its financial position and plans during the course of 2020-2021 and beyond,

reviewing its annual and longer term budget assumptions, and identify options for managing budget pressures.

The Council's Budget Strategy for 2021-2022 is based upon the principle of preparing for the worst potential level of budget pressures and, at the time of approval of the Statement of Accounts, the council is at a mature stage of considering proposals to meet potential budget pressures by the CLT and Members to ensure it is in a sustainable position.

Levels of uncertainty are unprecedented. However, it is considered at this stage that this uncertainty does not present a significant risk to the Council's ability to operate as a going concern. The Council, following the assessment of its financial position, is satisfied that sufficient reserves and cash balances exist to uphold the Council's financial position over the medium term.

### **Investment Properties**

Investment properties have been categorised as such, based on consideration of the criteria for recognition identified in IAS 40 Investment Property. As a result, the Council has determined that it holds assets with a value of £10.6m that it judges are held for capital appreciation or for the generation of investment income, or both.

### **Schools**

In determining the accounting treatment to be applied to the various types of school within the Borough, the Council has had due regard to the application of IFRS 10, which means that for the purposes of the accounts, maintained schools (all schools excluding academies and free schools) are treated as entities for the purpose of assessing control. This assessment has indicated that the balance of control of these entities lies with the local authority and that, therefore, the income and expenditure, assets and liabilities and

reserves of these schools are recognised within the single entity accounts of the local authority.

In respect of the recognition of schools' land and buildings and equipment assets, these should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for that type of property. To this end, the Council recognises schools' land and buildings on its Balance Sheet. Where it has direct ownership of the assets, there is formal agreement, or evidence, that the rights of ownership have been transferred, or that these are no longer substantive.

The Council has undertaken an assessment of the different types of maintained schools within the Borough to determine the arrangements in place and the appropriate accounting treatment to be applied to the schools' land and buildings. The assessment has been based on a composition of information obtained in respect of legal title and information provided by the relevant dioceses. Based on this assessment, a judgement has been formed on each of the schools and a conclusion reached that only those land and building assets in respect of community schools should be included on the Council's Balance Sheet. For all of the voluntary controlled and aided schools within the Borough, legal title for the schools rests with the relevant diocese and in all instances no formal agreements exist between the school and the diocese which would indicate a transfer of rights and obligations. As such, all schools are occupied under a 'mere licence' and therefore it is judged that the land and building should not be included on the Council's Balance Sheet.

### **Joint Arrangements**

- The Council entered into an arrangement with Langtree Property Partners in 2013-2014 to regenerate the former Parkside Colliery site. A limited liability partnership was established as the vehicle through

which the site would be acquired, developed and the necessary planning permissions obtained to allow the site to be used for business, thus achieving the Council's aim of economic development and job creation.

This arrangement has been assessed under the relevant accounting standards to determine how this should be accounted for within the Council's accounts. Based on this assessment it has been determined that this arrangement falls to be classified as a joint venture which would ordinarily necessitate the completion of group accounting statements. Having reviewed the companies' financial statements, it has been determined that, on the grounds of materiality, group accounting statements are not required for 2019-2020. To this end, the Council's interest in the company continues to be reflected within the Council's single entity accounts as a long-term debtor (see Note 31). Further detail about the Council's interest in the Joint Venture is included in Note 22.

- The Council is party to two Section 75 Arrangements with the St Helens Clinical Commissioning Group (CCG): a pooled budget in respect of Continuing Health Care assessments and a pooled budget covering the Better Care Fund. Both arrangements have been assessed under the relevant accounting standards and it has been determined that they fall to be classified as joint operations, which require that the Council account for the assets and liabilities it controls on its Balance Sheet, together with its elements of income and expenditure within the Comprehensive Income and Expenditure Statement.

### **ASSUMPTIONS AND ESTIMATION UNCERTAINTY**

#### **Debtors**

The Council makes provision for bad and doubtful debts on the basis of historic collection rates, experience and any

specific circumstances that may apply to any of its individual material sums due. However, pressures arising from the current economic climate and from measures to control COVID-19 are leading to heavy economic losses and threats to the financial position of many businesses and individuals. This has the potential to significantly impact on collection rates. Should that be the case, additional impairment of the doubtful debts may be required.

### **Pension Net Liability**

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.

The remedy required in relation to the “McCloud judgement” is also unknown at present and therefore further judgement and assumption is necessary when estimating the costs that could emerge from this issue.

A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. Further detail on the assumptions used is provided in Note 11 to the Core Financial Statements.

The assets held by Merseyside Pension Fund include some property assets for which, as a result of the Covid-19 pandemic, the Fund’s valuer has declared a material uncertainty in relation to their valuation as at 31 March 2020. The total value of these assets at 31 March 2020 is £471.9m, with the proportionate share in relation to St Helens Council being £38.55m.

### **Insurance Provision**

Notwithstanding the fact that the Insurance provision is based on a consultancy opinion, which combines a scientific modelling process and expert advice, it may be that the prevailing economic, environmental or physical conditions give rise to more claims against the Authority than have

been built into the assumption model. It is widely accepted that the risk profile of Local Authorities is such that there may be exposure to long tail claims (claims that are as yet unreported that arise from previous year events), and the potential for these to be of a material value. If this should occur, then increases to future provisions will be required.

### **Public Finance Initiative (PFI)**

In estimating the future payments to be made to the PFI contractor through the unitary charge, the Council has assumed that increases in RPI over the life of the contract will remain constant at 2.5%. It is believed that it is appropriate to maintain this rate of inflation over the long term, as this is broadly in line with the level of inflation that the Bank of England seeks to maintain over the longer term and which it seeks to achieve through its powers to set interest rates.

### **Non-Domestic Rates**

On 1 April 2013, the Government introduced the Business Rates Retention Scheme, whereby the Council retains a specified percentage of the Non-Domestic rates income it collects (currently set at 99%). Following the 2010 revaluation of business hereditaments, there were unprecedented levels of appeals - the success of which negatively impact on the Non-Domestic rates yield. Many of the appeal settlements are backdated to 2010. As at the end of March 2020, 150 appeals remained outstanding with the Valuation Office Agency (VOA), with a combined Rateable Value of £25.5m.

Following the 2017 revaluation, a new check, challenge, appeal process has been introduced, the impact of which is highly uncertain with only 45 challenges lodged to date. None of these challenges have yet progressed to the formal appeal stage.

A provision has been made for the estimated success of appeals for losses for the period to the end of March 2020.

The estimate has been calculated based on an analysis of information provided by the VOA detailing all appeal transactions (settled and outstanding) relating to the 2010 list. Using the data on settled appeals, average success and rateable value reductions have been calculated and applied to the appeals outstanding to arrive at an estimated reduction in rateable value, which has been converted into a cash figure for the provision. In regard to the 2017 list, in the absence of any meaningful data, an estimate has been made based on the Government's implicit rate for successful appeals that is built into each year's multiplier.

### **Valuations of PPE and Investment Properties**

Where the fair value measurement of assets cannot be measured using Level 1 inputs, the fair value is calculated by the relevant experts using valuation techniques based on observable data, but, where this is not possible, judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk, and changes in these assumptions could affect the fair values of the Authorities investment properties.

The global pandemic has had a significant impact upon many sectors of the economy. Consequently, at the valuation date, valuers could attach less weight to previous market evidence for comparison purposes, to inform opinions of value and they were faced with an unprecedented set of circumstances upon which to base a judgement.

The Council's valuations have been reported on the basis of 'material valuation uncertainty' as per VPS3 and VPGA 10 of the RICS Red Book Global. The inclusion of this clause does not mean the valuations cannot be relied upon, only that the valuations in the current unprecedented circumstances require a degree of caution and, given the unknown future impact that COVID-19 may have on the market,

valuations should be kept under regular review as market evidence emerges.

The valuation of the Council's land and building based assets, which are valued at current cost, is £266.865m (see Note 25c). For every 1% increase or decrease in the carrying amount the impact on the balance sheet would be +/-£2.669m. The Council's investment portfolio is valued at fair value and is held on the balance sheet at £10.632m. Any change in the fair value measurement of +/- 1% will result in a movement on the balance sheet of +/- £0.106m.

### **3. CHANGES IN ACCOUNTING POLICY IN RELATION TO THE 2019-2020 STATEMENT OF ACCOUNTS**

When compared to 2018-2019, there have been no changes in accounting policy applied in the production of these financial statements.

### **4. EVENTS AFTER THE REPORTING DATE**

The statement of accounts was authorised for issue by the Executive Director of Corporate Services on 4th February 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and commentary provided in the notes have been prepared in all material respects to reflect the impact of this information.

### **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.

2019-2020	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments involving the Capital Adjustment Account (Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement):</b>				
Charges for Depreciation and Impairment of Non-Current Assets	12,951	-	-	(12,951)
Revaluation losses on Property, Plant and Equipment	11,328	-	-	(11,328)
Movements in the fair value of Investment Properties	641	-	-	(641)
Amortisation of Intangible Assets	235	-	-	(235)
Capital Grants and Contributions applied credited to the Comprehensive Income and Expenditure Statement	(12,062)	-	-	12,062
Revenue expenditure funded from capital under Statute	3,525	-	-	(3,525)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	77	-	-	(77)
Other items debited or credited to the Comprehensive Income and Expenditure Statement	2	-	-	(2)
<b>Adjustments involving the Capital Adjustment Account (Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement):</b>				
Provision for the repayment of debt	(2,940)	-	-	2,940
Capital expenditure charged against the General Fund balance	(4,405)	-	-	4,405
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital Grants and Contributions unapplied credited/debited to the Comprehensive Income and Expenditure Statement	(6,073)	-	6,073	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(3,872)	3,872



2019-2020 (continued)	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(117)	117	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(2,273)	-	2,273
Amount of Deferred Capital Receipts and Long Term Debtors received	-	109	-	(109)
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(61)	-	-	61
<b>Adjustments involving the Pensions Reserve:</b>				
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	24,136	-	-	(24,136)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount by which Council Tax income and Non-Domestic Rates credited to the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulations	(3,181)	-	-	3,181
<b>Adjustment involving the Accumulating Compensated Absence Adjustment Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(146)	-	-	146
<b>Total Adjustments 2019-2020</b>	<b>23,910</b>	<b>(2,047)</b>	<b>2,201</b>	<b>(24,064)</b>

2018-2019	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments involving the Capital Adjustment Account (Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement):</b>				
Charges for Depreciation and Impairment of Non-Current Assets	13,950	-	-	(13,950)
Revaluation losses on Property, Plant and Equipment	12,222	-	-	(12,222)
Movements in the fair value of Investment Properties	124	-	-	(124)
Amortisation of Intangible Assets	489	-	-	(489)
Capital Grants and Contributions applied credited to the Comprehensive Income and Expenditure Statement	(15,787)	-	-	15,787
Revenue expenditure funded from capital under Statute	3,821	-	-	(3,821)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	88	-	-	(88)
Other items debited or credited to the Comprehensive Income and Expenditure Statement	8	-	-	(8)
<b>Adjustments involving the Capital Adjustment Account (Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement):</b>				
Provision for the repayment of debt	(2,888)	-	-	2,888
Capital expenditure charged against the General Fund balance	(1,287)	-	-	1,287
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital Grants and Contributions unapplied credited/debited to the Comprehensive Income and Expenditure Statement	(3,470)	-	3,470	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(3,191)	3,191

2018-2019 (continued)	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(339)	339	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(1,370)	-	1,370
Amount of Deferred Capital Receipts and Long Term Debtors received	-	1,283	-	(1,283)
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(51)	-	-	51
<b>Adjustments involving the Pensions Reserve:</b>				
Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	24,279	-	-	(24,279)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount by which Council Tax income and Non-Domestic Rates credited to the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulations	(74)	-	-	74
<b>Adjustment involving the Accumulating Compensated Absence Adjustment Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(150)	-	-	150
<b>Total Adjustments 2018-2019</b>	<b>31,235</b>	<b>252</b>	<b>279</b>	<b>(31,766)</b>

## 6. UNUSABLE RESERVES

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.

<b>31 March 2019</b>		<b>Movements in year 2019-2020</b>	<b>31 March 2020</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>
136,161	Revaluation Reserve (a)	5,632	141,793
171,993	Capital Adjustment Account (b)	(1,031)	170,962
(787)	Financial Instruments Adjustment Account (c)	61	(726)
(322,847)	Pensions Reserve (d)	32,079	(290,768)
1,854	Collection Fund Adjustment Account (e)	3,181	5,035
(2,988)	Accumulating Compensated Absences Adjustment Account (f)	146	(2,842)
<b>(16,614)</b>	<b>Total</b>	<b>40,068</b>	<b>23,454</b>

### (a) Revaluation Reserve

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

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation
- disposed of and the gains are realised/lost

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.

2018-2019			2019-2020	
£000	£000		£000	£000
	113,721	Balance brought forward at 1 April		136,161
		<b>Upward Revaluation of Assets</b>		
35,310		Property, Plant and Equipment	9,807	
142		Heritage Assets	-	
		<b>Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/ Deficit on the Provision of Services</b>		
(9,843)		Property, Plant and Equipment	(1,890)	
(50)		Heritage Assets	-	
	<b>25,559</b>	<b>Surplus or Deficit on Revaluation of Non-Current Assets not posted to the Surplus or Deficit on the Provision of Services</b>		<b>7,917</b>
(2,622)		Difference between Fair Value Depreciation and Historical Cost Depreciation	(2,285)	
(17)		Accumulated Gains on Assets derecognised upon Academisation of Schools	-	
(480)		Other Adjustments	-	
	<b>(3,119)</b>	<b>Amount written off to the Capital Adjustment Account</b>		<b>(2,285)</b>
	<b>136,161</b>	<b>Balance carried forward at 31 March</b>		<b>141,793</b>

(b) Capital Adjustment Account

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

The Account also contains accumulated gains and losses on Investment Properties and revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2018-2019 £000		2019-2020 £000
<b>176,191</b>	<b>Balance brought forward at 1 April</b>	<b>171,993</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	
(13,950)	Charges for Depreciation and Impairment of Non-Current Assets	(12,951)
(12,222)	Revaluation losses on Property, Plant and Equipment	(11,329)
(489)	Amortisation of Intangible Assets	(235)
(3,821)	Revenue expenditure funded from capital under Statute	(3,525)
(88)	Amounts of Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(77)
(8)	Other Items	(2)
	<b>Adjusting amounts written out of the Revaluation Reserve</b>	
17	School Academisation	-
2,622	Difference between Fair Value Depreciation and Historical Cost Depreciation	2,285
480	Other Items	-
	<b>Capital financing applied in the Year</b>	
1,370	Use of the Capital Receipts Reserve to finance new capital expenditure	2,273
12,803	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	9,162
2,983	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to finance Revenue expenditure financed by capital under statute	2,900
3,191	Application of grants to capital financing from the Capital Grants Unapplied Account	3,873
2,888	Provision for the financing of capital investment charged against General Fund balances	2,940
1,287	Capital expenditure charged against General Fund balances	4,405
(124)	<b>Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement</b>	(641)
(1,137)	<b>Long Term Debtors and Loan Repayments</b>	(109)
<b>171,993</b>	<b>Balance carried forward at 31 March</b>	<b>170,962</b>

(c) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference 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. Similar principles apply to the credits relating to discounts earned on the early redemption of loans.

<b>2018-2019</b> <b>£000</b>		<b>2019-2020</b> <b>£000</b>
(848)	<b>Premiums on Early Debt Redemption</b>	(787)
61	Balance brought forward at 1 April	61
	Proportion of premiums incurred in previous years charged against the General Fund balance in accordance with statutory requirements	
(787)		(726)
	<b>Discounts on Early Debt Redemption</b>	
9	Balance brought forward at 1 April	-
(9)	Proportion of discounts incurred in previous years credited against the General Fund balance in accordance with statutory requirements	-
-		-
<b>(787)</b>	<b>Balance carried forward at 31 March</b>	<b>(726)</b>

(d) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed, as the Authority makes employer's contributions to Pension Funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018-2019 £000		2019-2020 £000
<b>(267,380)</b>	<b>Balance brought forward at 1 April</b>	<b>(322,847)</b>
(31,188)	Re-measurement Gains/(Losses) on Pension Assets/ Liabilities	56,215
(38,901)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(39,033)
14,622	Employer's pensions contributions and direct payments to pensioners payable in year	14,897
<b>(322,847)</b>	<b>Balance carried forward at 31 March</b>	<b>(290,768)</b>

(e) 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 Taxpayers and Non-Domestic Ratepayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2018-2019 £000		2019-2020 £000
<b>1,780</b>	<b>Balance brought forward at 1 April</b>	<b>1,854</b>
(95)	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(221)
169	Amount by which Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from Non-Domestic Rates income calculated for the year in accordance with statutory requirements	3,402
<b>1,854</b>	<b>Balance carried forward at 31 March</b>	<b>5,035</b>

(f) Accumulating Compensated Absences Adjustment Account

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



2018-2019 £000		2019-2020 £000
(2,838)	<b>Balance brought forward at 1 April</b>	(2,988)
(150)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	146
(2,988)	<b>Balance carried forward at 31 March</b>	(2,842)

## 7. GENERAL FUND RESERVES

31 March 2019 £000		Movements in year 2019-2020 £000	31 March 2020 £000
6,932	Insurance & Contingent Liability Reserve (a)	(14)	6,918
6,330	Transformation Reserve (b)	4,420	10,750
8,445	Children's Services Reserve (c)	(4,189)	4,256
2,431	Growth Reserve (d)	1,987	4,418
2,180	Essential Equipment Fund (e)	(1,757)	423
766	Councillor Improvement Fund (f)	(89)	677
3,544	Waste Management Development Fund (g)	(1,903)	1,641
3,000	Inflationary Reserve (h)	1,000	4,000
425	Equal Pay Reserve (i)	-	425
463	Town Centre Reserve (j)	(463)	-
1,831	Community Improvement Reserve (k)	(539)	1,292
600	Strategic Priorities Fund (l)	(33)	567
1,876	Service Investment Reserve (m)	(123)	1,753
-	Restructuring Reserve (n)	465	465
-	COVID-19 Funding Reserve (o)	6,177	6,177
<b>38,823</b>	<b>Sub-Total</b>	<b>4,939</b>	<b>43,762</b>
879	NW Regional Leaders Board (p)	(25)	854
8,317	Schools Balances (q)	(1,209)	7,108
17,807	Unallocated General Fund Balances (r)	(8,479)	9,328
<b>65,826</b>	<b>Total</b>	<b>(4,774)</b>	<b>61,052</b>

- (a) The Insurance & Contingent Liability Reserve has been established to be used to offset any uninsured losses that may occur, including those resulting from exposure to long tail claims and any additional liabilities arising from the run-off of Municipal Mutual Insurance (MMI). The use of the reserve also provides some resource cover for additional financial risks that the Council may face in the form of current contingent liabilities (see Note 41). During the year £1m was realigned to the Growth Reserve to support Council regeneration priorities (see note d).
- (b) The Transformation Reserve can be accessed by services undergoing fundamental change in service delivery and requiring project management and/or specialist activities to achieve new operating models, improved performance or enhanced outcomes. During 2017-2018, the reserve was utilised to enable a distribution of a £20.540m lump sum payable to Merseyside Pension Fund over the three-year period to 2019-2020. This sum has now been fully reimbursed to the reserve, with the final amount of £6.601m being repaid in 2019-2020. Furthermore, £2m was realigned to the Growth Reserve during 2019-2020 to make resources available to continue to support Council priorities for regeneration and development across the borough (see note d).
- (c) The Children's Services Reserve is to support changes in the delivery of Children's Services in the Borough, promoting a model of Social Care and Education which will seek to ensure the sustainability of Children's Services and the safety of children, whilst ensuring the desired outcomes for Children and Families.
- (d) The Growth Reserve is to support the delivery of developments which would enhance the economic growth of the Borough, attract new business and create employment opportunities. During the year, £3m was realigned to the Growth Reserve from the Insurance and Contingent Liabilities Reserve and the Transformation Reserve (see notes a and b above).
- (e) The Essential Equipment Fund is to provide for new or replacement equipment where the cost to acquire or the failure to replace would have a direct impact of the delivery of essential services. In addition, the fund can also be utilised to ensure equipment supports the latest advancements in technology and the vision of an adaptive innovative Council fit for modern day working.
- (f) The Councillor Improvement Fund allows local Councillors to respond to local needs and provides funding for eligible projects within local communities proposed by local residents.
- (g) The Waste Management Development Fund has been established subsequent to the receipt of monies from Merseyside Recycling and Waste Authority and is used to deliver actions in support of the Joint Recycling and Waste Management Strategy.
- (h) The Inflationary Reserve has been established to be used to offset short-term costs arising from inflation.
- (i) The Equal Pay Reserve has been established to provide resource cover in the event that ultimate settled values exceed the level of current provision (see note 37b).
- (j) The Town Centre Reserve was established to support the medium-term budget position following purchase of Church Square Shopping Centre.

- (k) The Community Improvement Reserve was established to support new community improvements and the retention of some community-based services.
- (l) The Strategic Priorities Fund was established to support specific priority project initiatives.
- (m) The Service Investment Reserve was established to support the wider Council priorities in respect of highways infrastructure, regeneration, supporting the local economy, creating employment opportunities and improving safety in communities.
- (n) The Restructuring Reserve was created during 2019-2020 to support the Council's wider modernisation programme.
- (o) The COVID-19 Funding Reserve represents funding set aside from the Government's first tranche of emergency funding for the purpose of supporting Council's to address the pressures faced in response to the coronavirus pandemic. The Council was awarded and paid £6.391m of un-ringfenced grant as part of the first emergency funding allocation in March 2020, of which £0.214m was applied during 2019-2020. The remaining funding of £6.177m will be applied during 2020-2021.
- (p) Balances held as Accountable Body to the North West Regional Leaders Board.
- (q) Balances held by Governors under delegated scheme arrangements, whereby such balances are committed to be spent on the Education service.
- (r) General balances are held to protect the Council's financial position from unforeseen events. The Council undertakes frequent risk assessments to determine the adequacy of levels.

## 8. CAPITAL RECEIPTS RESERVE

Useable capital receipts are generally available to finance capital investment or to repay borrowing in future years.

2018-2019 £000		2019-2020 £000
29,826	<b>Balance brought forward at 1 April</b>	30,078
	<b>Amounts received in Year</b>	
339	Asset Sales and Grant Repayment	117
146	Preserved Right to Buy Receipts	-
1,137	Repaid loans and advances	109
(1,370)	<b>Amounts applied to finance new capital investment in year</b>	(2,273)
30,078	<b>Balance carried forward at 31 March</b>	28,031

## 9. UNAPPLIED CAPITAL GRANTS

These are capital grants and contributions that have not been used to finance capital expenditure, and for which there are no conditions attached to their usage.

31 March 2019 £000		31 March 2020 £000
7,720	Department for Education Grant	10,241
253	Department of Health and Social Care Grants	68
1,108	Liverpool City Region Combined Authority	1,169
382	Other Grants and Contributions	186
<b>9,463</b>	<b>Total</b>	<b>11,664</b>

## 10. SCHOOLS BUDGET FUNDED BY DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency: the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

	Central Expenditure £000	Individual Schools Budget £000	Total 2019-2020 £000
Final DSG before Academy and High Needs recoupment	19,827	124,261	144,088
Academy and High Needs figures recouped	(1,122)	(29,581)	(30,703)
Total DSG after Academy and High Needs recoupment	18,705	94,680	113,385
Brought forward at 1 April	2,279	631	2,910
Agreed budgeted distribution	20,984	95,311	116,295
In-year adjustments	-	(331)	(331)
Final budgeted distribution	20,984	94,980	115,964
Actual expenditure	20,874	94,908	115,782
<b>Carry forward at 31 March</b>	<b>110</b>	<b>72</b>	<b>182</b>

## 11. PENSIONS

### (a) Transactions Accounted for Under Defined Contribution Plan Arrangements

The pensions cost reported in the Cost of Services in relation to:

- the Teacher's Pension Scheme (TPS); and
- those Council staff who were compulsorily transferred from Primary Care Trusts and other NHS bodies and retained access to the NHS Pension Scheme (NHSPS) and Council staff who have access to the NHSPS as a result of their terms of employment are equal to the employer's contribution payable to the Scheme in the accounting period as summarised below.

2018-2019			2019-2020	
TPS	NHSPS		TPS	NHSPS
6.82	0.06	Employer Contribution (£m)	8.81	*0.07
16.48%	14.30%	Employer Contribution Rate	23.68%	20.68%

\*With effect from September 2019. Prior to this date the contribution rate was 16.48%.

Any surplus or deficit in these Plans may affect the amount of future contributions payable.

The TPS employer contribution rate for 2020-2021 is to remain at a rate of 23.68% and the estimated cost of employer contribution is £10.4m.

Sums payable in 2020-2021 for the NHSPS are expected to be similar to those of 2019-2020. The increase in employer contribution rates for 2019-2020 were partly funded by the NHS.

### (b) Transactions relating to Retirement Benefits

The following transactions have been made in the Surplus or Deficit on Provision of Services (Comprehensive Income and Expenditure Statement) during the year to comply with the reporting requirements relating to defined benefits.

2018-2019			2019-2020	
TPS £000	NHSPS £000		TPS £000	NHSPS £000
		<b>Cost of Services</b>		
-	24,440	Current service cost	-	28,488
-	(169)	(Gains)/losses on settlements & curtailments	-	(1,035)
-	7,491	Past service cost	-	3,625
		<b>Other Operating Expenditure</b>		
-	387	Pension Administration Expenses	-	403
		<b>Financing and Investment Income and Expenditure</b>		
562	6,190	Net interest expense	503	7,049
<b>562</b>	<b>38,339</b>	<b>Total Post-Employment Benefits charged to Surplus or Deficit on Provision of Services</b>	<b>503</b>	<b>38,530</b>

The following transactions are then recognised in the Movement in Reserves Statement as adjustments between the accounting basis and funding basis under Regulations.

<b>TPS £000</b>	<b>LGPS £000</b>		<b>TPS £000</b>	<b>LGPS £000</b>
(562)	(38,339)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(503)	(38,530)
-	12,645	Employers contributions payable to scheme	-	12,928
1,977	-	Retirement benefits payable to pensioners	1,969	-
<b>1,977</b>	<b>12,645</b>	<b>Total Charged to the General Fund Balance</b>	<b>1,969</b>	<b>12,928</b>

(c) Pension Assets and Liabilities recognised in the Balance Sheet

<b>TPS £000</b>	<b>LGPS £000</b>	<b>TOTAL £000</b>		<b>TPS £000</b>	<b>LGPS £000</b>	<b>TOTAL £000</b>
21,963	1,030,267	1,052,230	Benefit obligation at end of the period	19,333	974,034	993,367
-	(729,383)	(729,383)	Fair Value of plan assets at end of the period	-	(702,599)	(702,599)
<b>21,963</b>	<b>300,884</b>	<b>322,847</b>	<b>Deficit as at 31 March</b>	<b>19,333</b>	<b>271,435</b>	<b>290,768</b>

The overall net liability for retirement benefits has decreased significantly during the 12 month period to 31 March 2020. The principal factors contributing to this movement are:

- revisions to the life expectancy assumptions which are used to calculate the level of future scheme liabilities
- a reduction in the assumed rate of increase in salary, pensions and CPI inflation which are used to calculate the level of future scheme liabilities
- falls in equity markets and corporate bonds which impact on both asset values and accounting liabilities
- the results arising from the Actuarial Valuation of the Merseyside Pension Fund - this necessitates a full recalculation of the assets and liabilities attributable to each employer, as opposed to the approximate valuations provided between full valuations

(d) Reconciliation of the Movement in the Fair Value of Scheme (Plan) Assets

As disclosed in the Accounting Policies, there are no assets to cover the Teachers' added years' liabilities. The movement in assets relating to the LGPS is provided in the following table.

2018-2019 £000		2019-2020 £000
700,795	<b>Balance brought forward at 1 April</b>	729,383
18,076	Interest on plan assets	17,342
(387)	Pension administration expenses	(403)
22,034	Remeasurement gains / (losses)	(30,539)
-	Settlements	(1,955)
12,645	Employer contributions	12,928
4,844	Member contributions	5,050
(28,624)	Benefits paid	(29,207)
729,383	<b>Balance carried forward at 31 March</b>	702,599

The assets as at 31 March comprised:

2018-2019					2019-2020			
Quoted £000	Unquoted £000	Total £000	% of Total		Quoted £000	Unquoted £000	Total £000	% of Total
111,967	19,262	131,229	18%	<b>Equities</b>	96,441	14,386	110,827	16%
152,325	74,624	226,949	31%	UK	159,544	70,083	229,627	33%
				Global				
				<b>Bonds</b>				
26,440	-	26,440	4%	UK	12,382	-	12,382	2%
				Government				
31,434	-	31,434	4%	UK Corporate	31,207	-	31,207	4%
57,807	-	57,807	8%	UK Index Linked	54,302	-	54,302	8%
				<b>Property</b>				
-	44,523	44,523	6%	UK Direct	-	41,689	41,689	6%
				Property				
1,443	13,289	14,732	2%	UK Managed	1,850	12,280	14,130	2%
				Property				
-	10,378	10,378	1%	Global Managed	-	18,672	18,672	3%
				Property				
				<b>Private Equity</b>				
1	23,167	23,168	3%	UK	86	9,008	9,094	1%
-	25,861	25,861	4%	Global	-	46,411	46,411	7%
				<b>Cash</b>				
21,253	-	21,253	3%	All	10,824	-	10,824	1%

2018-2019					2019-2020			
Quoted £000	Unquoted £000	Total £000	% of Total		Quoted £000	Unquoted £000	Total £000	% of Total
633	2,985	3,618	1%	<b>Other</b>	1,739	11,343	13,082	2%
-	18,441	18,441	2%	Other Alternatives UK	2,874	19,133	22,007	3%
1,266	26,901	28,167	4%	Other Alternatives Global	1,310	27,173	28,483	4%
-	17,790	17,790	2%	Infrastructure UK	-	23,162	23,162	3%
6,720	22,377	29,097	4%	Infrastructure Global	1,924	17,092	19,016	3%
6,337	12,159	18,496	3%	Opportunistic Credit UK	666	17,018	17,684	2%
666				Opportunistic Credit Global				
<b>417,626</b>	<b>311,757</b>	<b>729,383</b>	<b>100%</b>	<b>Total</b>	<b>375,149</b>	<b>327,450</b>	<b>702,599</b>	<b>100%</b>

(e) Reconciliation of Present Value of Scheme Liabilities (Defined Benefits Obligations)

The liabilities show the commitments that the Authority, in the long run, is estimated to have to pay to cover its pensions-related obligations:

2018-2019				2019-2020		
TPS £000	LGPS Funded £000	LGPS Unfunded £000		TPS £000	LGPS Funded £000	LGPS Unfunded £000
<b>22,621</b>	<b>935,184</b>	<b>10,370</b>	<b>Balance brought forward at 1 April</b>	<b>21,963</b>	<b>1,020,150</b>	<b>10,117</b>
-	24,440	-	Current service cost	-	28,488	-
562	24,008	258	Interest on pension liabilities	503	24,158	233
-	373	-	Curtailments	-	27	-
-	(542)	-	Settlements	-	(3,017)	-
-	4,844	-	Member contributions	-	5,050	-
-	7,491	-	Past Service Cost	-	3,625	-
(1,977)	(27,775)	(849)	Benefits paid	(1,969)	(28,369)	(838)
757	52,127	338	Re-measurement (gains) and losses arising from changes in financial assumptions	(1,164)	(83,932)	(1,658)
<b>21,963</b>	<b>1,020,150</b>	<b>10,117</b>	<b>Balance carried forward at 31 March</b>	<b>19,333</b>	<b>966,180</b>	<b>7,854</b>



The LGPS unfunded obligations represent additional benefits awarded upon early retirement. No such awards have been made for a number of years and the sums disclosed represent historic decisions.

(f) Actuarial Assumptions

Defined benefit obligations have been assessed on an actuarial basis using the Projected Unit Credit actuarial cost method, an estimate of the pensions that will be payable in future years, dependent on assumptions about mortality rates, salary levels, etc. This assessment, along with an assessment of the return on plan assets, has been undertaken by Mercer Limited, an independent firm of actuaries based on the latest full valuation of the scheme. The main assumptions used in their calculations are:

31 March 2019		31 March 2020
	<b>Base Assumptions:</b>	
2.2%	Rate of CPI inflation	2.1%
3.7%	Rate of increase in salaries	3.6%
2.3%	Rate of increase in pensions	2.2%
2.4%	Rate of discounting plan liabilities	2.4%
50%	Proportion of employees opting to take a commuted lump sum	50%
	<b>Mortality Assumptions:</b>	
25.2 years	Life expectancy of male future pensioner aged 65 in 20 years time	22.5 years
27.9 years	Life expectancy of female future pensioner aged 65 in 20 years time	25.9 years
22.2 years	Life expectancy of male current pensioner aged 65	20.9 years
25.0 years	Life expectancy of female current pensioner aged 65	24.0 years

The sensitivity analysis below has been provided by Mercer Limited and shows the illustrative impact of marginal changes to the assumptions used in relation to the long-term discount rate, inflation and life expectancy.

	Using assumptions above £000	Illustrative +0.1 p.a. discount rate £000	Illustrative +0.1% p.a. inflation £000	Illustrative + 1 year life expectancy £000
Liabilities - TPS	19,333	19,192	19,475	20,259
Liabilities - LGPS	974,034	958,271	990,058	1,000,881
Assets – LGPS	(702,599)	(702,599)	(702,599)	(702,599)
<b>Deficit/(Surplus)</b>	<b>290,768</b>	<b>274,864</b>	<b>306,934</b>	<b>318,541</b>

(g) Additional Pensions Information

The net liability of £290.768m has a significant impact on the net worth of the Authority as recorded in the Balance Sheet.

During 2017, the Merseyside Pension Fund provided details of the outcome of the Triennial Valuation 2016. The Fund issued a valuation schedule requiring the Council to pay a sum of £20.540m in 2017-2018 in relation to deficit contributions, alongside employer contribution rates, with no deficit contributions required in 2018-2019 or 2019-2020.

In March 2020, Merseyside Pension Fund's appointed actuary, Mercer Limited, published a Report on the actuarial valuation as at 31 March 2019, including those employer contribution rates and contributions required for the three years commencing 1 April 2020.

These rates were calculated having regard to the revised Funding Strategy Statement, as agreed by the Fund's Pensions Committee at its meeting held in February 2020, and which sets out a clear and transparent funding strategy identifying how each Fund employer's pension liabilities are to be met going forward.

The rates and contributions arising from the latest valuation support the regulatory requirement to secure solvency and long term cost efficiency and the Administering Authority's long-term funding objective for the Fund to achieve, and then maintain, sufficient assets to cover 100% of projected accrued liabilities (the "solvency funding target"), with a deficit recovery period of 16 years for scheme employers.

The 2019 Valuation identified that the funding level for the Council as being 103.2%, with a contribution rate of 16.9% for the three year period commencing 1 April 2020 necessary to meet the cost of future accrual of benefits including ancillary, death in service and ill health benefits. In line with the Funding Strategy Statement the surplus above the 100% solvency funding target is to be offset against the contributions for future service as detailed below:

- 2020-2021 £1.499m
- 2021-2022 £1.558m
- 2022-2023 £1.618m

The Fund did provide the Council with an option of paying projected contributions for the three-year period commencing 1 April 2020 in a lump sum and receiving a discount in doing so. However, the Council opted to continue to make monthly payments to the pension fund during 2020-2021 due to the current level of financial uncertainty as a result of COVID-19 and the impact that this could have on cashflows.

The "McCloud judgement" refers to a legal challenge in relation to historic benefit changes for all public sector scheme being age discriminatory. The Government announced in 2019 that this needs to be remedied for all schemes including the LGPS. This is likely to result in increased costs and is not yet agreed.

In preparing this Statement of Accounts, the potential impact has been accounted for in calculating the Pension Fund Liability and the charges to the Net Cost of Services within the CIES. In broad terms, additional costs have been quantified by calculating the cost of applying a 'final salary underpin' (on a member by member basis) to those active members who joined the fund before 1 April 2012 and would not otherwise have benefited from the underpin.

The valuation results arising from the 2019 Valuation above do not include an allowance in relation to the potential costs of the McCloud judgement. However, the actuary has provided the Council with an estimate of the potential cost of the judgement and the Council has begun to make provision for the potential costs in the event that backdated contributions could be payable, if the remedy is known before the next valuation.

The Funding Strategy applies to the whole of the fund, with the stated objective of achieving investment returns of 1.75% in excess of its liabilities, being achieved by Strategic asset allocation, medium term allocation and active investment management

However, the fund needs to allow for a level of volatility and risk over the short, medium and long-term from the liability matching return.

At an individual employer level, this approach is effectively one of applying a notional individual employer investment strategy identical to the one adopted by the fund as a whole with the employer's split between the various asset categories taken to be the same as for the whole fund. Notwithstanding this, a no-cross subsidy principle is applied across employers which results in the actuarial calculations establishing notional sub-funds (assets and liabilities) for each employer which are tracked at each triennial valuation.

The relative allocation of assets and liabilities within the fund to each employer reflects the specific membership, experience and past history of each employer. This bespoke strategic benchmark is subject to formal review every three years through the triennial valuation. However, it can be subject to interim review if there are significant changes to the investment environment or liability profile. The next triennial valuation will take place with an effective date of 31 March 2022, with new contributions payable from 1 April 2023.

Employer pension contributions forecast for 2020-2021 are as per the following table.

	<b>Estimated 2020-2021 Contribution £000</b>
LGPS - Funded*	12,500
LGPS - Unfunded	840
TPS - Unfunded	10,400

\*relates to the future service funding rate – a contribution rate applied to future pensionable pay which has been set at 16.9% for 2020-2021 – less the £1.499m offset arising from the surplus above the 100% solvency funding target.

The weighted average duration of the defined benefit obligation for scheme members is 16 years.

## 12. OTHER OPERATING EXPENDITURE

2018-2019 £000		2019-2020 £000
319	Parish Council Precepts	324
12,107	Liverpool City Region Combined Authority Levy	12,073
94	Environment Agency Levy	96
8,571	Merseyside Recycling and Waste Authority Levy	8,583
41	Loss on Academisation of Schools	-
(292)	(Gains)/Losses on the Disposal of Other Non-Current Assets	(40)
387	Pension Administration Expenses	403
<b>21,227</b>	<b>Total</b>	<b>21,439</b>

## 13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2018-2019 £000		2019-2020 £000
5,569	Interest Payable and Similar Charges	5,791
2,363	PFI Interest Payable	2,313
(2,363)	PFI Grant Applied	(2,313)
(18,076)	Pensions Interest on plan assets (see Note 11d)	(17,342)
24,828	Interest on pensions liabilities (see Note 11e)	24,894
(1,446)	Interest Receivable and Similar Income	(1,577)
(679)	Income and Expenditure in relation to Investment Properties and changes in their fair value (see Note 28)	(157)
<b>10,196</b>	<b>Total</b>	<b>11,609</b>

## 14. TAXATION AND NON-SPECIFIC GRANT INCOME

2018-2019 £000		2019-2020 £000
(71,681)	Council Tax Income	(74,609)
(47,533)	Retained Non-Domestic Rates	(51,531)
(47,154)	Grants and Contributions (see Note 16)	(49,961)
<b>(166,368)</b>	<b>Total</b>	<b>(176,101)</b>

## 15. EXPENDITURE AND INCOME ANALYSED BY NATURE

2018-2019 £000		2019-2020 £000
	<b>Expenditure</b>	
179,295	Employee Expenses	185,624
230,903	Other Service Expenses	235,431
68,494	Support Service Recharges	71,810
26,794	Depreciation, Amortisation, Impairment & Revaluation (i) & (ii)	25,157
32,760	Interest Payments	32,998
21,091	Precepts and Levies	21,076
(251)	(Gain)/Loss on Disposals of Non-Current Assets	(40)
<b>559,086</b>	<b>Total Expenditure</b>	<b>572,056</b>
	<b>Income</b>	
(65,853)	Fees, Charges and Other Service Income (iii)	(66,907)
(68,494)	Support Service Recharge Income	(71,810)
(19,522)	Interest and Investment Income	(18,919)
(119,214)	Income from Council Tax and Retained Non-Domestic Rates	(126,140)
(257,848)	Government Grants	(259,596)
<b>(530,931)</b>	<b>Total Income</b>	<b>(543,372)</b>
<b>28,155</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>28,684</b>

### (i) Segmental Split of Depreciation of Non-Current Assets and Amortisation of Intangible Assets

2018-2019 £000		2019-2020 £000
407	Corporate Services Directorate	300
5,043	People's Services Directorate	3,969
8,989	Place Services Directorate	8,917
<b>14,439</b>	<b>Total</b>	<b>13,186</b>

### (ii) Segmental Split of Impairment and Revaluation

2018-2019 £000		2019-2020 £000
-	Corporate Services Directorate	-
691	People's Services Directorate	2,325
11,540	Place Services Directorate	9,005
124	Other Non-Service	641
<b>12,355</b>	<b>Total</b>	<b>11,971</b>

(iii) Segmental Split of Fees, Charges and Other Service Income

2018-2019 £000		2019-2020 £000
(1,645)	Corporate Services Directorate	(2,541)
(38,411)	People's Services Directorate	(40,379)
(25,797)	Place Services Directorate	(23,987)
<b>(65,853)</b>	<b>Total</b>	<b>(66,907)</b>

**16. GRANT INCOME**

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement during the period.

2018-2019 £000	Credited to Taxation and Non-Specific Grant Income	2019-2020 £000
	<b>Total Formula Grant</b>	
22,389	Non-Domestic Rates Top Up Grant	19,240
	<b>General Government Grants</b>	
2,415	New Homes Bonus (including returned funding)	1,825
5,201	Section 31 Non-Domestic Rates Grant	6,707
-	COVID-19 Emergency Grant	6,391
	<b>Capital Grants and Contributions</b>	
2,647	Department for Education	5,895
1,204	Department for Transport	397
11,699	Liverpool City Region Combined Authority	8,128
142	Section 106 Contributions	720
637	Other Capital Grants and Contributions	95
	<b>Other Contributions</b>	
122	Mid-Mersey Non-Domestic Rates Pool	408
698	Government Non-Domestic Rates Levy Account Distribution	155
<b>47,154</b>	<b>Total</b>	<b>49,961</b>

<b>2018-2019 £000</b>	<b>Credited to Services</b>	<b>2019-2020 £000</b>
112,017	Dedicated Schools Grant	115,655
8,200	Pupil Premium Grant	7,639
-	Teachers' Pension Grant	1,855
1,860	Universal Free School Meals for Infants Grant	1,843
1,935	School Sixth Form Funding	1,699
927	PFI Credits	989
1,061	Troubled Families Grant	988
427	Teachers' Pay Grant	952
957	PE and Sports Grant	933
58,154	Housing Benefit Subsidy Grant	50,573
961	Housing Benefit / Localised Council Tax Support Admin Subsidy	879
590	Discretionary Housing Payments Contribution	516
14,295	Public Health Grant	13,887
11,811	Better Care Fund	12,174
2,870	Disabled Facilities Grant	2,842
1,116	Independent Living Fund Grant	1,082
963	Winter Pressures Grant	963
602	Social Care Support Grant	1,645
4,357	Health Authority Contributions	5,367
1,189	Merseyside Recycling & Waste Authority - Recycling Credits	1,140
510	Liverpool City Region Combined Authority	829
188	Asylum Seekers Grant	550
610	European Structural Fund	403
5,580	Other Grants and Contributions	6,579
<b>231,180</b>	<b>Total</b>	<b>231,982</b>

The Council has received a number of grants and contributions that have conditions attached to them. These have not yet been recognised as income and will only be credited to the Comprehensive Income and Expenditure Statement once all conditions are met. The balances at the year-end are as follows.

<b>31 March 2019</b>			<b>31 March 2020</b>	
<b>Short Term £000</b>	<b>Long Term £000</b>	<b>Capital Grants Receipts in Advance</b>	<b>Short Term £000</b>	<b>Long Term £000</b>
912	-	Schools Capital Grants	864	-
1,040	-	Safer Roads Fund	643	-
644	-	Other Grants and Contributions	9	141
<b>2,596</b>	<b>-</b>	<b>Total</b>	<b>1,516</b>	<b>141</b>

31 March 2019			31 March 2020	
Short Term £000	Long Term £000	Revenue Grants Receipts in Advance	Short Term £000	Long Term £000
663	2,247	Dedicated Schools Grant	182	-
659	-	Troubled Families Grant	415	-
218	-	Pupil Premium Grant	325	-
340	332	Public Health Grant	69	600
674	4,002	Section 38/106 Contribution	394	4,104
741	177	Registered Providers	109	718
13	-	Asylum Support	230	77
-	-	Section 31 Non-Domestic Rates Grant*	7,054	-
979	73	Other Grants and Contributions	1,386	42
<b>4,287</b>	<b>6,831</b>	<b>Total</b>	<b>10,164</b>	<b>5,541</b>

\*In March 2020, the Government made advance payments of 2020-2021 Section 31 Non-Domestic Rates Grant to all local authorities in order to ease any COVID-19 related cash flow pressures.

## 17. TRADING ACCOUNTS

There are a number of services that the Authority undertakes with the public or with other third parties and may, accordingly, be assessed as being 'trading operations'. The most significant of these are detailed in the following table. For the purposes of this note, services provided to schools, who have a choice as to which service provider they will use, is included.

2018-2019 Internal Turnover	2018-2019 School Turnover	2018-2019 Other 'External Parties' Turnover	2018-2019 Surplus (Deficit)		2019-2020 Internal Turnover	2019-2020 School Turnover	2019-2020 Other 'External Parties' Turnover	2019-2020 Surplus (Deficit)
£000	£000	£000	£000		£000	£000	£000	£000
-	5,753	97	-	Catering	-	5,590	359	-
339	1,504	297	-	Cleaning	357	1,525	311	-
197	1,287	30	-	Caretaking	211	1,216	3	-
2,092	308	174	-	Grounds Maintenance	2,200	317	188	-
661	199	30	-	Security Services	715	192	18	-
-	-	556	(125)	Markets	-	-	489	(286)



## 18. NATIONAL HEALTH SERVICE ACT 2006 POOLED FUNDS

### (a) Pooled Budget

The Council has operated a pooled budget arrangement in conjunction with St Helens Clinical Commissioning Group (CCG) since 1 July 2014. The pooled budget was established to make adult social care Continuing Health Care (CHC) assessments and the payment process more efficient and effective. Practically, this has been achieved by establishing a joint CHC team consisting of officers from both the Council and the CCG to formulate all contracts for providers of CHC and joint funded care.

The Council is the host of this arrangement, which is governed by a Section 75 agreement, with the partners' funding contributions split in accordance with the agreement.

<b>2018-2019</b> <b>£000</b>		<b>2019-2020</b> <b>£000</b>
	<b>Funding provided to the pooled budget</b>	
(8,928)	Council	(8,725)
(22,885)	St Helens CCG	(25,294)
<b>(31,813)</b>	<b>Total Funding</b>	<b>(34,019)</b>
32,341	<b>Expenditure met from the pooled budget</b>	36,291
<b>528</b>	<b>Net (surplus)/deficit arising on the pooled budget during the year</b>	<b>2,272</b>
127	<b>Council share of deficit</b>	636
401	<b>St Helens CCG share of deficit</b>	1,636

### (b) Better Care Fund

The Council operates a Better Care Fund (BCF) in partnership with the CCG, which creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services. Joint arrangements of this type are permitted under Section 75 of the National Health Service Act 2006 and the primary aims of the fund are:

- Supporting independence in the community by place-based activity
- Reducing non-elective admissions and reducing residential admissions by providing the right care and support within the community
- Facilitating earlier hospital discharge

<b>2018-2019</b> <b>£000</b>		<b>2019-2020</b> <b>£000</b>
	<b>Funding provided to pooled budget</b>	
(7,328)	Council	(10,181)
(14,841)	St Helens CCG	(15,634)
<b>(22,169)</b>	<b>Total Funding</b>	<b>(25,815)</b>
	<b>Expenditure met from the pooled budget</b>	
19,170	Council	22,384
2,999	St Helens CCG	3,431
<b>22,169</b>	<b>Total Expenditure</b>	<b>25,815</b>
-	<b>Net (surplus) / deficit arising on the pooled budget during the year</b>	-

In addition to the revenue funding, capital funding of £2.774m was contributed by the Council through the Disabled Facilities Grant (£2.571m in 2018-2019).

(c) Integrated Provision Arrangements

The Council also has two separate integrated provision arrangements with St Helens CCG that are registered with the Department of Health:

- Integrated Adults Services Commissioning
- Intermediate Care – Re-enablement and Rapid Response

## 19. LEASING

### The Authority as Lessee - Operating Leases

The Authority uses various types of vehicles and computer equipment under terms of operating leases. The Authority also currently leases a small number of buildings/sites under operating lease terms. The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £0.767m.

The Authority had no expenditure on contingent rents or sub-leases in 2019-2020, nor did the Authority receive any income from sub-lease arrangements.

The future minimum lease payments due under non-cancellable leases in future years are shown in the following table.

<b>31 March 2019</b> <b>£000</b>		<b>31 March 2020</b> <b>£000</b>
786	Not later than one year	703
2,131	Later than one year and not later than five years	2,138
2,092	Later than five years	1,610
<b>5,009</b>	<b>Total</b>	<b>4,451</b>

### The Authority as Lessor - Operating Leases

The Authority has a number of properties leased out under operating leases for investment/ commercial purposes. The future minimum lease payments receivable under non-cancellable leases in future years are:

<b>31 March 2019</b> <b>£000</b>		<b>31 March 2020</b> <b>£000</b>
3,429	Not later than one year	3,134
8,071	Later than one year and not later than five years	7,235
43,884	Later than five years	43,513
<b>55,384</b>	<b>Total</b>	<b>53,882</b>

## 20. OFFICERS' REMUNERATION IN EXCESS OF £50,000

(i) The number of employees receiving remuneration in excess of £50,000 is as follows:

No. of Employees employed by the Council 2018-2019	No. of which are employed in Local Authority Schools 2018-2019	No. of which are Employees employed by School Governing Bodies 2018-2019	Remuneration	No. of Employees employed by the Council 2019-2020	No. of which are employed in Local Authority Schools 2019-2020	No. of which are Employees employed by School Governing Bodies 2019-2020
59	23	19	£50,000 - £54,999	63	24	17
47	20	12	£55,000 - £59,999	35	16	8
22	9	8	£60,000 - £64,999	31	16	11
13	8	4	£65,000 - £69,999	22	10	7
20	10	2	£70,000 - £74,999	18	7	3
11	4	-	£75,000 - £79,999	9	3	1
3	1	1	£80,000 - £84,999	4	2	-
2	-	1	£85,000 - £89,999	4	1	1
4	-	-	£90,000 - £94,999	2	-	1
-	-	-	£95,000 - £99,999	1	-	-
1	-	-	£100,000 - £104,999	1	-	-
-	-	-	£105,000 - £109,999	-	-	-
-	-	-	£110,000 - £114,999	-	-	-
1	-	-	£115,000 - £119,999	-	-	-
-	-	-	£120,000 - £124,999	-	-	-
-	-	-	£125,000 - £129,999	1	1	-
-	-	-	£130,000 - £134,999	-	-	-
1	1	-	£135,000 - £139,999	-	-	-
<b>184</b>	<b>76</b>	<b>47</b>		<b>191</b>	<b>80</b>	<b>49</b>

The table includes employees whose basic remuneration for 2019-2020 was below £50,000, but whose total remuneration for the year exceeds £50,000 as a result of payments made upon termination of employment.

- (ii) The remuneration of senior employees, including salary costs and compensation for loss of employment, in accordance with the Accounts and Audit Regulations 2015, is detailed in the following table. The senior employees included within the following table are excluded from Note 20 Table (i) and Note 24.

2018-2019		Senior Employee	2019-2020	
Remuneration £000	Employer's Pension Contribution £000		Remuneration £000	Employer's Pension Contribution £000
146	21	Chief Executive - M Palin <sup>1</sup>	237	17
-	-	Interim Chief Executive <sup>2</sup>	45	-
-	-	Chief Executive - K O'Dwyer <sup>3</sup>	10	1
117	17	*Executive Director of Place Services <sup>4</sup>	83	12
91	13	*Executive Director of Corporate Services <sup>5</sup>	114	17
115	17	*Executive Director of People's Services (Accountable Officer for St Helens CCG) <sup>6</sup>	140	29
65	9	Deputy Director of Corporate Services - Legal & Governance (Monitoring Officer) <sup>7</sup>	40	6
-	-	Assistant Director Legal & Democratic (Interim Monitoring Officer) <sup>7</sup>	45	7
-	-	**Interim Director of Children's Services <sup>8</sup>	11	-
-	-	**Director of Adult Services <sup>9</sup>	24	4
-	-	Interim Assistant Chief Executive <sup>10</sup>	79	-

\*Council agreed revisions to the senior management restructure at a meeting on 16 December 2019, prior to which these posts were designated as Strategic Director posts.

\*\*Prior to the revisions to the senior management structure agreed by Council, and the postholders commencing, the statutory roles of Director of Children's Services and Director of Adult Social Services were held by the Executive Director of People's Services (Accountable Officer for St Helens CCG).

The employees in the table received no payments of bonuses or expenses allowance that are chargeable to United Kingdom income tax or benefits in kind during 2019-2020.

- 1 M Palin left the Authority on 31 December 2019.
- 2 The Council employed an interim Chief Executive between 7 October 2019 and 8 March 2020.
- 3 K O'Dwyer commenced as the Council's Chief Executive on 9 March 2020.
- 4 The Executive Director of Place Services left the Authority on 31 October 2019. Capital pension costs of £2k were incurred but are not included in the above figures. The postholder also acted as the Deputy Chief Executive for the financial year until leaving the Authority.
- 5 The Executive Director of Corporate Services commenced in this role on 1 June 2018.
- 6 The Executive Director of People's Services (Accountable Officer for St Helens CCG) commenced in this role 1 June 2018. The post is 50% funded by St Helens CCG. As detailed in Note 11(a) the NHS Pension Scheme employer contribution rates increased for 2019-2020, and increased costs were partly funded by the NHS.
- 7 The Deputy Director of Corporate Services – Legal & Governance was appointed as Monitoring Officer on 11 July 2018 and left the Authority on 1 September 2019. The Assistant Director - Legal & Democratic was designated as the Council's Monitoring Officer from 2 September 2019.
- 8 The interim Director of Children's Services commenced in this role on 16 March 2020.
- 9 The Director of Adult Services commenced in this role on 1 January 2020.
- 10 An interim Assistant Chief Executive was employed between 15 April 2019 and 3 October 2019.

## 21. MEMBERS' ALLOWANCES & EXPENSES

The following sums were paid to Members of the Council by way of expense/allowance during the year.

<b>Period</b>	<b>Allowances due to Members £000</b>
2018-2019	627
2019-2020	655

## 22. RELATED PARTY TRANSACTIONS

- (a) Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of the material transactions with Government Departments are included in the Cash Flow Statement and in Notes 34 (Debtors), 36 (Creditors) and the various Notes relating to Grants.
- (b) Members of the Council have direct control over financial and operational policies of the Council, and governance arrangements exist to ensure that the decision-making processes contain provision for declarations of interest where appropriate.

Various Executive Directors and Members serve as Council representatives on bodies that are in receipt of Council funding, such as the World of Glass.

Contributions totaling £0.236m were made to the World of Glass in 2019-2020 (£0.095m 2018-2019). For the majority of the year, the Council had no Member representation on the Board, until a new representative was elected on 12 December 2019. In June 2019, Cabinet approved a report on the St Helens Arts and Cultural Centre. This identified that the World of Glass would be the base for the existing World of Glass elements but would also include:

- The re-provision of a town centre library on a temporary basis
- Provision of space for Adult Day Care Services where art/culture is used to support service users
- Provision of space for Children's Services where art/culture is used to support service users

Future years' contributions will be in relation to the above services provided from the World of Glass.

The Council has processes in place to ensure that relevant interests are declared as appropriate.

Further detail relating to Members' Allowances is included in Note 21.

- (c) Other bodies that could be classified as related parties include the following:
- Police and Crime Commissioner for Merseyside (see Collection Fund)
  - Merseyside Fire and Rescue Authority (see Collection Fund)
  - Merseyside Pension Fund (see Note 11)
  - Merseyside Recycling and Waste Authority (see Notes 12 and 16)
  - St Helens Clinical Commissioning Group (see Note 18)
  - Liverpool City Region Combined Authority (see Notes 12,16 and Collection Fund)
  - St Helens Clinical Commissioning Group (see Note 18)

- (d) The Council has a Joint Venture with Langtree Property Partners (Parkside Regeneration LLP), which was established to acquire and regenerate the former Parkside Colliery site. The Partnership Board has been constituted on a 50/50 basis with both parties providing £1.5m equity and loan stock each. The Council holds three of the six positions on the Joint Venture Board.

The Council made an initial £4.5m interest-bearing loan to the company to fund the acquisition of the site and an additional interest-bearing loan of £1.3m to fund the phase 1 and 2 planning applications.

During 2020-2021 a further loan application from the Joint Venture was received and on 31 March 2020, two elements of the application, relating to additional land acquisition and the partnership's contribution to the construction of the Parkside Link Road, were approved in principle.

### 23. AUDIT FEES

The Council has incurred the following costs for services provided by its external auditors in relation to the audit of the Statement of Accounts and certification of grant claims.

<b>2018-2019 £000</b>		<b>2019-2020 £000</b>
90	Fees payable to the appointed auditors with regard to external audit services carried out by the appointed auditor	96
16	Fees payable to the appointed auditors for the certification of grant claims and returns	20
<b>106</b>	<b>Total</b>	<b>116</b>

No other fees were payable to the external auditors in respect of statutory inspection work or for the provision of non-audit services.



## 24. EXIT PACKAGES

As part of its ongoing Budget Strategy, the Council will continue to undertake service reviews in order to ensure that its financial position remains sustainable. This is likely to result in future termination benefits arising as formal, detailed, plans materialise. The number of exit packages relating to Council employees, together with the total cost per band and the total cost of compulsory redundancies and other departures are set out in the following table.

Exit Package Cost Band	No. of Compulsory Redundancies		No. of Other Departures Agreed		Total No. of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019	2019-2020	2018-2019 £000	2019-2020 £000
£0-£20,000	5	6	15	20	20	26	108	155
£20,001-£40,000	1	1	5	3	6	4	190	95
£40,001-£60,000	1	-	2	-	3	-	130	-
£60,001-£80,000	-	-	3	1	3	1	210	76
£80,001-£100,000	-	-	2	-	2	-	171	-
£100,001-£150,000	-	-	2	-	2	-	254	-
<b>Total</b>	<b>7</b>	<b>7</b>	<b>29</b>	<b>24</b>	<b>36</b>	<b>31</b>	<b>1,063</b>	<b>326</b>

## 25. PROPERTY, PLANT AND EQUIPMENT

The detailed movement in gross valuations and asset depreciation is included in the following tables.

(a) Movements in 2019-2020

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
<b>Valuation - Balance b/fwd at 1 April 2019</b>	<b>260,123</b>	<b>15,999</b>	<b>238,662</b>	<b>13,353</b>	<b>10,300</b>	<b>737</b>	<b>539,174</b>
Additions	2,355	4,758	10,430	2	1,722	4,494	23,761
Revaluations recognised in the Revaluation Reserve	3,829	-	-	-	344	-	4,173
Revaluations recognised in the Surplus/Deficit on the Provision of Services	(11,511)	-	-	(99)	(258)	-	(11,868)
De-recognition – Sales and Disposals	(39)	(289)	-	-	-	-	(328)
De-recognition – Assets with Nil Net Book Value	-	(2,939)	-	-	-	-	(2,939)
<b>Valuation - Balance c/fwd at 31 March 2020</b>	<b>254,757</b>	<b>17,529</b>	<b>249,092</b>	<b>13,256</b>	<b>12,108</b>	<b>5,231</b>	<b>551,973</b>
<b>Depreciation - Balance b/fwd at 1 April 2019</b>	<b>1,562</b>	<b>8,859</b>	<b>68,248</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,669</b>
Depreciation Charge	5,027	1,852	6,072	-	-	-	12,951
Written out to the Revaluation Reserve	(3,744)	-	-	-	-	-	(3,744)
Written out to the Surplus/Deficit on the Provision of Services	(540)	-	-	-	-	-	(540)
De-recognition – Other Sales and Disposals	(3)	(248)	-	-	-	-	(251)
De-recognition – Assets with Nil Net Book Value	-	(2,939)	-	-	-	-	(2,939)
<b>Depreciation - Balance c/fwd at 31 March 2020</b>	<b>2,302</b>	<b>7,524</b>	<b>74,320</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,146</b>
<b>Net carrying value at 31 March 2020</b>	<b>252,455</b>	<b>10,005</b>	<b>174,772</b>	<b>13,256</b>	<b>12,108</b>	<b>5,231</b>	<b>467,827</b>

## (b) Comparative Movements in 2018-2019

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
<b>Valuation - Balance b/fwd at 1 April 2018</b>	<b>253,728</b>	<b>18,824</b>	<b>221,551</b>	<b>13,162</b>	<b>10,340</b>	<b>73</b>	<b>517,678</b>
Additions	1,969	1,240	17,097	191	1	737	21,235
Revaluations recognised in the Revaluation Reserve	17,541	-	-	-	-	-	17,541
Revaluations recognised in the Surplus/Deficit on the Provision of Services	(13,133)	-	-	-	(1)	-	(13,134)
De-recognition – Academisation of Rainford High School (see Note 26)	(41)	-	-	-	-	-	(41)
De-recognition – Other Sales and Disposals	-	-	-	-	(40)	-	(40)
De-recognition – Assets with Nil Net Book Value	-	(4,065)	-	-	-	-	(4,065)
Other re-classifications	59	-	14	-	-	(73)	-
<b>Valuation - Balance c/fwd at 31 March 2019</b>	<b>260,123</b>	<b>15,999</b>	<b>238,662</b>	<b>13,353</b>	<b>10,300</b>	<b>737</b>	<b>539,174</b>
<b>Depreciation – Balance b/fwd at 1 April 2018</b>	<b>4,305</b>	<b>10,707</b>	<b>62,609</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,621</b>
Depreciation Charge	6,096	2,217	5,637	-	-	-	13,950
Written out to the Revaluation Reserve	(7,925)	-	-	-	-	-	(7,925)
Written out to the Surplus/Deficit on the Provision of Services	(912)	-	-	-	-	-	(912)
De-recognition – Assets with Nil Net Book Value	-	(4,065)	-	-	-	-	(4,065)
Other re-classifications	(2)	-	2	-	-	-	-
<b>Depreciation - Balance c/fwd at 31 March 2019</b>	<b>1,562</b>	<b>8,859</b>	<b>68,248</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,669</b>
<b>Net carrying value at 31 March 2019</b>	<b>258,561</b>	<b>7,140</b>	<b>170,414</b>	<b>13,353</b>	<b>10,300</b>	<b>737</b>	<b>460,505</b>

(c) Revaluations

The table below shows the profile of valuations for the Council's asset base that are not carried at historic cost.

<b>Valued at fair value</b>	<b>Land and Buildings £000</b>	<b>Surplus Assets £000</b>
31 March 2020	150,085	3,480
31 March 2019	91,156	-
31 March 2018	7,708	6,864
31 March 2017	2,260	330
31 March 2016	3,507	1,434
Prior to 31 March 2016	41	-
<b>Total</b>	<b>254,757</b>	<b>12,108</b>

## 26. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

### Rainford High School PFI Scheme

In December 2010, the Council entered into a PFI contract with Environments for Learning to design, build, finance and operate Rainford High School. 2011-2012 was the first year of a 27-year PFI contract for the construction, maintenance and operation of the school. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fees payable being made if facilities are unavailable or performance is below the minimum standards required by the contract. On 1 September 2017, Rainford High School converted to an Academy and became part of the Rainford Academies Trust.

The PFI liability remains on the balance sheet, as the obligation to pay remains with the Council. The Council receives grant funding from Central Government to cover the capital cost of the PFI liability. There is a formal agreement with the Academy Trust to cover the shortfall between the full liability and the grant. Therefore, there is no change in the nature of the existing liability and, hence, no adjustments have been made since conversion to an Academy. Should there be changes in Government policy or the status or viability of the Academy in the future that impact upon how the existing guarantees operate, the accounting policy will be reviewed and amended if necessary. Based upon current information and projections of pupil numbers, no changes are likely over the short to medium term.

### Analysis of Payments

The Council makes an agreed payment each year in respect of its PFI arrangement and these are detailed in the table below. All payments under the PFI agreement are linked in part to Retail Price Index inflation and can be reduced if the contractor fails to meet the availability and performance standards in any year, but which is otherwise fixed. Future RPI has been assumed to increase at a rate of 2.5% per annum. Lifecycle replacement costs have been included in the service charges element of the table below.

	<b>Payments for Services £000</b>	<b>Repayment of Capital £000</b>	<b>Interest £000</b>	<b>Total £000</b>
Within one year	1,382	644	2,248	4,274
Payable within 2-5 years	6,164	2,994	8,335	17,493
Payable within 6-10 years	9,649	4,530	8,654	22,833
Payable within 11-15 years	10,539	7,813	5,686	24,038
Payable within 16-20 years	5,815	6,752	1,327	13,894
<b>Total</b>	<b>33,549</b>	<b>22,733</b>	<b>26,250</b>	<b>82,532</b>

Over the life of the PFI project, the Council will receive government grant of £87.8m.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and the interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay to the contractor for capital expenditure incurred is detailed in the following table.

<b>2018-2019 £000</b>		<b>2019-2020 £000</b>
23,894	Balance brought forward at 1 April	23,386
-	Capital expenditure incurred in year	-
(508)	Payments during the year	(653)
<b>23,386</b>	<b>Balance carried forward at 31 March</b>	<b>22,733</b>

## 27. HERITAGE ASSETS

<b>2018-2019</b>				<b>2019-2020</b>		
<b>Opening Balance 1 April £000</b>	<b>In Year Movements £000</b>	<b>Closing Balance 31 March £000</b>		<b>Opening Balance 1 April £000</b>	<b>In Year Movements £000</b>	<b>Closing Balance 31 March £000</b>
1,246	(50)	1,196	Art Collection	1,196	-	1,196
294	142	436	Civic Regalia	436	-	436
1,651	-	1,651	Statues and Monuments	1,651	-	1,651
<b>3,191</b>	<b>92</b>	<b>3,283</b>	<b>Total</b>	<b>3,283</b>	<b>-</b>	<b>3,283</b>

## 28. INVESTMENT PROPERTY

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line on the Comprehensive Income and Expenditure Statement.

2018-2019 £000		2019-2020 £000
(854)	Rental income from Investment Properties	(851)
51	Direct operating expenses arising from Investment Properties	53
<b>(803)</b>	<b>Net (Income)/Expenditure</b>	<b>(798)</b>

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

The following table summarises the movement in the fair values of investment properties over the year.

2018-2019 £000		2019-2020 £000
<b>11,403</b>	<b>Balance brought forward at 1 April</b>	<b>11,273</b>
(6)	Disposals	-
(124)	Net Gains/(Losses) from Fair Value adjustments	(641)
<b>11,273</b>	<b>Balance carried forward at 31 March</b>	<b>10,632</b>

### Fair Value Hierarchy

The Council's investment property assets have been assessed by the valuers as Level 2 for valuation purposes, with the exception of community centres and pavilions, which are assessed as Level 3. An explanation of the different fair value levels is included within the Council's statement of main accounting principles.

### Valuation Techniques used to determine Level 2 and Level 3 Fair Values for Investment Properties

The fair value of investment properties assessed at Level 2 has been based on the market approach using current market conditions and recent sale prices and other relevant information for similar assets in the local authority area. For assets assessed at Level 3, fair value has been based on a comparable approach either by estimated market rental values or subsidised passing rents. The valuers rely upon assumptions and third-party resources to value these assets as the measurement technique uses significantly unobservable inputs to determine the fair value measurements. The work undertaken by the valuers focused on the change in values since the last valuation, i.e. the period from 31 March 2019 to 31 March 2020.

## 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.

## Valuation Process for Investment Properties

The fair value of the Authority's investment property is measured annually at each reporting date. The valuations have been carried out by the internal valuers, with the exception of the Hardshaw Centre, for which the external valuers, Wilks, Head and Eve LLP provided valuations.

The valuations have been carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

## 29. INTANGIBLE ASSETS

2018-2019				2019-2020		
Gross Carrying Amount £000	Accumulative Amortisation £000	Net Carrying Amount £000		Gross Carrying Amount £000	Accumulative Amortisation £000	Net Carrying Amount £000
3,188	(2,209)	979	<b>Balance brought forward at 1 April</b>	2,994	(2,499)	495
5	-	5	Additions in year	6	-	6
-	(489)	(489)	Amortised/Disposed in year	-	(235)	(235)
(199)	199	-	Derecognition of assets wholly amortised	(724)	724	-
<b>2,994</b>	<b>(2,499)</b>	<b>495</b>	<b>Balance carried forward at 31 March</b>	<b>2,276</b>	<b>(2,010)</b>	<b>266</b>

## 30. SHORT AND LONG TERM INVESTMENTS

2018-2019				2019-2020		
Principal £000	Accrued Interest £000	Total £000		Principal £000	Accrued Interest £000	Total £000
84,700	423	85,123	Short Term Investments	87,000	519	87,519
7,328	19	7,347	Long Term Investments	5,028	20	5,048
<b>92,028</b>	<b>442</b>	<b>92,470</b>	<b>Total</b>	<b>92,028</b>	<b>539</b>	<b>92,567</b>

### 31. LONG TERM DEBTORS

31 March 2019 £000		New Loans £000	Repaid & Other in Year Movement £000	31 March 2020 £000
2,673	Improvement Loans	-	(89)	2,584
924	Housing Innovation Loans	-	(22)	902
16	Housing Associations	-	-	16
2,137	Social Care Deferred Payments	399	(519)	2,017
8,480	Parkside Regeneration LLP	-	309	8,789
<b>14,230</b>	<b>Sub-Total</b>	<b>399</b>	<b>(321)</b>	<b>14,308</b>
(321)	Less Provision for Bad Debts	-	18	(303)
<b>13,909</b>	<b>Total</b>	<b>399</b>	<b>(303)</b>	<b>14,005</b>

### 32. CAPITAL EXPENDITURE AND FINANCING

#### (a) Capital Financing Requirement

The total amount of expenditure financed by capital resource in the year is shown in the following table, 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 - a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.



2018-2019 £000		2019-2020 £000
<b>177,276</b>	<b>Opening Capital Financing Requirement</b>	<b>179,114</b>
	<b>Capital Investment</b>	
21,235	Property, Plant and Equipment	23,761
5	Intangible Assets	6
3,821	Revenue Expenditure funded from Capital under Statute	3,525
1,300	Long Term Debtors (Loans & Advances)	-
	<b>Sources of Finance</b>	
(1,370)	Capital Receipts	(2,273)
(18,978)	Government Grants and Other Contributions	(15,935)
	<b>Sums set aside from Revenue</b>	
(1,287)	Direct Revenue Contributions	(4,404)
(2,888)	Revenue Provision for repayment of borrowing and other long term liabilities	(2,940)
<b>179,114</b>	<b>Closing Capital Financing Requirement</b>	<b>180,854</b>
	<b>Explanation of Movements in Year</b>	
4,726	Underlying need to borrow arising from capital investment	4,680
(2,888)	Revenue provision for repayment of borrowing and other long term liabilities	(2,940)
<b>1,838</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>1,740</b>

(b) Capital Commitments

At 31 March 2020, the Authority had entered into a number of contracts for the construction or enhancement of infrastructure and property or the purchase of vehicles and equipment. The main contractual commitments are shown in the following table.

<b>Capital Commitments</b>	<b>2019-2020 £000</b>
A58 Liverpool Road/A580 East Lancashire Road	4,496
Cycling and Walking Networks	1,264
A57/M62 Warrington Road Junction 7	643
A570 St Helens Linkway	588
Street Lighting Upgrades	571
Recycling Vehicles and Equipment	530
School Schemes	567
Other Capital Commitments	795
<b>Total</b>	<b>9,454</b>

### 33. ASSETS HELD FOR SALE

<b>2018-2019 £000</b>		<b>2019-2020 £000</b>
<b>770</b>	<b>Balance brought forward at 1 April</b>	<b>770</b>
-	Assets classified (to)/from Property, Plant and Equipment	-
-	Assets sold	-
<b>770</b>	<b>Balance carried forward at 31 March</b>	<b>770</b>

### 34. SHORT TERM DEBTORS

31 March 2019 £000		31 March 2020 £000
	<b>Council Tax/Non-Domestic Rates Debtors (See Note 1 to the Collection Fund)</b>	
12,559	Council Tax	14,356
6,062	Non-Domestic Rates	7,724
303	Police & Crime Commissioner for Merseyside	443
129	Merseyside Fire & Rescue Authority	171
-	Central Government NDR Agency Arrangement	54
-	Liverpool City Region Combined Authority	45
	<b>Other (non Collection Fund) Short Term Debtors</b>	
2,895	Liverpool City Region Combined Authority	3,967
2,784	Government Departments	3,079
3,437	Housing Benefits	3,041
1,498	NHS Bodies	3,006
1,454	VAT	1,326
106	Other Local Authorities	158
153	Former Council Tenants	149
10,767	Sundry	13,293
<b>42,147</b>	<b>Gross Debtors</b>	<b>50,812</b>
	<b>Less: Council Tax/Non-Domestic Rates (See Note 1 to the Collection Fund) Provision for Bad Debts</b>	
(8,248)	Council Tax	(9,435)
(5,450)	Non-Domestic Rates	(6,508)
	<b>Less: Other (non Collection Fund) Provision for Bad Debts</b>	
(2,257)	Housing Benefit	(2,076)
(153)	Former Council Tenants	(149)
(1,305)	Sundry	(1,473)
<b>(17,413)</b>	<b>Total Provision for Bad Debts</b>	<b>(19,641)</b>
<b>24,734</b>	<b>Net Debtors</b>	<b>31,171</b>

### 35. SHORT AND LONG TERM BORROWING

Under the Code, balances relating to financial instruments should be shown as current or long term depending on when amounts are payable or receivable. Accrued interest in respect of the Authority's Public Works Loan Board (PWLB) and market loans are separated from the principal sums as these are payable within 12 months and therefore should be treated as current liabilities.

#### (a) Analysis of Short Term Borrowing by Type

2018-2019				2019-2020		
Principal £000	Accrued Interest £000	Total £000		Principal £000	Accrued Interest £000	Total £000
3,670	970	4,640	PWLB	3,104	958	4,062
-	312	312	Market Loans	-	315	315
<b>3,670</b>	<b>1,282</b>	<b>4,952</b>	<b>Total</b>	<b>3,104</b>	<b>1,273</b>	<b>4,377</b>

#### (b) Analysis of Long Term Borrowing by Type

Principal 31 March 2019 £000		Principal 31 March 2020 £000
76,665	PWLB	98,562
23,000	Market Loans	23,000
<b>99,665</b>	<b>Total</b>	<b>121,562</b>

#### (c) Analysis of Long Term Borrowing by Maturity Period

Principal 31 March 2019 £000		Principal 31 March 2020 £000
3,104	Between one and two years	3,105
6,222	Between two and five years	3,131
5,270	Five to fifteen years	7,578
4,281	Fifteen to twenty five years	1,960
65,788	Twenty five to fifty years	90,788
15,000	Over fifty years	15,000
<b>99,665</b>	<b>Total</b>	<b>121,562</b>

### 36. SHORT TERM CREDITORS

31 March 2019 £000		31 March 2020 £000
	<b>Council Tax/Non-Domestic Rates Creditors (See Note 1 to the Collection Fund)</b>	
1,334	Council Tax	1,399
1,075	Non-Domestic Rates	1,227
142	Merseyside Fire & Rescue Authority	157
24	Central Government NDR Agency Arrangement	-
	<b>Other (non Collection Fund) Short Term Creditors</b>	
2,666	Tax and National Insurance	3,030
2,999	Employees	2,933
3,348	NHS Bodies	2,435
1,548	Local Government Pension Scheme	1,559
906	Teachers' Pension Scheme	1,295
1,125	Other Local Authorities	1,176
170	Government Departments	25
22,903	Sundry	22,882
<b>38,240</b>	<b>Total</b>	<b>38,118</b>

### 37. PROVISIONS

	31 March 2019 £000	Expenditure Charged to Provision in Year £000	Increase/ (Decrease) in Provision £000	31 March 2020 £000
Non-Domestic Rates Appeals (a)	12,294	(106)	(1,296)	10,892
Equal Pay (b)	195	(81)	-	114
Ordinary Residence (c)	478	(23)	46	501
Staffing – Sleep-ins (d)	680	-	180	860
Public Health Referrals (e)	600	-	(300)	300
<b>Short Term</b>	<b>14,247</b>	<b>(210)</b>	<b>(1,370)</b>	<b>12,667</b>
Insurance (f)	4,921	(715)	64	4,270
<b>Long Term</b>	<b>4,921</b>	<b>(715)</b>	<b>64</b>	<b>4,270</b>
<b>Total</b>	<b>19,168</b>	<b>(925)</b>	<b>(1,306)</b>	<b>16,937</b>

- (a) Provision has been made for Non-Domestic Rates appeals based on an estimate of the likely level and value of successful appeals.
- (b) A large number of claims were brought against the Council under the Equal Pay Act 1970 and associated Regulations, and in October 2015 the Employment Tribunal found in favour of the claimants. The Council has settled the vast majority of these claims and, as at March 2020, only a small cohort of claimant settlements are remaining.
- (c) The Council remains involved in a legal process to determine the responsible body for costs associated with two service users and, without prejudice, has set aside a provision for care costs associated with these Ordinary Residence claims.
- (d) Provision has been made to fulfil estimated obligations arising from the future decision to be made by the Supreme Court following a hearing in February 2020, that time spent sleeping by staff should be taken into account when calculating compliance with the National Living Wage.
- (e) Public Health activities are closely aligned to health services. A provision has been made relating to the potential claim for prescription costs associated with Public Health referrals.
- (f) The Council determines its insurance as part of its Risk Management process and organises cover from both external providers and its own self-insurance fund. The balance of the fund is regularly assessed for its adequacy. In the case of its combined (Public and Employers) liability provision, a consultancy opinion on size is commissioned on a frequent basis, the most recent being at 31 December 2019. The review of combined liability indicates that an appropriate provision for this area is £4.062m. An analysis of the other insurances shows that a provision of £0.208m is required.

### 38. OTHER LONG TERM LIABILITIES

These consist of liabilities which are (re)payable over a period of time and are analysed as follows.

<b>31 March 2019</b> <b>£000</b>		<b>31 March 2020</b> <b>£000</b>
886	Commuted Sums and Contractor Bonds	515
1,659	Merseyside Residual Body Debt	1,383
22,733	Rainford High PFI	22,089
6,656	Merseyside Recycling and Waste Authority Investments	7,885
<b>31,934</b>	<b>Total</b>	<b>31,872</b>

### 39. FINANCIAL INSTRUMENTS

#### (a) Categories of Financial Instruments

The following table details the categories of financial instruments carried in the Balance Sheet.

In line with the Accounting Policies, all financial assets and liabilities have been classified as being measured at amortised cost. No financial assets and liabilities have been measured at either fair value through profit and loss or fair value through other comprehensive income.

31 March 2019			31 March 2020	
Current £000	Long Term £000		Current £000	Long Term £000
		<b>Investments</b>		
84,700	7,328	Loans and Receivables	87,000	5,028
11,177	-	Cash and Cash Equivalents	23,917	-
423	19	Accrued Interest on Loans and Receivable	519	20
		<b>Debtors</b>		
15,141	13,909	Financial Assets carried at Contract Amounts	19,916	14,005
<b>111,441</b>	<b>21,256</b>	<b>Total Financial Assets</b>	<b>131,352</b>	<b>19,053</b>
		<b>Borrowings</b>		
(3,670)	(99,665)	Financial Liabilities at Amortised Cost	(3,104)	(121,562)
(1,282)	-	Accrued Interest on Liabilities at Amortised Cost	(1,273)	-
		<b>Other Long Term Liabilities</b>		
-	(22,733)	PFI	-	(22,089)
		<b>Creditors</b>		
(30,372)	-	Financial Liabilities carried at Contract Amount	(29,427)	-
<b>(35,324)</b>	<b>(122,398)</b>	<b>Total Financial Liabilities</b>	<b>(33,804)</b>	<b>(143,651)</b>

#### (b) Income, Expense, Gains and Losses

The following table outlines the income and expense that have been credited/charged to the Comprehensive Income and Expenditure Statement in relation to financial instruments categorised as being measured at amortised cost.

2018-2019			2019-2020	
Financial Liabilities £000	Financial Assets £000		Financial Liabilities £000	Financial Assets £000
(5,569)	-	Interest Expense	(5,791)	-
-	1,446	Interest Income	-	1,577
<b>(5,569)</b>	<b>1,446</b>	<b>Net Income/(Expense) for the Year</b>	<b>(5,791)</b>	<b>1,577</b>

Interest payments of £2.313m were made in respect of the PFI scheme in the year. However, this cost was met through PFI grant.

(c) Fair Values of Assets and Liabilities

The Council's financial liabilities and financial assets are represented by loans and receivables and long term debtors which are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instrument (Level 2 inputs) using the following assumptions:

- For loans from the Public Works Loan Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value under the PWLB debt redemption procedures
- For non-PWLB loans, prevailing market rates have been applied to provide the fair value
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value
- No early repayment or impairment has been recognised
- Where an instrument has a maturity of less than 12 months or is a trade receivable or payable, then the fair value is taken to be the carrying amount or billed amount
- The fair value of the PFI scheme has been calculated by applying the PWLB annuity rate for new loans to the outstanding liability at the Balance Sheet date

The fair values of the Financial Liabilities are detailed in the following table.

31 March 2019			31 March 2020	
Carrying Amount £000*	Fair Value £000		Carrying Amount £000*	Fair Value £000
81,305	138,571	PWLB Loans	102,624	195,190
23,312	46,757	Market Loans	23,315	60,016
23,386	47,883	PFI Liability	22,733	48,346
<b>128,003</b>	<b>233,211</b>	<b>Total</b>	<b>148,672</b>	<b>303,552</b>

\*Carrying values include accrued interest

The fair value of the Council's financial liabilities is more than the carrying amount, because the Council's portfolio of loans includes a number of fixed rate loans where the interest rates payable are higher than the rates available for similar loans at the Balance Sheet date. The fair value of the PWLB loans of £195.190m measures the economic effect of the terms agreed with the PWLB compared with the estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which have been assumed as the PWLB redemption rates. The difference between the carrying amount and fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB certainty interest rate. A supplementary measure of fair value is to compare these loans with the new borrowing rates available



from the PWLB. If a value is calculated on this basis, the carrying amount of £102.624m would be valued at £126.148m.

If the Council were to redeem its PWLB debt early, a charge of £93.525m would be payable.

The difference between the fair value and the carrying value of loans would only crystallise if the Council sought to terminate its arrangements and, as to the extent that the Council would not seek to voluntarily terminate loans on which premiums would be incurred, this figure should be considered notional. It should also be noted that the market loans contain Lender Option Borrower Option loans, whereby, at specified intervals, there are options on both the part of the Council and the Lender in relation to rates applicable to the residual terms of the loans. The Council is free to repay the loans, in full, and without penalty if it is not agreeable with any revised options proposed by the Lender.

31 March 2019			31 March 2020	
Carrying Amount £000*	Fair Value £000		Carrying Amount £000*	Fair Value £000
92,442	92,477	Loans and Receivables	92,539	92,585
28	28	Loans and Receivables – Stock	28	28
11,177	11,177	Cash and Cash Equivalents	23,917	23,917
<b>103,647</b>	<b>103,682</b>	<b>Total</b>	<b>116,484</b>	<b>116,530</b>

\* Carrying values include accrued interest

The fair value of the Council's loans and receivables is more than the carrying amount, because the Council's portfolio of investments includes a number of fixed rate investments where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above the current market interest rates increases the amount that the Council would receive if it agreed to the early repayment of the loans.

(d) Cash and Cash Equivalents

2018-2019 £000		2019-2020 £000
(4,640)	Cash Overdrawn and Unpresented Cheques	(2,516)
17	Petty Cash	18
15,800	Bank Call Accounts	26,415
<b>11,177</b>	<b>Total Cash and Cash Equivalents</b>	<b>23,917</b>

(e) Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks, and its 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. Financial Risk Management is the responsibility of the Executive Director of Corporate Services and, through full adoption of CIPFA's Treasury Management in the Public Services: Code of Practice, the Council has policies and processes in place to control key financial instrument related risks. Under the policies approved by the Council in the annual Treasury Management Strategy, and through its associated Treasury Management Practices (TMP's), the Council has in place written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

**Credit Risk**

Exposure to credit risk is managed through the Council's Counterparty lending list, which places limits on the value and duration over which investments can be made with approved counterparties to minimise the risk of loss. The counterparty list comprises of institutions that are rated independently by FITCH and meet specific rating requirements. The detailed minimum lending requirements for counterparties are outlined in the annual Treasury Management Strategy.

As detailed in the Council's Treasury Management Strategy, the Council's counterparty list is regularly monitored and is updated for any adverse movements in financial institutions' ratings. Such is the robustness of the Council's criteria for approving investments, that a reduction in an institution's outlook from stable would lead to its removal from the counterparty list.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £76.4m cannot be assessed generally, as the risk of any institution failing to make interest payments or repay principal sums 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 of the Council's deposits, but there was no evidence at 31 March 2020 that this was likely to crystallise.

The following table summarises the Council's exposure to credit risk at the Balance Sheet date, analysed by credit ratings as they were at the time of making the investment. Figures shown represent the actual investment made and therefore exclude accrued interest. They also include that part of Cash and Cash Equivalents that is represented by sums held in Bank Call Accounts.

31 March 2019 £000	Institution	Rating	31 March 2020 £000
5,000	Part Nationalised Institutions	AA	-
800	Banks	AA F1+	11,165
-	Banks	AA- F1+	10,000
15,000	Banks	A+F1	15,000
35,000	Banks	A F1	20,250
5,000	Building Societies	A F1	-
15,000	Building Societies	A-F1	20,000
28	PFI Loan Stock	N/A	28
<b>75,828</b>	<b>Total</b>		<b>76,443</b>

The Council does not generally allow credit for customers, such that the sum for customers reflects the debtors the Council has with other Authorities and other bodies. Based on the information held within the Council's debtor system, £4.747m was past the Council's standard invoicing period of 14 days at 31 March 2020 (£3.155m at 31 March 2019). The past due amounts are analysed in the following table.

31 March 2019 £000		31 March 2020 £000
524	Less than one month	2,056
897	One to three months	677
88	Three to four months	178
446	Four months to one year	496
1,200	Over one year	1,340
<b>3,155</b>	<b>Total</b>	<b>4,747</b>

The figures above are gross sums due. Provision for doubtful debt is made separately.

### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that sufficient liquid funds are available if needed. At the present time, the Council has ready access to borrowing from the PWLB, so there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

### Market Risk

The Council is exposed to an amount of risk in terms of its exposure to interest rate movements on its investments and, to a lesser extent, on its borrowings. For example, a rise in interest rates would have the following effects:

- borrowing at fixed rates - the fair value of the liabilities borrowing will fall
- investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- investments at fixed rates - the fair value of the assets will fall

Borrowings and investments are not carried at fair value, so nominal gains and losses on fixed rate borrowings and loans would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in the interest payable or receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. The Council is risk averse and seeks to minimise exposure arising from its treasury activities and does not undertake any unnecessary borrowing or investment activity. The Council seeks to manage its interest rate risk by constantly reviewing the ratio of borrowing and investments between fixed and variable interest rates.

The table below shows the impact on existing investments and borrowings had interest rates been 1% higher with all other variables being held constant.

31 March 2019			31 March 2020	
Loans and Receivables £000	Financial Liabilities £000		Loans and Receivables £000	Financial Liabilities £000
92,477	185,328	Fair Values at 31 March	92,585	255,206
93,200	149,931	Fair Values + 1%	93,378	197,808

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

The following table shows the impact on the PFI liability and loan stock, had interest rates been 1% higher, with all other variables being held constant.

31 March 2019			31 March 2020	
PFI Loan Stock £000	PFI Liability £000		PFI Loan Stock £000	PFI Liability £000
28	47,883	Fair Values at 31 March	28	48,346
28	40,168	Fair Values + 1%	28	44,167

### Price Risk

The Council does not invest in any instruments whereby it would be exposed to price risk arising from movements in market prices.

### Foreign Exchange Risk

The Council does not have financial assets or liabilities denominated in foreign currencies and thus, has no exposure to loss arising from movements in exchange rates.

#### **40. TRUST FUNDS**

Nine Trust Funds were administered during the year which, in the main, consist of legacies left by individuals and are used mainly for educational, cultural and leisure purposes. The value of these Trust Funds at the Balance Sheet date was £0.310m.

#### **41. CONTINGENT LIABILITIES**

##### **MMI**

The Council's previous insurers, Municipal Mutual Insurance (MMI), have now ceased to trade and exist solely to discharge its obligations under policies previously issued. These responsibilities relate mainly to legal liability claims that typically take significant periods to finalise. In the event of MMI's insolvency, local authority policyholders agreed to enter into a scheme of agreement under which there are levies and claw-back provisions on claims payments made by MMI after the implementation of the scheme. The scheme administrators have indicated that there will be further reviews of the level of levy required to achieve a solvent run-off of the company and there is still a possibility that further additional levies and/or claw-back will be required.

##### **General Insurance**

The adequacy of the Council's insurance provision is reviewed annually, with independent expert opinion sought with regard to the level of this provision. It is widely accepted, however, that the risk profile of Local Authorities is such that there may be exposure to long tail claims, and settlements of claims may deviate from the original claims reserve. Any such claims brought against the Council have the potential to be of a material value.

In addition, there is also uncertainty in respect of new and emerging claims, the nature of claims, and incidents incurred but not reported (IBNR), which may have significant financial implications.

##### **Non-Domestic Rates Appeals**

Provision has been made for costs potentially arising from successful appeals by Non-Domestic Ratepayers against the rateable values applied to their business properties. However, there remains significant uncertainty as to what the ultimate effect of these backdated appeals will be.

##### **Ordinary Residence**

Another local authority has sought a determination from the Secretary of State that a service user was ordinarily resident in St Helens immediately prior to being detained under the Mental Health Act. This could result in the Council becoming liable for a claim for care fees from a representative of the service user.

**42. CASH FLOW STATEMENT - ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS**

2018-2019 £000		2019-2020 £000
	<b>Non-current assets and assets held for sale</b>	
13,950	Depreciation	12,951
489	Amortisation	235
12,346	Impairments and Downward Valuations	11,969
88	Carrying amounts of Non-current Assets and Non-current Assets held for sale, sold or de-recognised	77
	<b>Current assets and current liabilities</b>	
5,338	Movement in Creditors	(265)
(3,935)	Movement in Debtors	(7,149)
2,244	Movement in Bad Debts Provision	2,228
(71)	Movement in Inventories	(100)
24,279	Movement in Pension Liability charged / credited to the Comprehensive Income and Expenditure Statement	24,136
(19,257)	<b>Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement</b>	(18,135)
3,408	<b>Other non-cash items charged to the net surplus or deficit on the provision of services</b>	2,460
<b>38,879</b>	<b>Total</b>	<b>28,407</b>

**43. CASH FLOW STATEMENT - ADJUSTMENTS FOR ITEMS INCLUDED IN THE NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES THAT ARE INVESTING AND FINANCING ACTIVITIES**

2018-2019 £000		2019-2020 £000
(339)	Proceeds from the Sale of Non-Current Assets	(117)
3,821	Revenue Expenditure Funded from Capital Under Statute	3,525
(803)	Investment Properties Net Income	(798)
<b>2,679</b>	<b>Total</b>	<b>2,610</b>

**44. CASH FLOW STATEMENT - NET CASH FLOW FROM OPERATING ACTIVITIES**

2018-2019 £000		2019-2020 £000
	<b>Cash Outflows</b>	
(127,713)	Cash Paid to and on Behalf of Employees	(131,565)
(58,106)	Housing Benefit Paid Out	(50,507)
(319)	Precepts Paid	(324)
(153,714)	Cash Paid to Suppliers of Goods and Services	(176,917)
(7,951)	Interest Paid	(8,105)
(65,353)	Other Payments for Operating Activities	(68,773)
<b>(413,156)</b>	<b>Total Cash Outflows</b>	<b>(436,191)</b>
	<b>Cash Inflows</b>	
120,682	Taxation	125,296
244,643	Grants	248,264
40,820	Sales of Goods and Rendering of Services	42,509
1,354	Interest Received	1,538
19,060	Other Receipts from Operating Activities	20,917
<b>426,559</b>	<b>Total Cash Inflows</b>	<b>438,524</b>
<b>13,403</b>	<b>Net Cash Flow from Operating Activities</b>	<b>2,333</b>

**45. CASH FLOW STATEMENT - INVESTING ACTIVITIES**

2018-2019 £000		2019-2020 £000
	<b>Cash Outflows</b>	
(20,109)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(23,608)
(12,743)	Purchase of Short Term and Long Term Investments	-
<b>(32,852)</b>	<b>Total Cash Outflows</b>	<b>(23,608)</b>
	<b>Cash Inflows</b>	
622	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	227
146	Proceeds from Sale of Short Term and Long Term Investments	934
18,151	Other Receipts from Investing Activities	12,699
<b>18,919</b>	<b>Total Cash Inflows</b>	<b>13,860</b>
<b>(13,933)</b>	<b>Net Cash Flow from Investing Activities</b>	<b>(9,748)</b>

**46. CASH FLOW STATEMENT - FINANCING ACTIVITIES**

<b>2018-2019</b> <b>£000</b>		<b>2019-2020</b> <b>£000</b>
	<b>Cash Outflows</b>	
(956)	Repayments of Short Term and Long Term Borrowing	-
(518)	Other Payments for Financing Activities	(245)
<b>(1,474)</b>	<b>Total Cash Outflows</b>	<b>(245)</b>
	<b>Cash Inflows</b>	
-	Cash Receipts of Short Term and Long Term Borrowing	20,400
-	<b>Total Cash Inflows</b>	<b>20,400</b>
<b>(1,474)</b>	<b>Net Cash Flow from Financing Activities</b>	<b>20,155</b>



# COLLECTION FUND STATEMENT

The Collection Fund is a statutory account introduced under the Local Government Finance Act 1988.

Notes	2018-2019			2019-2020	
	Council Tax £000	Non-Domestic Rates £000		Council Tax £000	Non-Domestic Rates £000
			<b>Income</b>		
2,3	86,137	51,983	Income from Council Taxpayers and Non-Domestic Ratepayers	92,029	53,281
	-	(1,591)	Transitional Protection Payments	-	(832)
4	(547)	(1,332)	Contribution to/(from) previous year's Estimated Collection Fund Deficit/(Surplus)	(354)	(908)
	<b>85,590</b>	<b>49,060</b>	<b>Total Income</b>	<b>91,675</b>	<b>51,541</b>
			<b>Expenditure</b>		
			<u>Precepts and Demands</u>		
	71,313	46,383	St Helens Borough Council	74,531	47,230
	8,999	-	Police & Crime Commissioner for Merseyside	10,364	-
	3,871	469	Merseyside Fire & Rescue Authority	4,046	477
	-	-	Liverpool City Region Combined Authority*	975	-
	-	189	Non-Domestic Rates Cost of Collection	-	186
			<u>Movement in Bad and Doubtful Debts</u>		
	1,474	1,057	Provisions	1,645	1,068
	46	567	Write-Offs	373	452
	-	565	Provision for Appeals	-	(1,309)
	<b>85,703</b>	<b>49,230</b>	<b>Total Expenditure</b>	<b>91,934</b>	<b>48,104</b>
1	<b>(113)</b>	<b>(170)</b>	<b>Movement on Fund Balance</b>	<b>(259)</b>	<b>3,436</b>
1	<b>805</b>	<b>1,450</b>	<b>Surplus/(Deficit) Balance brought forward</b>	<b>692</b>	<b>1,280</b>
1	<b>692</b>	<b>1,280</b>	<b>Surplus/(Deficit) Balance carried forward</b>	<b>433</b>	<b>4,716</b>

\*Liverpool City Region Combined Authority issued a mayoral precept for the first time during 2019-2020.

The Council continued to participate in the Liverpool City Region Business Rates Retention Pilot scheme in 2019-2020. Under the terms of the scheme, the Council retains 99% of its Non-Domestic Rates, with 1% passed to the Fire & Rescue Authority. This contrasts to the 49% retention rate prior to the existence of the pilot scheme.

A separate Collection Fund Balance Sheet is not mandatory. Assets and liabilities are consolidated with other accounts of the Authority (see Balance Sheet in the Core Financial Statements). However, Note 1 to the Collection Fund Statement is included to provide a better understanding of the debtor and creditor relationships in relation to both Council Tax and Non-Domestic Rates.

# NOTES TO THE COLLECTION FUND STATEMENT

## 1. MEMORANDUM COLLECTION FUND BALANCE SHEETS

### (i) Non-Domestic Rates

2018-2019					2019-2020			
Total	Central Government	St Helens Borough Council	Fire & Rescue Authority		Total	Central Government	St Helens Borough Council	Fire & Rescue Authority
£000	£000	£000	£000		£000	£000	£000	£000
6,123	-	6,062	61	Non-Domestic Rate Arrears	7,802	-	7,724	78
(5,505)	-	(5,450)	(55)	Provision for Bad Debt	(6,574)	-	(6,508)	(66)
(12,418)	-	(12,294)	(124)	Provision for Appeals	(11,002)	-	(10,892)	(110)
(1,086)	-	(1,075)	(11)	Prepaid Non-Domestic Rates	(1,239)	-	(1,227)	(12)
(1,280)	-	(1,267)	(13)	Collection Fund (Surplus)/Deficit	(4,716)	-	(4,669)	(47)
(24)	(24)	-	-	Transitional Protection Payment	54	54	-	-
14,190	24	14,024	142	Cash	15,675	(54)	15,572	157
-	-	-	-	<b>Total</b>	-	-	-	-

## (ii) Council Tax

2018-2019					2019-2020				
Total £000	St Helens Borough Council £000	Police & Crime Comm. £000	Fire & Rescue Authority £000		Total £000	St Helens Borough Council £000	Police & Crime Comm. £000	Fire & Rescue Authority £000	Combined Authority £000
14,826	12,559	1,586	681	Council Tax Arrears	17,319	14,356	1,997	779	187
(9,737)	(8,248)	(1,041)	(448)	Provision for Bad Debt	(11,382)	(9,435)	(1,312)	(512)	(123)
(1,574)	(1,334)	(168)	(72)	Prepaid Council Tax	(1,688)	(1,399)	(195)	(76)	(18)
(692)	(586)	(74)	(32)	Collection Fund (Surplus)/Deficit	(433)	(365)	(47)	(20)	(1)
(2,823)	(2,391)	(303)	(129)	Cash	(3,816)	(3,157)	(443)	(171)	(45)
-	-	-	-	<b>Total</b>	-	-	-	-	-

## 2. INCOME FROM COUNCIL TAX

### Calculation of the Council Tax Base

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings). The Council Tax base for 2019-2020 was 51,317 (50,563 in 2018-2019) calculated as follows:

Band	Estimated No. of Taxable Properties after Discounts	Ratio Rating	Band D Equivalent Dwellings
A	37,142	6/9	24,761
B	18,384	7/9	14,299
C	15,137	8/9	13,455
D	6,715	9/9	6,715
E	3,483	11/9	4,257
F	1,629	13/9	2,353
G	557	15/9	928
H	36	18/9	72
	<b>83,083</b>		<b>66,840</b>
Less: Anticipated changes during the year for successful appeals against valuation banding, new properties, demolitions, disabled persons relief and exempt properties			(6,627)
Less: Local Council Tax Support Discount			(7,742)
			<b>52,471</b>
Less: Adjustment for collection rates			(1,154)
<b>Total Band D Equivalent</b>			<b>51,317</b>

The average Council Tax for Band D dwellings for the Council and major precepting authorities was £1,745.86.

### 3. INCOME FROM NON-DOMESTIC RATEPAYERS

The Council collects Non-Domestic Rates for its area based on local rateable values (as determined by the Valuation Office Agency). A national revaluation came into effect in England and Wales on 1 April 2017 based on rateable values from 1 April 2015.

2018-2019		2019-2020
£128.6m	NDR Rateable Value for the area as at 31 March	£132.9m
49.3p	Standard NDR Multiplier	50.4p
48.0p	Small Business Rate Relief Multiplier	49.1p

### 4. CONTRIBUTION TO/(FROM) PREVIOUS YEAR'S ESTIMATED COLLECTION FUND DEFICIT/(SURPLUS)

These estimates are statutorily calculated on 15 January each year and must be used in calculating budget requirement.

2018-2019 £000	Council Tax	2019-2020 £000
(463)	St Helens Borough Council	(300)
(58)	Police & Crime Commissioner for Merseyside	(38)
(26)	Merseyside Fire & Rescue Authority	(16)
<b>(547)</b>	<b>Total</b>	<b>(354)</b>

2018-2019 £000	Non-Domestic Rates	2019-2020 £000
(981)	St Helens Borough Council	(899)
(13)	Merseyside Fire & Rescue Authority	(9)
(338)	Central Government	-
<b>(1,332)</b>	<b>Total</b>	<b>(908)</b>

# GLOSSARY OF FINANCIAL TERMS

## **ACCOUNTING POLICIES**

Those specific principles, bases, conventions, rules and practices applied that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- (i) recognising;
- (ii) selecting measurement bases for; and
- (iii) presenting assets, liabilities, gains, losses and changes to reserves.

## **ACCRUALS**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

## **AGENT/AGENCY**

Where the Authority is acting as an intermediary, as opposed to on its own behalf.

## **AMORTISATION**

The accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement or the Movement in Reserves Statement over a period of years rather than when the initial payment is made. Its purpose is to charge/credit the cost/income over the accounting periods that gain benefit for the respective item. The technique is supported by relevant accounting policies and practices.

## **AMORTISED COST**

A method of determining the Balance Sheet carrying amount and periodic charges to the Comprehensive Income and Expenditure Statement of a financial instrument based on the expected cash flows of that instrument.

## **CAPITAL EXPENDITURE**

Expenditure on the acquisition or enhancement of a non-current asset or capital advances and loans to other individuals or other third parties.

## **CAPITAL FINANCING REQUIREMENT (CFR)**

Introduced as a result of the Prudential Framework for Capital Accounting and measures the underlying need of the Authority to borrow for expenditure of a capital nature.

## **CAPITAL RECEIPTS**

The proceeds from the sale of capital assets or repayment of capital advances which, subject to various limitations (e.g. Pooling obligations contained in the Local Government Act 2003) can be used to finance Capital Expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing.

## **CARRYING AMOUNT**

The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

## **CASH EQUIVALENTS**

Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

## **CASH FLOWS**

Inflows and outflows of cash and cash equivalents.

## **COLLECTION FUND**

The Collection Fund is a separate statutory fund under the provisions of the Local Government Finance Act 1988. It shows the transactions in relation to non-domestic rates, any residual Community Charge and the Council Tax, and illustrates the way in which these have been distributed to precepting Authorities and the General Fund.

## **CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)**

CIPFA is the leading professional accountancy body for public services, and uniquely among the professional accounting bodies in the UK, CIPFA has responsibility for setting accounting standards, for a significant part of the economy, namely Local Government.

## **COMMUNITY ASSETS**

Assets that the Local Authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples include parks and public open spaces.

## **CONDITIONS**

Stipulations that specify that the future economic benefits or service potential in an asset are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

## **CONTINGENT LIABILITY**

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Where a material loss can be estimated with reasonable accuracy a contingent liability is accrued in the financial statements. If, however, a loss cannot be accurately estimated or the event is not considered sufficiently certain, it will be disclosed in a note to the balance sheet.

## **COUNCIL TAX**

A property based tax levied on all domestic properties in the Borough. The banding (and resultant sums due) are based on independent assessed property values. The Council sets levels of Council Tax on an annual basis under relevant statutory provisions.

## **CREDITORS**

Financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied.



## **CREDIT RISK**

The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.

## **CURRENT SERVICE COST (PENSIONS)**

The increase in the present value of liabilities resulting from employee service in the period.

## **CURTAILMENT (PENSIONS)**

An event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Curtailments include :

- (i) termination of employees services earlier than expected, for example as a result of closing or discontinuing a segment of a business; and
- (ii) termination of, or amendment to the terms of, a defined benefit plan so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

## **DEBTORS**

Financial assets arising from the obligation to a future cash receipt for goods or services or other benefits that have been delivered or provided.

## **DEDICATED SCHOOLS GRANT (DSG)**

The Council's expenditure on Schools is funded by grant monies provided by the Department for Education (DfE) in the form of the Dedicated Schools Grant (DSG).

DSG is a ring-fenced grant that can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services, provided 'centrally', on an Authority-wide basis and also for the Individual Schools Budget, which is divided into a budget share for each School.

This specific grant is credited to the People's Service Directorate line within Net Cost of Services in the Comprehensive Income and Expenditure Statement.

## **DEFINED BENEFIT PLAN**

A pension or other retirement benefit plan other than a defined contribution plan. Usually, the plan rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the plan. The plan may be funded or un-funded (including notionally funded).

## **DEFINED CONTRIBUTION PLAN**

A pension or other retirement benefit plan into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

## **DEPRECIATED REPLACEMENT COST (DRC)**

A method of valuation which provides the current cost of replacing an asset with its modern equivalent less deductions for all physical deterioration and all relevant forms of obsolescence.

## **DEPRECIATION**

The measure of the wearing out, consumption or other reduction in the useful life of a non-current asset over its useful economic life.

## **DISCRETIONARY BENEFITS**

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Authority's discretionary powers.

## **ESTIMATION TECHNIQUES**

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves.

## **EXISTING USE VALUE (EUV)**

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion assuming that the buyer is granted vacant possession of all parts of the property and disregarding potential alternative uses and any other characteristics that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

## **FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less, where applicable, any grants receivable towards the purchase or use of the asset.

## **FINANCIAL INSTRUMENT**

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities and includes both the most straightforward financial assets such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives. Typical financial instruments includes:

- (i) Liabilities
  - Trade payables
  - Borrowings
  - Financial Guarantee
  
- (ii) Assets
  - Bank deposits
  - Trade receivables
  - Loans receivable
  - Investments

Amounts relating to Council Tax, Non-Domestic Rates, Government Grants etc., are outside the scope of the accounting provisions as they are statutory issues, not arising from contracts.

### **FINANCE LEASE**

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee, with the asset then recognised the lessee's Balance Sheet.

### **FINANCING ACTIVITIES**

Activities that result in changes to the size and composition of the principal, received from or repaid to external providers of finance.

### **GENERAL FUND**

The primary revenue account which records the cost of providing the majority of the Council's services.

### **GOING CONCERN**

An assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

### **GOVERNMENT GRANTS AND CONTRIBUTIONS**

Assistance in the form of cash or transfers of resources to an Authority in return for past or future compliance with certain conditions relating to the operation of activities of the Authority.

### **HERITAGE ASSETS**

The Heritage Assets are assets that are held by the Council principally for their contribution to knowledge, understanding and appreciation of the Borough's history and/or culture.

### **HISTORICAL COST**

Deemed to be the carrying amount of an asset as at 1 April 2007 or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

### **IMPAIRMENT**

A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet.

### **INFRASTRUCTURE ASSETS**

A class of non-current assets that are inalienable. Examples of infrastructure assets are bridges, roads and footpaths.

### **INTANGIBLE FIXED ASSET**

"Non-financial" fixed assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights e.g. software licences.

### **INTEGRATED PROVISION**

An arrangement permissible under the Health Act 1999 and National Health Service Act 2006 that allows partner organisations, including Local Authorities, Primary Care Trusts and NHS Trusts to work within one management structure, and in doing so increasing the ability to join up services and provide seamless services for service users.

### **INTEREST ON PLAN ASSETS (PENSIONS)**

The annual investment return on the fund assets based on an average of the expected long term return.

### **INTEREST ON PLAN LIABILITIES (PENSIONS)**

The expected increase during the period in the present value of liabilities as the benefits move one year closer to being paid.

### **INVENTORIES**

The amount of unused or unconsumed stocks held in expectation of future use or resale.

### **INVESTING ACTIVITIES**

The acquisition and disposal of long-term assets and other investments not included in cash equivalents.

### **LIQUIDITY RISK**

The possibility that one party will be unable to raise funds to meet its commitments associated with financial instruments.

### **MARKET RISK**

The possibility that the value of a financial instrument will fluctuate because of changes in interest rates, market prices, foreign currency exchange rates, etc.

### **MARKET VALUE**

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

### **MATERIAL/MATERIALITY**

Omissions or mis-statements are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the size of the omission or mis-statement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

### **NET BOOK VALUE**

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

### **NET REALISABLE VALUE**

The 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.

### **NON-DOMESTIC RATES (NDR)**

These are often referred to as Business Rates and are a levy on business properties based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines that national rate poundage, Local Authorities collect the sums due, with distribution made in accordance with rules governing the Non-Domestic Rates retention scheme.

### **NON-CURRENT ASSETS**

Assets that yield benefits to the Local Authority and the services it provides for a period of more than one year.

## **NON-OPERATIONAL ASSETS**

Non-current assets held by a Local Authority but not directly occupied, used or consumed in the delivery of services, or for the service or strategic objectives of the Authority.

## **OPERATING ACTIVITIES**

Activities of the Authority that are not investing or financing activities.

## **OPERATING LEASES**

A lease that does not transfer substantially all of the risks and rewards of ownership of a non-current asset to the lessee. The asset is recognised on the lessor's Balance Sheet.

Expenditure financed by operating leasing does not count against capital allocations.

## **PAST SERVICE COST/GAIN (PENSIONS)**

The increase or reduction in the present value of liabilities arising from decisions in the period whose effect relates to years of service earned in earlier periods.

## **PLAN LIABILITIES (or PLAN DEFINED BENEFIT OBLIGATIONS)**

The liabilities of a defined benefit plan for outgoings due after the valuation date. Plan liabilities measured using the projected unit credit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

## **POOLED BUDGET**

Arrangement permissible under the Health Act 1999 and National Health Service Act 2006 that provides an opportunity for partners to bring money together, in a discrete fund, to pay for the services that are an agreed part of the pooled fund arrangement for the client group who are to benefit from one or all of the services. Instead of users being inconvenienced by disputes about Health and Local Authority responsibilities, organisations will agree at the outset the range of Health and Local Government services to be purchased and provided from a pooled fund.

## **PRECEPT**

This is a charge levied by one public authority on the Council in order to finance its net expenditure. The precept is then collected on the preceptor's behalf by the Council by adding the precept to its own Council Tax and paying over the appropriate cash collected.

## **PRICE RISK**

The risk that the value of financial instruments will fluctuate as a result of changes in market prices.

## **PROJECTED UNIT CREDIT (ACTUARIAL COST) METHOD**

An accrued benefits valuation method in which the plan's liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the plan liabilities at the valuation date relate to:-

- (i) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
- (ii) the accrued benefits for members in service on the valuation date.

## **PROVISIONS**

A liability of uncertain timing or amount.

## **REFCUS (REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE)**

Expenditure that is classified as revenue in accordance with proper accounting practices, but which statute determines may be financed by Capital sources of funding.

## **RELATED PARTIES**

Related parties are those individuals and entities that the Council either has the potential to influence or control (or be influenced or controlled by). Related include Central Government, other bodies' precepting or levying demands on the Council Tax, its members and its chief officers.

## **RELATED PARTY TRANSACTION**

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Related party transactions include the provision of services to a related party.

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

## **RE-MEASUREMENT (PENSIONS)**

The changes in estimated assets and liabilities, assessed by the actuary and arising because:

- (i) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- (ii) the actuarial assumptions have changed.

## **REMUNERATION**

The Accounts and Audit Regulations 2015 require the disclosure of amounts paid to Officers and define remuneration as:

'...all amounts paid to or receivable by a person, and includes sums due by way of expense allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.'

## **RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:-

- (i) an employer's decision to terminate an employee's employment before the normal retirement date; or
- (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

## **REVENUE EXPENDITURE**

This is money spent on the day-to-day running costs of providing services and includes salaries, goods and services. It is usually of a constantly recurring nature and produces no permanent asset.

## **SENIOR EMPLOYEES**

Senior employees are defined under the Local Government and Housing Act 1989. Within St Helens this is deemed to be the Executive Directors, the Chief Executive, the Assistant Chief Executive, the person designated as the statutory Monitoring Officer of the Council and the statutory postholders of Director of Children's Services and Director of Adults Social Care.

## **SETTLEMENT (PENSIONS)**

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlement includes the transfer of scheme assets and liabilities relating to a group of employees leaving the Authority's scheme.

## **TERMINATION BENEFITS**

Amounts payable as a result of either:

- (i) an employer's decision to terminate an employee's employment before the normal retirement date; or
- (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits.

## **USEFUL LIFE**

The period over which the Local Authority will derive benefits from the use of a non-current asset.



**ST HELENS**  
BOROUGH COUNCIL

**Contact Centre**

Wesley House  
Corporation Street  
St Helens  
WA10 1HF

**Tel:** 01744 676789

**Minicom:** 01744 671671

→ [www.sthelens.gov.uk/contactus](http://www.sthelens.gov.uk/contactus)

Please contact us to request translation of Council information into Braille, audio tape or a foreign language.