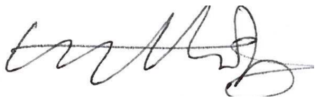
ST. HELENS COUNCIL
STATEMENT OF ACCOUNTS
2017-2018

APPROVAL OF ACCOUNTS

I confirm that these Accounts were approved by the Audit and Governance Committee meeting held on 30 July 2018.



Chair of meeting approving the Accounts

Date: 30 July 2018

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NARRATIVE REPORT BY THE DEPUTY CHIEF EXECUTIVE & STRATEGIC 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 2018, and an outline of its wider performance, whilst going on to consider risk and the future. 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 2017-2018
- Council performance summary 2017-2018
- Risk management
- Future outlook
- Conclusion

The Report also includes a brief explanation of the Financial Statements that follow.

2. Introduction to St. Helens

St. Helens 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, in order for it to ensure that the needs of the local population are capable of being met.

ONS Mid-Year Population Estimates 2016 show that there are approximately 178,500 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 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 ranks St. Helens as the 36th most deprived local authority in England out of 326. 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 for both males and females at 77.5 years and 81.0 years is significantly below national averages of 79.5 years (males) and 83.1 years (females).

Data suggests that the percentage of the population economically active has shown improvement in recent years (74.8%), but remains behind the regional (75.6%) and national average (77.8%). Economic inactivity rates remain high compared to regional and national averages due to high levels of long-term sickness and disability.

Residents' average gross weekly pay of £499 is similar to the North West average of £502, but lower than the national average of £545.

Housing affordability is an issue within the Borough with the average house price now 5.2 times the median gross annual earnings.

Crime rates within St. Helens compare favourably to neighbouring authorities and those in its most similar family comparator group.

For a detailed picture of St. Helens and its communities please visit info4.sthelens.gov.uk

4. St. Helens Council

St. Helens Metropolitan Borough Council provides the full 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 2018, the membership of St.Helens Council is:

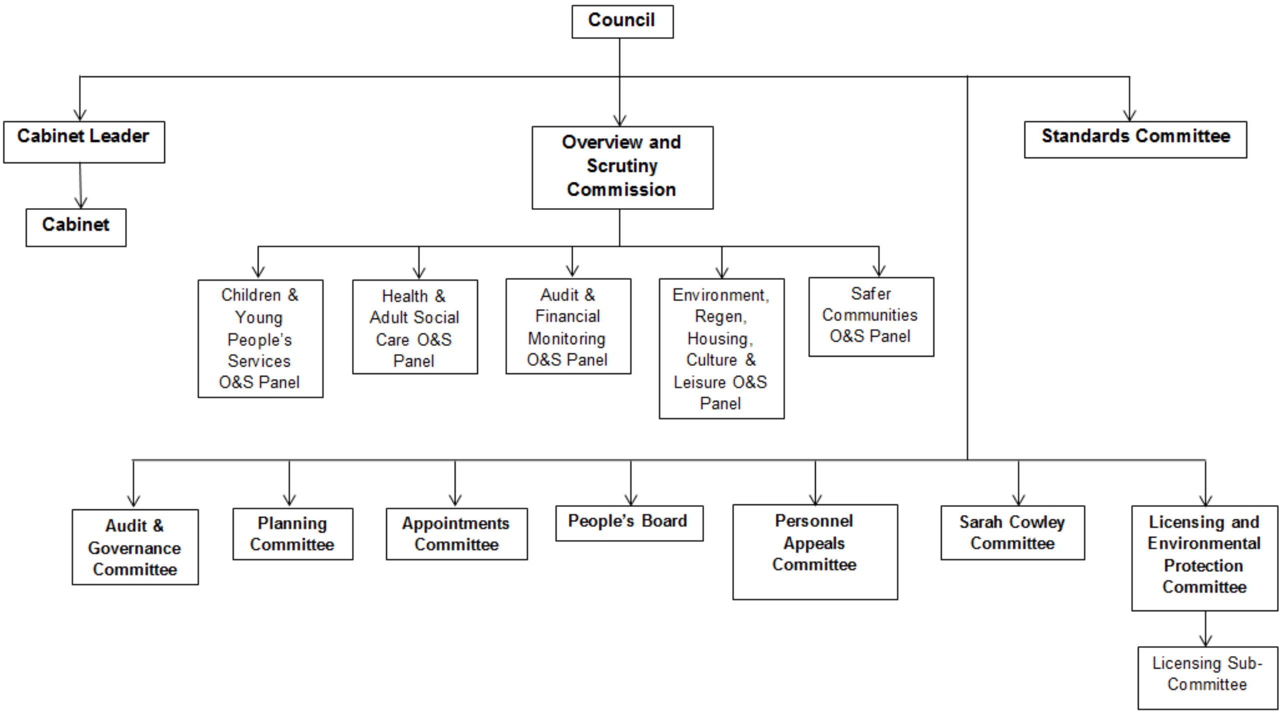
- 41 Labour Councillors
- 3 Liberal Democrat Councillors
- 3 Conservative Councillors
- 1 Independent Councillor

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 are able to make recommendations for improvement and also have the power to call in decisions made by the Cabinet prior to implementation. Further information on the Council's political structure and processes is available within the Constitution.

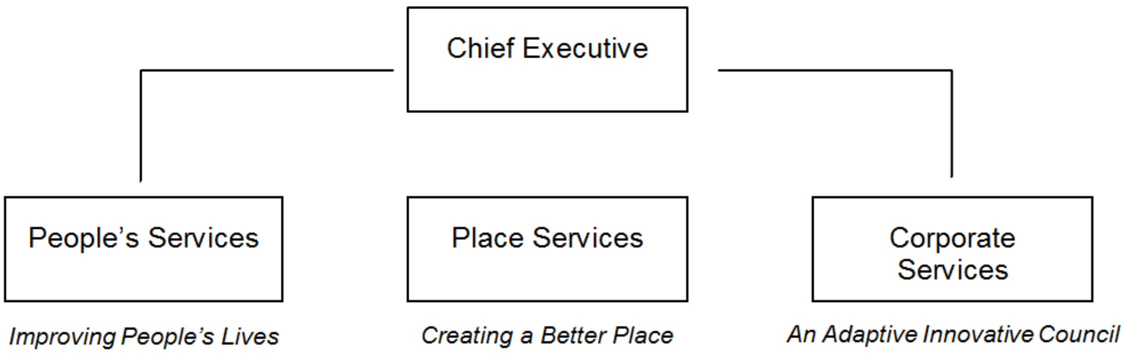


<u>Management Structure</u>
In November 2015 St.Helens Council approved a new corporate organisation structure in support of its programme of transformation and vision for 2020. The revised structure deleted a number of senior management posts, whilst making a small number of new appointments to ensure that the Council has the requisite number of senior staff with the skills and knowledge to deliver its future ambitions. This structural streamlining has continued into 2018 and created a number of efficiencies and resulted in a reduction in expenditure. The Council is now based around 3 departments led by a Senior Management Team comprising the Chief Executive and 3 Strategic Directors.

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

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

The Corporate Services Department provides a series of statutory functions and support services that add value and enable the effective running of the Council.



At April 2018, the Council had a total workforce of 3,009 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 2018, the workforce has reduced by over 32%, with the loss of 1,477 posts.

The Council is accredited with Investors in People Gold assessment reflecting the comprehensive and effective range of human resources policies, procedures and practices that have contributed to the Council's status of a resilient, well managed and high performing authority.

5. St. Helens 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 recently 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 5 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 30 year period. The Combined Authority and the Liverpool City Region devolution agreement are likely to have a significant influence on the future ability of Merseyside and St. Helens to create sustained economic growth.
St. Helens 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 has been embedded over the course of 2017-2018.

As a result the revised Council structure is now supported by a People's Board, taking on the statutory responsibilities of the Health and Wellbeing Board and the Community Safety Partnership, and an Economy Board, established to drive forward economic growth within the Borough.

Strategic Planning

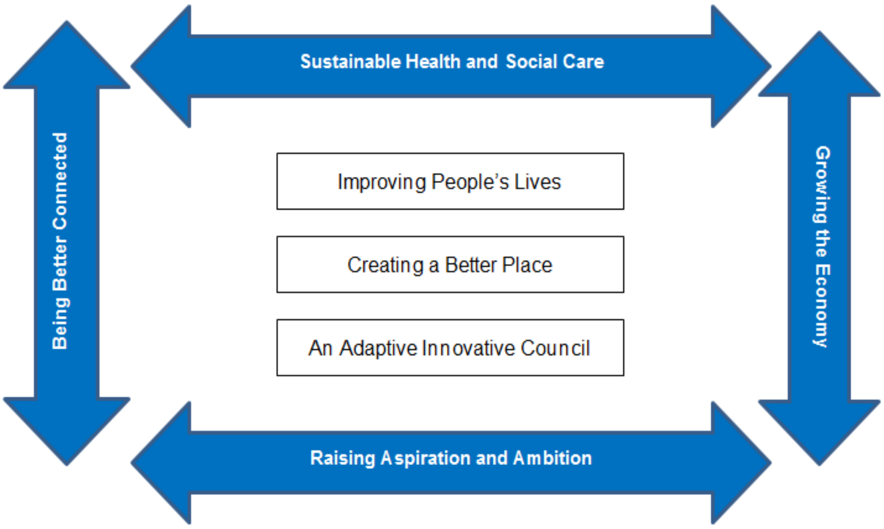
As an effective and well-managed Council, there is a long and well-established approach to strategic and financial planning within St. Helens Council. Over the course of 2017-2018 in working towards its 2020 vision, implementing its programme of change and agreeing its programme of future savings, the Council developed and agreed a revised St. Helens Council Plan 2018/2020.

The plan defines a series of key principles, which underpin everything the Council does and is structured around 3 key aims, each with a series of council objectives:

- Improving People's Lives
- Creating a Better Place
- Being an Adaptive Innovative Council

The Plan was approved as part of the Budget Strategy. It is the Plan objectives which drive the Council's service planning process, ensuring appropriate activity is undertaken to deliver its long-term vision and goals. Required outcomes are defined by robust performance indicators with challenging but deliverable targets commensurate with resources. The financial information system aligns with plans allowing close monitoring of budgets and service expenditure. The annual process of quality assurance and review of plans ensures a continued focus on the effectiveness of, and value for money of, Council services.

These revised Council objectives and associated actions will define the Council's contribution to the delivery of 4 borough-wide strategic objectives, which are integral to a St. Helens 2030 Vision document that will be published in 2018 to set out the full extent of our partnership aspiration for the borough.



6. Operational Environment

There are a number of external factors, presenting both challenges and opportunities, which continue to impact on Council Budgets and future service provision.

Since the Comprehensive Spending Review of 2010, ongoing cuts in government funding have resulted in significantly reduced budgets. St. Helens has been disproportionately affected seeing relative annual grant reductions far higher than many more affluent areas and by 2020 over a period of ten years the Council will have lost £90 million of central government funding.

Looking ahead, the 2018 financial settlement sees the requirement to deliver a further £13.1 million of savings over the coming two years 2018-20, which comes at a time of increasing financial risk and growing demand for services.

On top of ongoing general grant reductions, a number of additional factors bring further financial risk and uncertainty to the Council:

- The proposal for local authorities to retain 100% of business rates brings opportunity if St. Helens is able to grow its economy, but also carries significant risk as the Council becomes virtually self-sufficient and almost wholly reliant on local taxation and other fees and charges to raise its own revenue. From 2017-2018, the Council has participated in a Liverpool City Region Pilot, which guarantees no financial detriment to the Council beyond the Government's existing revenue support grant reductions. However, arrangements beyond the financial year 2018-2019 are as yet uncertain and upon full implementation of the retention scheme, the financial risk increases as the Council alone bears the full budgetary implications of any business failures. The effect of further Business Rate revaluation in the future has the potential to compound uncertainty due to its potential to generate a significant number of new appeals.

- From 2020 the certainty provided by the 4 year finance settlement offer will come to an end, an issue compounded by further uncertainty around the future of specific grants such as the Improved Better Care Fund. The Government's Fair Funding Review will set new baseline funding allocations for local authorities through the redistribution of business rates between local authorities taking account of relative needs. Its impact on future levels of funding is as yet unknown.

- The still fragile state of the economy, heightened by general uncertainty around the impact of Brexit, may further affect the ability of the Council to raise and collect revenue, if it were to lead to reduced levels of economic activity and increased unemployment.

- The current Government's ongoing programme of austerity brings a continued reduction in specific funding streams (e.g. Public Health Grant), whilst the introduction of new legislation has seen an increase in the statutory responsibilities falling on local authorities.

- The continuing review of the position in relation to the national living wage.

- The principal financial pressures stem from increasing demand for services. High numbers of children in care, those needing protection and growing numbers of children with special educational needs and disabilities have seen the need to fund significant additional service provision, whilst a growing frail and elderly population places further considerable financial pressure on the Council's duty to provide social care and support for the most vulnerable. The growing national crisis in social care was acknowledged by the Government by granting councils the option to introduce a Care Precept on Council Tax levels and the allocation of additional monies under the improved Better Care Fund. However, given St. Helens' demographic of a population ageing faster than many other authorities, the scale of demand on services and the time bound nature of the additional funding, the relief afforded is limited.

The risks and uncertainties outlined above are balanced to some degree by the development of new opportunities. In summary the high level opportunities can be defined as:

- The potential for increased economic growth through St. Helens' strategic position within an emergent Northern Powerhouse, its involvement in the Liverpool City Region and Combined Authority and the development of a local economic strategy.

- The opportunity for greater integration of services and collaborative working to address the challenges of cost and demand and bring about a sustainable health and care system capable of delivering improved community outcomes – St Helens Cares.

- The opportunity for smarter service provision and new ways of working that will drive further efficiency and cost reduction.

7. St. Helens Council Financial Summary and Resource Allocation

The following provides an overview of the key elements of the Council's finances over the period 2017-2018.

<u>Revenue 2017-2018</u>
The Government delayed the announcement of its final local government finance settlement for 2017-2018 until 20 February 2017. For St.Helens Council, the basis of the final settlement was fundamentally different to the provisional settlement which had been published on 15 December 2016. This was due to the Council's inclusion in the Liverpool City Region 100% Business Rates Retention Pilot scheme.

The terms of the pilot scheme are such that from 1 April 2017 it provides the potential for the Council to keep 99% of its Business Rates collectable, with 1% passed to the Fire Authority. This contrasts with the 49% retention rate prior to the existence of the pilot scheme.

The pilot operates on a basis that it is without detriment to the aggregate resources that would have been available to Liverpool City Region authorities under the 'ordinary' local government finance regime. Arrangements exist to ensure that no individual authority is detrimented – this could necessitate the redistribution of pilot gains experienced by one or more authority to other authorities who would otherwise suffer a loss from participation in the pilot.

As part of the mechanics of the scheme, the Government correspondingly reduced the Council's Formula Grant allocations (Top-up and Revenue Support Grant) by a sum equivalent to their assessment of the additional Business Rates the Council would retain under the pilot.

Further reductions in Formula Grant were also made to reflect the incorporation of £0.825m improved Better Care Fund allocations into the pilot and the Revenue Support Grant reduction of £6.545m previously announced as part of the Government's continued austerity programme. The final local government finance settlement for 2018-2019 has confirmed a total £17.422m reduction in the Council's Revenue Support Grant between 2016-2017 and 2019-2020.

The Council once again made a Budget Simulator available to its residents as part of its budget setting and consultation process, and the original 2017-2018 budget was set on 1 March 2017, with Council Tax levels increased by 4.99% when compared to 2016-2017. This included a 3% increase permitted through a dedicated social care precept introduced by the government in an attempt to ease some of the pressures on social care.

In setting its budget it was recognised that the number and cost of Looked After Children remained very high when compared historically and to those of similar Councils and approval to transfer £5m of general balances to the Care Services Demand Fund was secured whilst a strategy to address the issue in the medium term was developed.
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The budget also recognised that the Council was establishing a clear vision for the future based on the management of cost and demand within Care Services through the integration of Health and Social Care Services; a growth strategy based on the development of existing and new sites and a new Town Centre strategy. These key strands of the vision for the Borough will require funds to deliver them and a fundamental review of the Council's reserves was undertaken to focus resources on the delivery of the vision.

A series of revisions to the original budget were made during the course of 2017-2018 in accordance with constitutional requirements, and regular finance and budget reports were presented to Cabinet and Council detailing the prevailing budgetary positions.

The principal revisions to the budget during the year included the following:

(i) Funding of £0.5m to support the development of St. Helens as a centre of excellence for socially engaged arts practice;
(ii) Funding of £2.7m was made available in year to support the People's Services Department to develop a revised approach in relation to Children's Services and to manage the financial pressures associated with the number of looked after children.

This included the development of a single point of access for all Children's Services Care Management referrals, restructuring of the Level 2 Intervention Service, implementation of an Edge of Care Service and a restructure of the Social Work Assessment and Looked After Children's Teams.

(iii) Investment of £0.4m to support the implementation of new models for integration between health and social care that will act to reduce and manage cost and demand on the system as a whole;

(iv) £1.2m funding to design and develop a scheme adjacent to Junction 22 of the M6 motorway to pre-construction stage in support of a Liverpool City Region Single Investment Fund bid; and

(v) Arising from the Triennial revaluation of the Merseyside Pension Fund (MPF), the Council was offered the opportunity to reduce the overall cost of the lump sum by paying in a single instalment in April 2017 rather than a higher aggregate over a three year period. To distribute the burden to taxpayers over the three-year period through to 2019-2020, a repayable contribution from the Transformation Reserve was approved in 2017-2018 to a value of £14.1m.

The table below provides detail of the revenue outturn position when compared to both the original and revised budgets:-

	Original Budget £000	Revised Budget £000	Actual £000	Variance £000
Service Directorate expenditure	102,414	106,464	102,527	(3,937)
Restructuring and equal pay provision costs (i)	1,977	1,785	658	(1,127)
Insurance Provision (ii)	-	-	(1,938)	(1,938)
Levies and Parish Precepts	20,502	20,502	20,480	(22)
Treasury Management (iii)	7,431	7,431	6,359	(1,072)
Pensions lump sum	6,665	20,743	20,540	(203)
Expenditure	138,989	156,925	148,626	(8,299)
Non-Domestic Rates & Top-up receipts (iv)	(65,469)	(65,277)	(65,818)	(541)
Income from Council Tax	(67,115)	(67,115)	(67,115)	-
New Homes Bonus	(3,309)	(3,309)	(3,307)	2
Section 31 Grants (v)	(3,104)	(3,104)	(4,586)	(1,482)
Income	(138,997)	(138,805)	(140,826)	(2,021)
Transfers to/(from) Earmarked Balances (vi)	8	(17,932)	(14,223)	3,709
Net Contribution (to)/from General Fund Balances	-	188	(6,423)	(6,611)

(i) In previous years the Council has made provision for the settlement of claims lodged in respect of Equal Pay based on a reasonable estimate of sums likely to fall due. The vast majority of claims have now been settled and the level of remaining provision has been reviewed and reduced by £425k. However, it is recognised that there is still some uncertainty regarding the ultimate settled values and the potential for further claims. The sum has been appropriated into an Equal Pay Reserve that will provide resource cover should any further costs or claims arise.

(ii) The Council commissioned an actuarial review of its insurance claims liability as at 31 March 2018. This review considered that a lower level of provision was necessary than the existing position based on data, methods, assumptions, limitations and techniques used. 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. Consequently, the sum of £1,938k has been earmarked into the Insurance Fund and the use of this reserve extended to provide some resource cover for additional financial risks that the Council may face in the form of current contingent liabilities – for example the NHS trust appeal seeking mandatory charitable business rate relief.

(iii) The variations in investment income/servicing of debt at outturn were due to a combination of increased investment interest receivable; lower interest payments as a result of deferred borrowings; and a reduction in the provision for principal repayment as a consequence of decisions made relating to the financing of the capital programme.

(iv) As part of the Mid Mersey Business Rates pooling arrangement with Warrington and Halton Councils, St Helens received a proportionate (£206k) share of the levy savings that would otherwise have been payable in relation to Warrington Business Rates growth.

The remainder of the outturn variation relates to the receipt of sums due as a consequence of Business Rate revaluations. This sum has been budgeted for receipt in 2018-2019 and will result in a corresponding reduction in budgeted income for that financial year.

(v) On 20 March 2018 the Ministry of Housing, Communities and Local Government (MHCLG) informed the Council of an error that MHCLG had applied when calculating its compensation for losses incurred by authorities as a result of previous Government policy decisions. The Council had previously interpreted that there was an error in the methodology and consequently had not budgeted for the sum, which equated to £309k. In the event, MHCLG recognised that seeking repayment was likely to cause authorities difficulties at that point in the financial year and, exceptionally, would not be doing so.

Whilst the Council had anticipated entitlement to compensation for the loss in Business Rates yield arising from the changes to Small Business Rates thresholds and other Government policy initiatives, MHCLG only confirmed allocation methodologies in March 2018. The amount due equates to £1.173m.

(vi) In addition to the issues referred to in (i) and (ii) above, outturn variations included the creation of a new £1.3m Town Centre Development Reserve and the net re-phasing of the use of £1.2m earmarked reserves into 2018-2019.

Under the terms of the Liverpool City Region Business Rates Retention Pilot Agreement negotiated with MHCLG, each Council's outturn position is dependent on the position of other pilot members. Consequently, the Council adopted a prudent approach in relation to its participation in the pilot scheme by budgeting to set aside £1.6m projected gains to cover the eventuality that these may not realisable under the detailed terms of the pilot scheme. The unaudited 2017-2018 outturn positions of each pilot member remove the need for this set aside.

The breakdown of Service Directorate outturn positions is as follows:

	£000 Unadjusted Outturn compared to revised estimate	£000 Adjustments*	£000 Adjusted Outturn compared to revised estimate
People's Services Directorate	(336)	836	+500
Place Services Directorate	(1,538)	1,608	+70
Corporate Services Directorate	(2,063)	142	(1,921)
	(3,937)	2,586	(1,351)

* Adjustments relate to the carry forward of unspent budget provision for any continuing earmarked reserve funded schemes (£1,346k), the acceleration of the usage of earmarked reserves from future years (-£109k) and the earmarking of external resources for use in future years into the Town Centre Development Reserve(£1,349k). These are also referred to in (vi) above.

(i) Pressures in the People's Services Directorate were significant throughout the whole period, with the most challenging outturn positions being those in relation to Looked After Children and Leaving Care Services for Younger People (+£3.6m). Net savings against budget were achieved in relation to the Supporting People Programme (£0.4m) and a number of Adult Social Care functions including Domiciliary Care, Direct Payments to clients and Residential, Nursing & Supported Living (£2.3m), whilst additional Public Health Funding (£0.4m) was also utilised.

(ii) The challenging economic climate meant that Leisure Services, market and general estates rental income were the single biggest pressures for the Place Services Directorate. Savings against budget were made in premises and property services.

(iii) Significant savings against budget were recognised in the Corporate Services Directorate, with £0.5m arising from the early implementation of savings necessary to achieve a balanced budget in future years. Management of staffing, premises and supplies and services budgets resulted in underspends of £0.8m, whilst the receipt of a YPO dividend in excess of £0.3m and other additional income of £0.2m also contributed to this outturn position.

Reserves and Balances

As a result of this outturn position, General Fund Balances as at 31 March 2018 stood at £21.3m.

The Council's earmarked reserves are based principally around the themes of social care, growth, environment, transformation and insurance. A detailed list of Earmarked Reserves is shown in the Movement in Reserves Statement and the accompanying disclosure notes.

The Cabinet meeting of 30 May 2018 considered that the 2017-2018 outturn position principally arises from a combination of non-recurrent/guaranteed matters and afforded the opportunity to create £6m resource cover to support Council priorities moving forward.

Capital 2017-2018

The Council spent £46.221m in 2017-2018 on capital items across a range of services:

Capital Programme Schemes	£m
Church Square Shopping Centre	28.3
Highways & Transportation Schemes	8.0
Schools Infrastructure	4.4
Disabled Facilities Grants	2.1
Vehicle Replacement / Modifications	1.0
Other	2.4
TOTAL CAPITAL EXPENDITURE	46.2

Type of Funding	£m
Grants & Other Contributions	13.4
Capital Receipts	0.5
Revenue Contribution	1.3
Prudential Borrowing	31.0
TOTAL FUNDING	46.2

Retirement Benefits

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

	31 March 2017 £m	31 March 2018 £m	Change £m
Local Government Pension Scheme (LGPS)	284.8	244.8	(40.0)
Teachers' Pension Scheme (TPS)	24.4	22.6	(1.8)
TOTAL	309.2	267.4	(41.8)

The overall net liability for retirement benefits has reduced during the 12-month period to 31 March 2018. The principal factors contributing to this movement are:

(i) the favourable movement in discount rates and reduction in inflation assumptions (which are a key component of the measurement of future scheme liabilities) during the 12-month period; and

(ii) the significant increase in contribution paid to the Pension Fund as a result of the Lump Sum payment of £20.540m.

The Government has previously resolved to implement a fundamental structural change to public service pensions and the collective Northern Pool, containing the Merseyside Pension Fund, Greater Manchester Pension Fund and West Yorkshire Pension Fund, has been created to seek to ensure good investment returns and enable asset classes to be accessed in a more cost-effective way.

The employer's contribution (rates and lump sums) for the three years commencing 1 April 2017 were determined arising from the 2016 Merseyside Pension Fund Actuarial Valuation and having regard to the Funding Strategy Statement as agreed by the Pensions Committee of 21 March 2017. For St.Helens this has resulted in:

(i) a single lump sum of £20.540m payable in April 2017. No lump sums fall as due in 2018-2019 and 2019-2020 under this arrangement; and

(ii) the following primary contribution rates required to meet the ongoing cost of benefits that will be built up:

- 2017-2018 13.8%
- 2018-2019 14.4%
- 2019-2020 14.9%

This approach supports the Administering Authority's long-term funding objective for the Fund to achieve a 100% solvency level over a reasonable time period and then maintain sufficient assets in order for it to pay all benefits as they fall due.

Borrowing

At 31 March 2018, the Council's level of borrowing was £103.344m, which is approximately £30m higher than the 31 March 2017 level due to additional borrowing taken out in November 2017 and March 2018.

The level of borrowing still remains considerably below the underlying need to borrow, as a result of long-standing strategy decisions to use available resources to defer the need to incur additional borrowing.

The Treasury Strategy approved by Members for 2017-2018 recognised that this policy has served the Council well over a period of years and that in light of the historically low rates at which the Council is currently able to access long term PWLB debt, it would be beneficial for the Council to consider the advantages of locking in some certainty in borrowing rates. It is considered that over the longer term, the external interest payments made by the Council will be lower as a result.

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

8. St. Helens Council Performance Summary 2017-2018

During 2017-2018, the Council continued on its journey of organisational change and transformation to achieve its 2020 vision of being an adaptive and innovative organisation capable of improving the lives of local people and communities.

In moving towards 2020, the Authority further built on its strengths as a well-managed, effective and efficient Council, at the heart of which are strong leadership and governance arrangements, supported by a robust approach to strategic planning and financial and performance management.

The Council's performance management framework in 2017-2018 has been driven by the objectives and key measures of success within the Council's key planning document, the Council Plan 2017-20.

Critical to the achievement of the Council's desired outcomes for both the organisation and the community, is the strong 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 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 are formally approved by Cabinet and reviewed by Overview and Scrutiny.

Budget and Performance Monitoring is conducted monthly, with reports to Cabinet detailing analysis of spend against budgets, service delivery progress and performance against targets. Commentary on action required to ensure budgets remain within allocated cash limits or to address any identified concerns in relation to performance or service delivery, is included within the reports. Reports are also reviewed by the Audit and Financial Monitoring Overview and Scrutiny Panel, allowing the opportunity for examination of any specific areas of underperformance or concern.

The Council's Performance Outturn report 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 and delivering its high aspirations. 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:

- St. Helens Economy Board continued to develop and implement a local Economic Growth Strategy to ensure the alignment of economic development activity and growth within the Borough. An Ambassadors Network and a new website investinsthelens.com were launched to promote the area and communicate the benefits of investing, working and living in St. Helens.

- An ambitious strategy for the redevelopment of St Helens Town Centre was developed following widespread engagement and the purchase of Church Square shopping centre was completed as a significant step towards realisation of this vision.

- Strong lobbying from the Council and local partners resulted in St. Helens being earmarked as the location for the ground breaking 'Glass Futures' scheme, which if Government funding is forthcoming will see the Borough once again become a global centre of excellence for research and development into glass production.

- The joint venture between developers Langtree and the Council to transform former colliery site Parkside into a strategic employment site progressed with the submission of a planning application for the first phase of the project and a link road to ease congestion and air pollution, which if approved will generate more than 1,300 new jobs for local people.

- The £4.7 million 'Ways to Work' programme continued to further address worklessness in the Borough, particularly youth unemployment. During the period September 2016 to March 2018, the programme has engaged and supported 1,750 local residents with 396 gaining employment.

- A total of 408 new houses were completed in 2017-2018, which although positive was below the core strategy target of 570. A further 326 properties are under construction as of April 2018. In the previous 5 years a total of 2,461 homes were completed, with over three quarters of these built on previously developed brownfield land.

- Following wide consultation in 2017 and in preparation for submission to Government for approval in 2018 work progressed on the new Local Plan which sets out the Borough's proposed future planning priorities for the next 15 years and allocates sites for housing, employment, retail and green space development. During the year the Council adopted the Bold Forest Area Action Plan which will shape the future development of this important area of the Borough.

- The Development Control service was again identified as the joint best Planning Authority in the country, for speed of determination of major planning applications. Overall the service is ranked 3rd best in the country.

People's Services:

- Work continued on the development of St. Helens Cares; a local health and care system to further drive the integration of health and care services, address the twin challenges of rising demand and cost, and deliver better outcomes for local people.

- Adult Social Care effectively provided personalised care and support to over 7,600 of the Borough's most vulnerable people in a challenging financial climate.

- Strong performance against the national Adult Social Care Outcomes Framework was maintained. Although a number of challenging local targets were not met, performance generally continues to compare very favourably against regional and national benchmarks.

- Performance in respect of Public Health measures continues to reflect the challenges inherent within the health of the local population. Positively, there were further reductions in the number of teenage conceptions, a provisional reduction in alcohol related admissions to hospital, and decreasing trends in mortality from cancer and circulatory diseases. However comparative performance across much of the Public Health Outcomes Framework remains in the lower quartile.

- Challenges continue in Children's Social Care, with increases in the number of children looked after. However, a revised model for children's social work and initiatives such as an enhanced Early Help Service and an Edge of Care Service are beginning to have a positive impact, with continuing safe reductions in the numbers of Children in Need and numbers of children subject to a Child Protection Plan, good placement stability for looked after children, and a strong improvement in the timeliness of children's social care assessments.

- Attainment results at Key Stage 2 and Key Stage 4 failed to meet local targets. St. Helens' comparative performance is below both regional and national averages. Results showed the rate of academic progress for students educated in St Helens that completed Key Stage 4 the 2016-2017 academic year was, on average, significantly below that reported regionally and nationally. Ofsted ratings for schools in the Borough declined at secondary and primary level during the year and overall the Council is facing a number of significant challenges in relation to school improvement.

- The local joint inspection from Ofsted and the Care Quality Commission for the Council's Special Educational Needs and Disability services for children and young people was very positive. Whilst acknowledging a number of areas for development, the key findings of the report found the Council had embraced the spirit of the reforms, putting children, young people and their families at the heart of their plans and that the majority of parents and carers are pleased with the help and support available in St. Helens.

- The Adult and Community Learning service showed significant improvement. Previously rated as ‘Requiring Improvement’ the service was rated as ‘Good’ by Ofsted in December 2017 with key findings from the report stating that learners within St. Helens were ‘enjoying learning, becoming more self-confident, self-assured and making good progress’.

- Performance pressures remained around a number of community safety indicators which did not meet target. However, crime rates generally remain below or around the average of comparator authorities. The performance of the Youth Offending Service remained strong. The Authority worked closely with ‘SafeLives’ and local partners to produce a new strategy to address domestic abuse.

- St. Helens’ growing reputation as a centre for arts and cultural practice received further recognition with the award of National Portfolio status from the Arts Council for the Library service and Artsmark status in schools. The Liverpool City Region Combined Authority also announced St. Helens as its first Borough of Culture under its 1% for Culture programme. A programme of cultural events was drawn up to celebrate the 150th anniversary of St. Helens’ incorporation as a borough in 2018.

Environmental Services:

- The Council’s greenhouse gas emissions showed a further in-year reduction, with emissions now 33% lower than the baseline year of 2009-2010. Emissions from street lighting continue to reduce and are now 40% lower than the baseline year. Emissions from the Council’s electricity consumption in its buildings, is now 25% lower than the baseline year.

- Household recycling rates did not meet target and there was a small reduction in the rate from the previous year. Although the long-term trend still remains positive, reductions in recycling witnessed over the last 2 years, due in large part to the necessity to charge for green waste collection, mean further work with the community is required to meet the Council’s long-term target.

- Strong performance continued against a range of housing support service indicators, including our Supporting People programme, support to prevent homelessness and assistance provided to address fuel poverty.

- A Joint Agency Group (JAG) was created with a specific focus on tackling community safety and environmental issues with the town centre. The aims of the JAG is to address youth disorder, homelessness and rough sleeping, safety in the night time economy and discarded drug paraphernalia.

- To promote sustainable transport and improve walking and cycling routes within the borough over the coming four years, the Council successfully secured over £4 million of funding through the Liverpool City Region Combined Authority.

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. Strategic 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 Deputy Chief Executive & Strategic Director of Corporate Services. The Risk Register is reported to Members via the Audit and Governance Committee and the Corporate Financial Report on a periodic basis. Key strategic risks within the Corporate Risk Register include:

- Failure to cope with sudden increases in service demand
- Failure to manage budget pressures
- Failure to provide strong governance
- Failure of key IT systems and services
- Failure to undertake effective workforce planning
- Failure to safeguard children and adults from significant harm
- Failure to effectively manage school improvement
- Failure to respond to emergency events

10. Future Outlook

The future outlook remains much as it did 12 months previous. An ongoing programme of austerity and central government funding reductions have seen the Council continuing to face huge financial challenges, balancing the need to deliver a significant programme of savings whilst striving to maintain the range and quality of essential services.

The submission of a Council Efficiency Plan to the Secretary of State in October 2016 provided the Council with surety over the levels of revenue support grant funding it is to receive up to 2020. However beyond this point the future is much less certain. Proposed changes to the way local authorities are funded, the outcome of the Government's Fair Funding Review and a number of external factors previously highlighted, see the Council continuing to face significant financial risks and unprecedented budget pressures.

In response the Council has remained steadfast in its approach to addressing its future challenges through the further development of its 2020 Vision, centred upon 3 key programmes of work:

- Growing the economy.
- Developing a sustainable health and social care system.
- Delivering a balanced budget whilst maintaining effectiveness.

Growth in the local economy remains essential to increasing local prosperity and the employment prospects of residents. However, with local authorities being incentivised by the Government to increase growth, economic development is also critical to ensuring that revenue secured through business rates is sufficient to effectively support Council finances to deliver essential services. The Council, together with the St. Helens Economy Board, continues to develop and deliver a Growth Strategy that will seek to promote the Borough, attract new business, and reinvigorate the Town Centre. A Growth Reserve has been created by the Council to support the revenue implications of delivering the strategy and investment through the use of Capital Receipts/borrowing is also being used to assist delivery. As a significant step to assist the transformation of St. Helens Town Centre, Church Square shopping centre was purchased by the Council in October 2017.

Modelling predicts that the system of health and care within St. Helens will suffer a budget gap of £101 million by 2020, including a £20 million gap for St. Helens Council. In order to address the challenges of cost and demand and improve future outcomes, the Council is leading on the development of St. Helens Cares; a sustainable health and care system to be delivered through the redesign and greater integration of services. Delivery is supported through the Council's creation of a dedicated Transformation Reserve.

Demand and cost pressure continue to build within Children's Services and meeting statutory duties whilst delivering effective services presents a significant challenge. In response, the Council created a Children's Services Reserve, in order to address the sustainability of services and develop a model of social care and education capable of ensuring the best possible outcomes for children and families in the Borough.

Following on the back of widespread public consultation and engagement, over the coming 2 years the Council will continue to implement its medium-term financial strategy and deliver a programme of agreed savings to address a £13.1 million funding shortfall. At the same time, and in keeping with its desired 2020 Vision of becoming an adaptive innovative organisation, the Council will continue to carry out reviews of specific service areas in support of an ongoing commitment to value for money and service improvement.

11. Conclusion

Over the course of 2017-2018, despite an increasingly strained financial climate, the Council has continued to effectively implement a clear budget strategy, resulting in a balanced budget and the delivery of required savings targets.

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 vision.

Unfortunately however, increased demand and rising costs dictate that local government is no longer in a position to pay for the breadth and range of services traditionally provided. With the requirement to find a further £13.1 million over the coming two years and the need to prioritise our statutory responsibilities, above all our duty of care to the most vulnerable, it is inevitable that decisions taken to achieve savings targets will now result in the reduction or loss of some discretionary services.

The challenges remain great and the financial risks are many, but we must also look to the opportunities before us such as our participation within the Liverpool City Region 100% Business Rate Retention Pilot. As an effective well-managed authority with a clear strategic vision we continue to operate from a position of relative strength. By prioritising the greater integration of health and care services to manage cost and demand, whilst driving a strategy for increased growth and investment within the borough, we will continue to pursue our objective of establishing a long-term sustainable budget that will allow us to effectively meet the ongoing needs of the community.

I would like to thank all Members and Officers for the strong commitment shown in making 2017-2018 a successful year 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.

IAN ROBERTS
Deputy Chief Executive & Strategic Director of Corporate Services

Date: 31 May 2018

Explanation of the Financial Statements

The Statement of Accounts is prepared to demonstrate the Council's financial performance for the year ended 31 March 2018 and present its overall financial position at the end of that period. The core financial statements are included on pages 62 to 65 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 Council, the Police & Crime Commissioner for Merseyside, Merseyside Fire & Rescue 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. Corporate Financial 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 Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of St Helens Council (the 'Authority') for the year ended 31 March 2018 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. 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 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; 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.

Who we are reporting to

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.

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 Strategic Director of Corporate Services use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Strategic 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.

Other information

The Strategic Director of Corporate Services is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out in the Narrative Report and the Annual Governance Statement 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 course of our work including that gained through work in relation to the Authority's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources 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)' 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, the Narrative Report, the Annual Governance Statement 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 have reported a matter 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 have made 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 have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

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

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

As explained more fully in the Statement of 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 Strategic Director of Corporate Services. The Strategic 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 2017/18, which give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Strategic 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 the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Authority.

The Audit and Governance Committee is Those Charged with Governance.

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. 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

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that *the Authority* put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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 November 2017, 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 2018.

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 Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Robin Baker

Robin Baker
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Royal Liver Building
Liverpool
L3 1PS

31 July 2018

STATEMENT OF MAIN PRINCIPLES, ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

GENERAL

The Statement of Accounts summarise the Authority's transactions for the financial year 2017-2018 and the position at the year-end 31 March 2018. 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 2017/18*, 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:

(i) cash-in-hand/cash overdrawn;
(ii) unpresented cheques or other unpresented methods of payment;
(iii) 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:-

(i) depreciation attributable to the assets used by the relevant service;

(ii) 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;

(iii) 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

(i) 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.

(ii) 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.

(iii) 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:-

(i) 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 investment assets. This plan is administered by the Merseyside Pension Fund;

(ii) 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;

(iii) the NHS Pension Scheme (NHSPS) for those Public Health staff who have compulsorily transferred from the PCT as a result of the Council's Public Health responsibilities. 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.

<u>The LGPS</u>

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

All investments used by the Council are of the type whereby they are classed as 'Loans and Receivables' and are initially recognised 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 for 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.

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 can be categorised into three different sub-groups:

- Fine art and museum collection;
- Civic regalia; and
- 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. Insurance valuations for these items were provided by Outhwaite and Litherland.

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:

(i) 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.

(ii) 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 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 Strategic 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.

<u>Measurement</u>

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;
- 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; and
- 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 5 years. 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 2017-2018, the Council used external valuers, NPS North West, in association with Wilkes, Head and Eve. The effective date of the revaluation is the date on 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.

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 five 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.

<u>Assets Disposal and Non-Current Assets held for Sale</u>

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:

(i) the Authority has a legal or constructive obligation as a result of a past event;

(ii) it is probable that a transfer of economic benefits will be required to settle the obligation; and

(iii) 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:

(i) 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

(ii) 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. 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 (COUNCIL TAX, NON-DOMESTIC RATES)

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 and the Merseyside Fire & Rescue 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 three 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:

(i) 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 Strategic Director of Corporate Services;
(ii) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
(iii) to approve the Statement of Accounts.

RESPONSIBILITIES OF THE STRATEGIC DIRECTOR OF CORPORATE SERVICES

The Strategic 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 Strategic Director of Corporate Services has:

(i) selected suitable accounting policies and then applied them consistently;

(ii) made judgements and estimates that were reasonable and prudent;

(iii) complied with the Code of Practice.

The Strategic Director of Corporate Services has also:

(i) kept proper accounting records which were up-to-date;

(ii) 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 Council at 31 March 2018 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
Strategic Director of Corporate Services Date: 30 July 2018

ANNUAL GOVERNANCE STATEMENT

2017-2018

1.0 Scope of Responsibility

1.1 St. Helens 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, and which includes 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 Council complies with the Code and meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2015.

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 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 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 Council Plan 2017-20. The Plan has three primary aims and these are;

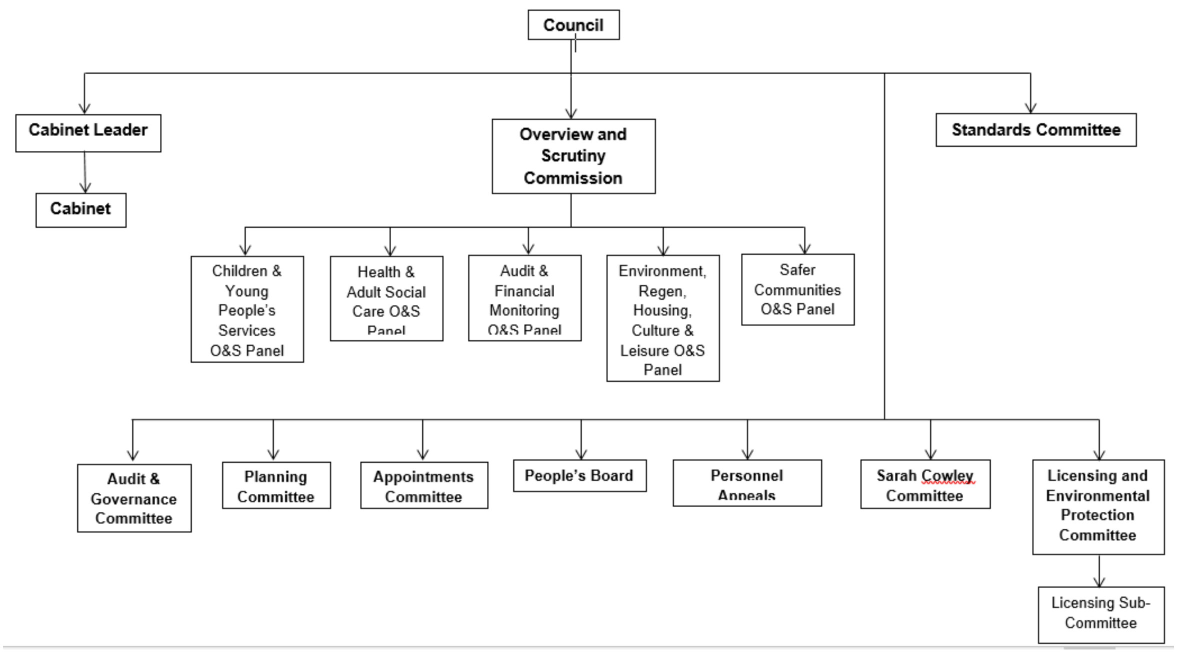
i. Improving People's Lives
ii. Creating a Better Place
iii. Becoming an Adaptive Innovative Council

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. The Plan is supported by a suite of performance indicators and agreed targets against which the Council will measure the progress of its delivery. 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 are being discussed. It comprises the Leader of the Council and Cabinet which consists of 10 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.

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 Deputy Chief Executive/ Strategic 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;
- 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 service planning are integrated and joint financial and performance reporting ensures that resources are concentrated on achieving priority outcomes. Monthly meetings between the Deputy Chief Executive/ Strategic Director of Corporate Services and Strategic Directors of Departments are held to discuss budgets, progress against key performance measures, significant issues of service delivery and action required to address any identified concerns. Monthly Budget and Performance Monitoring Reports are presented to Cabinet and individual monthly performance briefings are provided for Cabinet Portfolio holders.

3.8 Risk Management

3.8.1 The Council has effective risk management arrangements with commitment from Members and Officers supported by staff training. Risk management is embedded in the culture and operation of the Council. 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.

3.8.2 The Safety and Risk Management Forum is a strategic group chaired by the Deputy Chief Executive/ Strategic Director of Corporate Services and attended by the Strategic Directors of Services and Senior Officers together with 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 a corporate 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 recently been reviewed and refreshed in readiness for the changes introduced with the 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 Planning**

3.10.1 The Council recognises the benefits of having a committed, capable, skilled and diverse workforce. There is a requirement for workforce planning and the implications to be considered within departmental service plans.

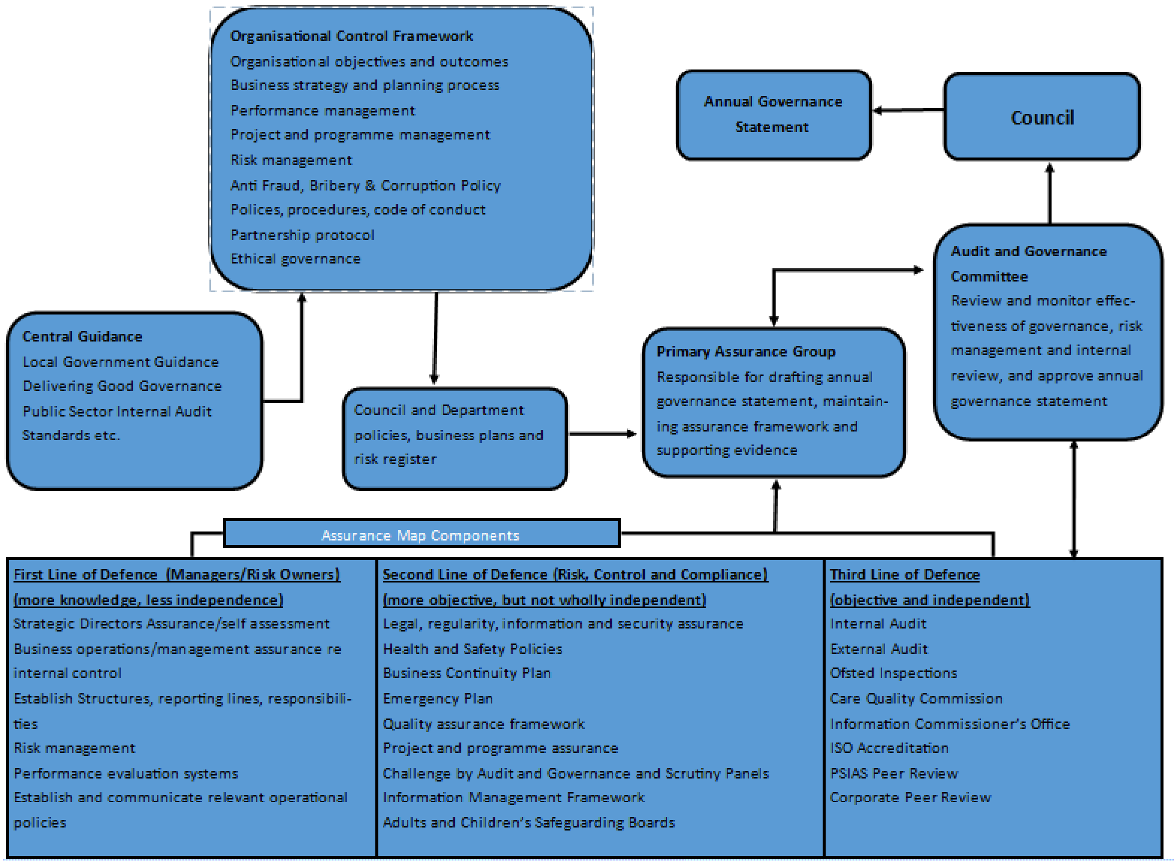
3.10.2 The Council also places importance on the quality of its workforce, and has maintained its investment in the Investors in People (IIP) Gold Award accreditation.

3.10.3 The Council's appraisal system links individual targets and performance to corporate priorities and informs the corporate training programme.

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 Strategic 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 closely 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 Deputy Chief Executive/ Strategic Director of Corporate Services, and 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 Strategic Directors;
- Review 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 2017/18 incorporates all aspects of the CIPFA / SOLACE guidance recognsising Councils' changing delivery mechanisms, and understandably this has resulted in a range of improvement actions to address the arising governance issues.

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 2017/18 the Council has continued with its programme of organisational change and transformation to meet its future needs and aspirations and deliver its 2020 Vision. 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 2017/18 to ensure it is relevant and appropriate, and revisions have been approved by Council.

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.

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 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 Council Plan for 2017-20 has established the organisational priorities and objectives which have been communicated to 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 Council Plan defines its 2020 Vision, objectives and the outcomes it is seeking in relation to economic, social and environmental developments. Four longer term strategic objectives for the Borough have been agreed and are being developed through a St Helens 2030 Vision document. These are:

- Growing the Economy
- Sustainable Health and Social care
- Raising Aspiration and Ambition
- Being better connected

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 Accountable Care Model (St Helens Cares) and the integration work with St Helens Clinical Commissioning Group (CCG) is progressing and lends itself to wider locality governance models which will be developed during 2018/19.

6.5 Core Principle D - Determining the interventions necessary to optimize the achieve of the intended outcomes

6.5.1 The Budget Strategy and approved programme of budget savings have been developed to deliver a forward programme of further savings of £13.1m over the next two years. Increasing financial pressures on the Health and Care system for the Borough affirm that a wider collective response is needed to overcome the challenges and meet community needs.

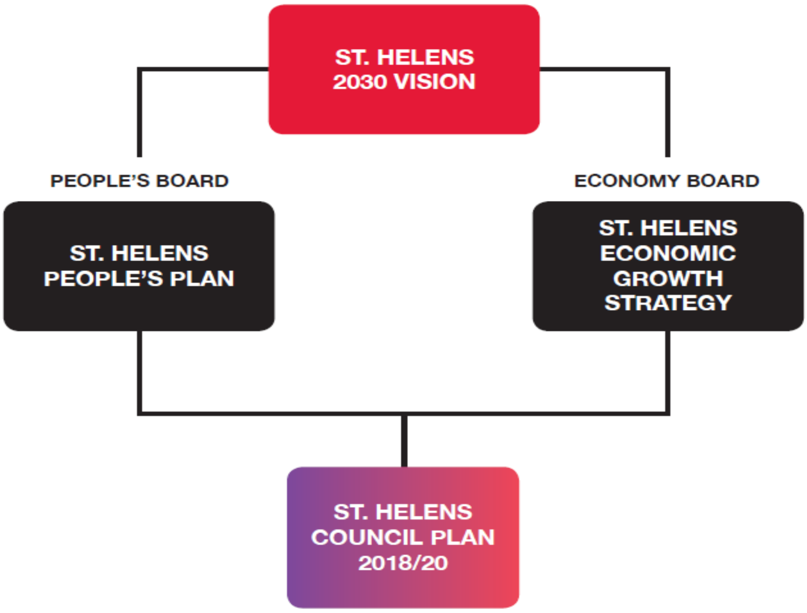
6.5.2 The 3 key elements of the work programmes to deliver this are:

- Delivering a balanced budget whilst maintaining effectiveness
- Development of the local health and care system, St Helens Cares
- Growing the economy

6.5.3 The consultation programme and forward decision-making processes have been further enhanced to develop and monitor proposals for change.

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 new Council structure that was established during 2016/17 is supported by the new People's Board which has taken on the statutory responsibilities of the Health and Wellbeing Board and the Community Safety Partnership, and a new Economy Board has been established which will drive economic growth within St. Helens.



6.6.2 The capacity to deliver this ambitious work programme whilst maintaining existing strengths in governance and financial management has been considered and further revisions to the organisational structure have been implemented to mitigate the risks of failure due to capacity.

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. 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 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), and any improvement actions identified will be addressed during 2018/19.

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 2016/17:

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;
iii. an unqualified opinion on our Whole of Government Accounts submission.

6.8.4 The Council was also subject to an external statutory joint inspection from Ofsted and the Care Quality Commission of Special Educational Needs and Disability Services for children and young people. Although there were several areas for development, the findings of the report were overwhelmingly positive with acknowledgement of the effectiveness of services provided. The Council's Adult and Community Learning Service was also inspected by Ofsted and was rated as 'Good', having previously been graded as 'Requires Improvement'.

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 On this basis we can report that whilst there are no significant governance issues that require addressing by the Council, enhancements to existing arrangements necessary to ensure full compliance and mitigate exposure of the Council have been identified and are documented in the Summary Action Plan appended to this report.

7.3 Actions from the 2016/17 Annual Governance Statement improvement plan in the main have been implemented with a small number of actions carried forward, where further improvement is still needed, and these have been incorporated into the 2017/18 Action plan.

7.4 The Council continues to face extreme financial challenges, risks and pressures from continual grant reductions, and rising cost and demand for services. The latest financial settlement sees a further £13.1m savings requirement over the next two financial years, with the cumulative loss of grant since 2010, over a ten-year period to 2020 exceeding £90m.

7.5 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. This in turn demands that our governance arrangements need to be robust with clear accountabilities to our residents.

7.6 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 with a more commercial approach. 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.

7.7 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.

7.8 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.

Michael M Peel.

Signed: ______________________ **Date: 22 May 2018**
Chief Executive

Derek Long

Signed: ______________________ **Date: 22 May 2018**
Leader of the Council

APPENDIX 1

Self-Assessment Action Plan 2017/18

Assurance Ref.	Assurance	Action	Lead Officer	Target Completion Date
Core Principle - Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of the law				
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	Job Descriptions, Induction Process/Checklist and Code of Conduct Policy to be amended to incorporate personal behaviours and ethical values.	Head of Human Resources	31st March 2019
A1.4	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they operate effectively	To complete the review of the Complaints Policy.	Assistant Treasurer – Service Delivery	31st March 2019
A2.2	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	Review of the online training to enable better monitoring by managers.	Head of Human Resources	31st March 2019
A2.3	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	Review the effectiveness of ethical values, including incorporating an objective concerning this into the appraisal process and the recruitment policy and procedures.	Head of Human Resources/Head of Finance	31st March 2019
A2.4	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	A strategy document for partnership arrangements to be produced.	Head of Governance/Head of Finance	31st March 2019

Assurance Ref.	Assurance	Action	Lead Officer	Target Completion Date
Core Principle - Ensuring openness and comprehensive stakeholder engagement				
B1.4	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/course of action	To implement the Council's Communication Strategy 2017-2020, incorporating a review of consultation & engagement.	Head of Governance/Head of Corporate Communications	31st March 2019
B2.1	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	The review into consultation and engagement activity to include a general stakeholder mapping exercise.	Head of Governance/Head of Corporate Communications	31st March 2019
B2.2	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	A strategy document for partnership arrangements to be produced.	Strategic Director of Corporate Services/Head of Governance	31st March 2019
B3.1	Establishing a clear policy on the type of issues the organisation will meaningfully consult with or involve citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes	The review of consultation and engagement will look at how the Council will communicate with stakeholders.	Head of Governance/Head of Corporate Communications	31st March 2019
B3.2	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	To further develop the Communications Strategy to include digital communications within the Corporate Communications Team.	Head of Governance/Head of Corporate Communications	31st March 2019

Assurance Ref.	Assurance	Action	Lead Officer	Target Completion Date
Core Principle - Determining the interventions necessary to optimise the achievement of the intended outcomes				
D2.2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Feedback from consultation into service delivery to form part of the consultation and engagement review.	Head of Governance/Head of Corporate Communications	31st March 2019
D2.6	Ensuring capacity exists to generate the information required to review service quality regularly	Service Plan System to be reviewed and improved.	Strategic Director of Corporate Services, Performance, Strategy and Information Manager	31st March 2019
Core Principle - Developing the entity's capacity, including the capability of its leadership and the individuals within it				
E2.5	Ensuring there are structures in place to encourage public participation	Suggestions as to the channels and processes for encouraging public participation to be highlighted within the review of consultation and engagement.	Head of Governance/Head of Corporate Communications	31st March 2019
E2.8	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	Corporate workshops on managing stress and mental health issues in the workplace are under development and will be delivered in 18/19.	Head of Human Resources	31st March 2019
Core Principle - Managing risk and performance through robust internal control and strong public financial management				
F4.2	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	Governance for Local Care System proposed data sharing still to be determined.	Head of Finance/LCS staff	31st March 2019
Core Principle - Implementing good practices in transparency, reporting and audit to deliver effective accountability				
G1.2	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	There are issues of non-compliance identified within the independent assessment that need to be resolved by the respective service managers.	Strategic Director of Corporate Services/Assistant Treasurer (Accountancy & Financial Management)	31st March 2019

Assurance Ref.	Assurance	Action	Lead Officer	Target Completion Date
G3.2	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations acted upon	Outcomes from Public Sector Internal Audit Standards External Assessment to be evaluated.	Head of Finance	31st March 2019

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	
	Balance at 31 March 2016	74,094	29,419	9,036	112,549	30,417	142,966
Movement in Reserves during 2016-2017							
CIES	Total Comprehensive Income and Expenditure	(17,277)	-	-	(17,277)	(32,425)	(49,702)
5	Adjustments between accounting basis and funding basis under Regulations	14,118	(443)	(637)	13,038	(13,038)	-
	Net Increase/(Decrease)	(3,159)	(443)	(637)	(4,239)	(45,463)	(49,702)
	Balance at 31 March 2017 carried forward	70,935	28,976	8,399	108,310	(15,046)	93,264
Movement in Reserves during 2017-2018							
CIES	Total Comprehensive Income and Expenditure	(45,471)	-	-	(45,471)	74,744	29,273
5	Adjustments between accounting basis and funding basis under Regulations	37,282	850	785	38,917	(38,917)	-
	Net Increase/(Decrease)	(8,189)	850	785	(6,554)	35,827	29,273
	Balance at 31 March 2018 carried forward	62,746	29,826	9,184	101,756	20,781	122,537

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	2016-2017 Restated *				2017-2018		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
	270,703	(188,946)	81,757	People's Services Directorate	271,432	(188,342)	83,090
	55,997	(17,703)	38,294	Place Services Directorate	67,998	(23,704)	44,294
	84,324	(70,755)	13,569	Corporate Services Directorate	80,004	(66,732)	13,272
3,37	572	-	572	Provision for Equal Pay	(425)	-	(425)
15, 16	411,596	(277,404)	134,192	**COST OF SERVICES**	419,009	(278,778)	140,231
12			20,999	Other Operating Expenditure			48,282
13			11,811	Financing and Investment Income and Expenditure			9,350
14			(149,725)	Taxation and Non-Specific Grant Income			(152,392)
15			17,277	**(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES**			45,471
			(18,610)	(Surplus) or Deficit on Revaluation of Non-current Assets			(35,452)
11			51,035	Remeasurement (Gains)/Losses on Pension Assets/Liabilities			(39,292)
			32,425	**OTHER COMPREHENSIVE INCOME AND EXPENDITURE**			(74,744)
			49,702	**TOTAL COMPREHENSIVE INCOME AND EXPENDITURE**			(29,273)

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 2017/18*.

* For further details of the 2016-2017 Restatement of Service Directorate budgets refer to Note 4b

BALANCE SHEET

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

(i) reserves that hold unrealised gains and losses, particularly in relation to the revaluation of Property, Plant and Equipment;

(ii) adjustment accounts that absorb the difference between proper accounting practices and the requirements of statutory arrangements for funding expenditure.

NOTES	31 March 2017 £000		31 March 2018 £000
25, 26	408,322	Property, Plant and Equipment	440,057
27	3,191	Heritage Assets	3,191
28	19,578	Investment Property	11,403
29	1,043	Intangible Assets	979
30	10,024	Long Term Investments	5,050
31	13,671	Long Term Debtors	13,554
	455,829	**Long Term Assets**	474,234
30	80,501	Short Term Investments	55,279
33	2,389	Assets held for Sale	770
34	20,456	Short Term Debtors	37,132
	563	Inventories	586
39	16,184	Cash and Cash Equivalents	13,181
	120,093	**Current Assets**	106,948
35	(1,106)	Short Term Borrowing	(1,308)
36	(40,247)	Short Term Creditors	(32,191)
16	(1,177)	Capital Grants Receipts in Advance	(868)
16	(3,916)	Revenue Grants Receipts in Advance	(3,365)
37	(15,939)	Provisions	(13,709)
	(62,385)	**Current Liabilities**	(51,441)
11	(309,201)	Pensions Liability	(267,380)
16	-	Capital Grants Receipts in Advance	-
16	(5,283)	Revenue Grants Receipts in Advance	(5,526)
35	(73,344)	Long Term Borrowing	(103,336)
37	(5,756)	Provisions	(4,348)
38	(26,689)	Other Long Term Liabilities	(26,614)
	(420,273)	**Long Term Liabilities**	(407,204)
	93,264	**Net Assets**	122,537
		Financed by:	
MIRS	108,310	Usable Reserves	101,756
6	(15,046)	Unusable Reserves	20,781
	93,264	**Total Reserves**	122,537

In preparing this Statement, events up to 30 July 2018 have been considered. This is the date when the Strategic 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	2016-2017 £000		2017-2018 £000
CIES	(17,277)	Net Surplus or (Deficit) on the Provision of Services	(45,471)
42	15,025	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	20,947
43	1,282	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2,186
44	(970)	Net Cash Flows from Operating Activities	(22,338)
45	(7,715)	Investing Activities	(10,293)
46	471	Financing Activities	29,628
	(8,214)	Net Increase or (Decrease) in Cash and Cash Equivalents	(3,003)
	24,398	Cash and Cash Equivalents at the start of the Reporting Period	16,184
39(d)	16,184	Cash and Cash Equivalents at the end of the Reporting Period	13,181

INDEX OF NOTES TO THE 'CORE' FINANCIAL STATEMENTS 2017-2018

NOTE A

EXPENDITURE AND FUNDING ANALYSIS (EFA)

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.

2016-2017 Restated (**)				2017-2018		
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
74,478	7,279	81,757	People's Services Directorate	68,894	14,196	83,090
27,727	10,567	38,294	Place Services Directorate	22,167	22,127	44,294
12,721	848	13,569	Corporate Services Directorate	11,874	1,398	13,272
572	-	572	Provision for Equal Pay	(425)	-	(425)
115,498	18,694	134,192	Net Cost of Services	102,510	37,721	140,231
(112,339)	(4,576)	(116,915)	Other Income and Expenditure	(94,321)	(439)	(94,760)
3,159	14,118	17,277	(Surplus) or Deficit on Provision of Services	8,189	37,282	45,471
(74,094)	-	-	Opening General Fund Reserves at 1 April	(70,935)	-	-
3,159	-	-	Less / Plus Surplus or (Deficit)on General Fund in Year	8,189	-	-
(70,935)	-	-	Closing General Fund Reserves at 31 March	(62,746)	-	-

* See accompanying note for further detail relating to these adjustments.

** For further details of the 2016-2017 Restatement refer to Note 4 (ii)

Details of the Council's expenditure and income analysed by nature are provided in Note 15.

NOTE B

NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (EFA)

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

2016-2017 Restated *					2017-2018			
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
6,344	1,873	(938)	7,279	People's Services Directorate	8,770	6,297	(871)	14,196
9,045	1,522	-	10,567	Place Services Directorate	18,909	3,218	-	22,127
150	698	-	848	Corporate Services Directorate	297	1,101	-	1,398
15,539	4,093	(938)	18,694	Net Cost of Services	27,976	10,616	(871)	37,721
(14,143)	8,910	657	(4,576)	Other Income and Expenditure	13,899	(13,145)	(1,193)	(439)
1,396	13,003	(281)	14,118	Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	41,875	(2,529)	(2,064)	37,282

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.

* For further details of the 2016-2017 Restatement refer to Note 4 (iii)

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. The 2018/19 Code incorporates several changes to accounting standards which will apply from 1 April 2018. The main changes arising from the adoption of these standards are detailed below. It is considered that if these standards had been adopted for the financial year 2017-2018, they would not have had any significant impact on the Financial Statements as presented.

IFRS 9 Financial Instruments
This accounting standard introduces extensive changes to the classification and measurement of financial assets, and a new "expected credit loss" model for impairing financial assets. Whilst many local authority loans and investments will continue to be held at amortised cost, gains and losses arising from changes in the fair value of some categories of investments will have to be recognised in authorities' revenue accounts. This means that from 2018-2019, changes in the value of certain investments will have a consequent impact on the general fund. Previously, any changes in the fair value of these investments were only recognised in the general fund when the asset was sold.

IFRS 15 Revenue from Contracts with Customers
This accounting standard presents new requirements for the recognition of revenue from contracts with customers.

IAS7 Statement of Cash Flows
This accounting standard will potentially require some additional analysis of Cash Flows from Financing Activities in future years.

It is anticipated that *IFRS 16 Leases* is to be adopted in the 2019-2020 Code and will specify the principles for recognition (including providing a new definition of a lease), measurement, presentation and disclosure of leases both for the lessee and for the lessor. This also is not expected to have had any significant impact on the Financial Statements as presented were it adopted during 2017-2018.

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are detailed below. Critical estimation uncertainties are described in Note 3.

Funding
The Government has taken an unprecedented step of offering a 'guaranteed' minimum four-year financial settlement up to 2019-2020 for any Council that wished to accept. The Government stated intent of the offer includes its assessment 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. Barring exceptional

circumstances and subject to the normal statutory consultation process for the local government finance settlement, the government expects the amounts contained in the offer to be those presented to Parliament each year. In making the offer the government also provided confirmation that the new burdens doctrine operates outside of the settlement process.

The Council resolved to accept the offer on the basis that it would appear to provide some previously absent certainty, in that the funding received would not be less than outlined previously and would not be subject to the yearly process determining the local government finance settlement. The Council submitted an Efficiency Plan to government in support of its acceptance and on 16 November 2016, received confirmation that the Authority is now formally on the multi-year settlement and can expect to receive the allocations published as part of the 2016-2017 local government finance settlement in the financial years through to 2019-2020.

Notwithstanding this, other significant items of funding uncertainty will continue to exist – arising principally from the nationwide increase in Business Rate retention (and how this applies to/impacts on authorities currently piloting 100% Business Rates Retention); the government Fair Funding Review; the impact of future and more frequent Business Rates revaluations; the impact of the exit from the European Union; the future existence and levels of vital grant funding (e.g. improved Better Care Fund allocations have not been provided beyond 2019-2020); and the general policy direction of the government.

However, having regard to all these matters, the Authority has determined that this uncertainty does not present a significant risk to the Council's ability to operate as a going concern.

Leases

The Council has examined its significant leases to determine whether they should be classified as operational or finance leases. In certain instances the application of IAS17 tests for the assessment of lease transactions are not conclusive and the Council has used its judgement in determining whether or not the lease is a finance or operating lease.

As part of the review of leases and arrangements that may be deemed to contain a lease, the Council’s PFI arrangement has been considered and deemed to have an implied finance lease within the agreement. In calculating the finance lease, the Council has estimated the interest rate implicit within the lease to calculate the interest and principal repayment schedule.

Investment Properties

Investment properties have been categorised as such, based on consideration of the criteria for recognition identified in *IAS40 Investment Property*. As a result, the Council has determined that it holds assets with a value of £11.4m that it judges are held for capital appreciation or for the generation of investment income, or both.

The Council’s interest in Church Square Shopping Centre was formerly categorised as an Investment Property.

Following the freehold purchase of the Centre during 2017-2018 for regeneration opportunities, the Council now classifies this asset as Property, Plant and Equipment and valuation has been made in accordance with the policies attributable to that classification of non-current asset.

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. On the basis of 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

During 2013-2014, the Council entered into an arrangement with Langtree Group 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 2017-2018. 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 with the Related Parties (see 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.

3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Balance Sheet, where there is a risk of material adjustment in the forthcoming financial year, are as follows:

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 changes to benefits may result in a deterioration in collection rates. Should that be the case, additional impairment of the doubtful debts may be required.

Pensions 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. 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.

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 business rates income it collects (99% for 2017-2018 and 49% for all previous years). Following the 2010 revaluation of business hereditaments, there were unprecedented levels of appeals – the success of which negatively impact on the business rates yield. Many of the appeal settlements are backdated to 2010. As at the end of March 2018, 257 appeals remained outstanding with the Valuation Office Agency (VOA), with a combined Rateable Value of £34.9m.

Following the 2017 revaluation, a new check, challenge, appeal process has been introduced, the impact of which is highly uncertain with only a small number of challenges lodged to date.

A provision has been made for the estimated success of appeals for losses for the period to the end of March 2018. 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 2005 and 2010 lists. Utilising the data on settled appeals, average success and rateable value reductions have been calculated and applied to the appeals outstanding to arrive at an annual reduction in rateable value, which has been converted into a cash figure for the provision. In regards 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 (4.79%) that was built into the new multiplier.

Fair Value Measurement

Where the fair values of assets and liabilities cannot be measured using Level 1 inputs, fair value must be calculated using valuation techniques. Where possible the inputs to these valuation techniques are 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. Changes in the assumptions used could affect the fair values of the Authority's assets and liabilities. Where Level 1 inputs are not available, the Authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

4. CHANGES IN ACCOUNTING AND OPERATIONAL POLICY AND OTHER SIGNIFICANT MATTERS CONSIDERED IN PRODUCING THE 2017-2018 STATEMENT OF ACCOUNTS

(a) Changes in Accounting Policy

When compared to 2016-2017, there have been no changes in accounting policy applied in the production of these financial statements.

(b) Revision to Directorate Functions

During the course of 2017-2018, the Council reviewed the corporate structure, which resulted in the archiving, libraries and adult and community learning services transferring from People's Services Directorate to Place Services Directorate (previously called Environmental and Trading Services Directorate). Further details are provided in the following tables.

(i) Comprehensive Income and Expenditure Statement

	2016-2017 original			2016-2017 restated		
Service Directorate	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000	£000	£000	£000
People's Services	273,232	(189,507)	83,725	270,703	(188,946)	81,757
Place Services	53,468	(17,142)	36,326	55,997	(17,703)	38,294
Corporate Services	84,324	(70,755)	13,569	84,324	(70,755)	13,569
Equal Pay	572	-	572	572	-	572
COST OF SERVICES	**411,596**	**(277,404)**	**134,192**	**411,596**	**(277,404)**	**134,192**

(ii) Expenditure and Funding Analysis (EFA) Note

	2016-2017 original			2016-2017 restated		
Service Directorate	Net Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
People's Services	76,168	7,557	83,725	74,478	7,279	81,757
Place Services	26,037	10,289	36,326	27,727	10,567	38,294
Corporate Services	12,721	848	13,569	12,721	848	13,569
Equal Pay	572	-	572	572	-	572
Net Cost of Services	115,498	18,694	134,192	115,498	18,694	134,192

(iii) Note to The Expenditure and Funding Analysis (EFA)

	2016-2017 original				2016-2017 restated			
Service Directorate	Adjustment for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments	Adjustment for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000
People's Services	6,498	1,997	(938)	7,557	6,344	1,873	(938)	7,279
Place Services	8,891	1,398	-	10,289	9,045	1,522	-	10,567
Corporate Services	150	698	-	848	150	698	-	848
Net Cost of Services	15,539	4,093	(938)	18,694	15,539	4,093	(938)	18,694

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.

2017-2018	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments involving the Capital Adjustment Account (Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement):				
Charges for Depreciation and Impairment of Non-Current Assets	13,976	-	-	(13,976)
Revaluation losses on Property, Plant and Equipment	13,531	-	-	(13,531)
Movement in the fair value of Assets held for Sale	-	-	-	-
Movements in the fair value of Investment Properties	(850)	-	-	850
Amortisation of Intangible Assets	469	-	-	(469)
Capital Grants and Contributions applied credited to the Comprehensive Income and Expenditure Statement	(9,280)	-	-	9,280
Revenue expenditure funded from capital under Statute	3,980	-	-	(3,980)
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	28,690	-	-	(28,690)
Other items debited or credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustments involving the Capital Adjustment Account (Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement):				
Provision for the repayment of debt	(2,353)	-	-	2,353
Capital expenditure charged against the General Fund balance	(1,292)	-	-	1,292
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital Grants and Contributions unapplied credited/debited to the Comprehensive Income and Expenditure Statement	(4,873)	-	4,873	-
Application of grants to capital financing transferred to the Capital Adjustment Account			(4,088)	4,088
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(972)	826	-	146
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(518)	-	518
Amount of Deferred Capital Receipts and Long Term Debtors received	-	542	-	(542)

2017-2018	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments involving the Financial Instruments Adjustment Account: Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-
Adjustments involving the Pensions Reserve: Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(2,529)	-	-	2,529
Adjustments involving the Collection Fund Adjustment Account: 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	(343)	-	-	343
Adjustment involving the Accumulating Compensated Absence Adjustment Account: Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(872)	-	-	872
Total Adjustments 2017-2018	37,282	850	785	(38,917)

2016-2017	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Adjustment Account (Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement):				
Charges for Depreciation and Impairment of Non-Current Assets	14,201	-	-	(14,201)
Revaluation losses on Property, Plant and Equipment	922	-	-	(922)
Movement in the fair value of Assets held for Sale	-	-	-	-
Movements in the fair value of Investment Properties	973	-	-	(973)
Amortisation of Intangible Assets	405	-	-	(405)
Capital Grants and Contributions applied credited to the Comprehensive Income and Expenditure Statement	(8,249)	-	-	8,249
Revenue expenditure funded from capital under Statute	3,399	-	-	(3,399)
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	186	-	-	(186)
Other items debited or credited to the Comprehensive Income and Expenditure Statement	11	-	-	(11)
Adjustments involving the Capital Adjustment Account (Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement):				
Provision for the repayment of debt	(2,528)	-	-	2,528
Capital expenditure charged against the General Fund balance	(1,138)	-	-	1,138
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital Grants and Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(5,070)	-	5,070	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(5,707)	5,707
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(743)	337	-	406
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(1,218)	-	1,218
Amount of Deferred Capital Receipts and Long Term Debtors received	-	438	-	(438)
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(996)	-	-	996

2016-2017	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments involving the Pensions Reserve: Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	13,004	-	-	(13,004)
Adjustments involving the Collection Fund Adjustment Account: 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	(259)	-	-	259
Total Adjustments 2016-2017	14,118	(443)	(637)	(13,038)

6. UNUSABLE RESERVES

31 March 2017 £000		Movements in year 2017-2018 £000	31 March 2018 £000
85,159	Revaluation Reserve (a)	28,562	113,721
211,700	Capital Adjustment Account (b)	(35,509)	176,191
(839)	Financial Instruments Adjustment Account (c)	-	(839)
(309,200)	Pensions Reserve (d)	41,820	(267,380)
1,437	Collection Fund Adjustment Account (e)	343	1,780
407	Deferred Capital Receipts (f)	(261)	146
(3,710)	Accumulating Compensated Absences Adjustment Account (g)	872	(2,838)
(15,046)	TOTAL	35,827	20,781

(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; or
- 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.

2016-2017			2017-2018	
£000	£000		£000	£000
	67,811	Balance brought forward at 1 April		85,159
19,405		Upward Revaluation of Assets	38,489	
(795)		Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/ Deficit on the Provision of Services	(3,037)	
	18,610	Surplus or Deficit on Revaluation of Non-Current Assets not posted to the Surplus or Deficit on the Provision of Services		35,452
(1,262)		Difference between Fair Value Depreciation and Historical Cost Depreciation	(1,701)	
-		Accumulated Gains on Assets derecognised upon Academisation of Rainford High School (see Note 26)	(4,785)	
-		Accumulated Gains on other Assets Sold, Disposed or Decommissioned	(404)	
	(1,262)	Amount written off to the Capital Adjustment Account		(6,890)
	85,159	Balance carried forward at 31 March		113,721

(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.

2016-2017 £000		2017-2018 £000
211,797	Balance brought forward at 1 April	211,700
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
(14,201)	- Charges for Depreciation and Impairment of Non-Current Assets	(13,976)
(922)	- Revaluation losses on Property, Plant and Equipment	(13,531)
(405)	- Amortisation of Intangible Assets	(469)
(3,399)	- Revenue expenditure funded from capital under Statute	(3,980)
(186)	- 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	(28,690)
(11)	- Other Items	1
	Adjusting amounts written out of the Revaluation Reserve	
-	- Rainford High School Academisation (see Note 26)	4,785
-	- Other Disposals and Derecognitions	404
1,262	- Difference between Fair Value Depreciation and Historical Cost Depreciation	1,701
	Capital financing applied in the Year	
1,218	- Use of the Capital Receipts Reserve to finance new capital expenditure	518
5,822	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	6,347
2,427	- 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	2,933
5,707	- Application of grants to capital financing from the Capital Grants Unapplied Account	4,088
2,528	- Provision for the financing of capital investment charged against General Fund balances	2,353
1,138	- Capital expenditure charged against General Fund balances	1,292
(973)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	850
(102)	Long Term Debtors and Loan Repayments	(135)
211,700	Balance carried forward at 31 March	176,191

(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.

2016-2017			2017-2018	
£000	£000		£000	£000
		Premiums on Early Debt Redemption		
(1,121)		Balance brought forward at 1 April	(909)	
212		Proportion of premiums incurred in previous years charged against the General Fund balance in accordance with statutory requirements	61	
	(909)			(848)
		Discounts on Early Debt Redemption		
224		Balance brought forward at 1 April	70	
(154)		Proportion of discounts incurred in previous years credited against the General Fund balance in accordance with statutory requirements	(61)	
	70			9
		Soft Loans		
(938)		Balance brought forward at 1 April	-	
938		Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from finance costs chargeable in accordance with Regulations	-	
	-			-
	(839)	Balance carried forward at 31 March		(839)

(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.

2016-2017 £000		2017-2018 £000
(245,161)	Balance brought forward at 1 April	(309,200)
(51,035)	Re-measurement Gains/(Losses) on Pension Assets/Liabilities	39,292
(26,768)	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	(31,909)
13,764	Employer's pensions contributions and direct payments to pensioners payable in year	34,437
(309,200)	Balance carried forward at 31 March	(267,380)

(e) Collection Fund Adjustment Account

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

2016-2017 £000		2017-2018 £000
1,178	Balance brought forward at 1 April	1,437
(20)	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	(284)
279	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	627
1,437	Balance carried forward at 31 March	1,780

(f) Deferred Capital Receipts

These represent capital income to be received in the future, when disposals have taken place, and deferred payments have been agreed. They relate exclusively to receipts due under the Preserved Right to Buy agreement.

(g) 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.

2016-2017 £000		2017-2018 £000
(3,710)	Balance brought forward at 1 April	(3,710)
-	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	872
(3,710)	Balance carried forward at 31 March	(2,838)

7. GENERAL FUND RESERVES

31 March 2017 £000		Movements in Year 2017-2018 £000	31 March 2018 £000
4,993	Insurance & Contingent Liability Reserve (a)	1,939	6,932
21,954	Transformation Reserve (b)	(15,040)	6,914
8,689	Children's Service Reserve (c)	(2,322)	6,367
3,619	Growth Reserve (d)	(1,534)	2,085
2,573	Essential Equipment Fund (e)	(84)	2,489
439	Councillor Improvement Fund (f)	198	637
3,697	Waste Management Development Fund (g)	(153)	3,544
-	Inflationary Reserve (h)	1,000	1,000
-	Equal Pay Reserve (i)	425	425
-	Town Centre Development Reserve (j)	1,349	1,349
45,964	Sub-Total	(14,222)	31,742
938	NW Regional Leaders Board (k)	(29)	909
9,148	Schools Balances (l)	(361)	8,787
14,885	Unallocated General Fund Balances (m)	6,423	21,308
70,935	TOTAL	(8,189)	62,746

(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 has been extended to provide some resource cover for additional financial risks that the Council may face in the form of current contingent liabilities (see Note 41).

(b) The Transformation Reserve is primarily to support the integration of Primary Health and Social Care. In addition, the reserve can also be accessed by other services undergoing fundamental change in service delivery and requiring project management and/or specialist activities to achieve new operating models, improved performance and enhanced outcomes.

The reserve has also been utilised to enable a distribution of the £20.540m lump sum payable to Merseyside Pension Fund in 2017-2018 over the three-year period to 2019-2020. Contributions will be made back to the reserve during 2018-2019 and 2019-2020.

(c) The Children's Service 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 both help to ensure the sustainability of Children's Services and the safety of children, whilst ensuring the best possible 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.

(e) The Essential Equipment Replacement Fund is to provide for the replacement of equipment where the cost of replacement or the failure to replace would have a direct impact of the delivery of essential services. In addition, the fund can be utilised to ensure Council IT is refreshed with the latest advancements in technology to support 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.

(g) The Waste Management Development Fund has been established subsequent to the receipt of monies from Merseyside Recycling and Waste Authority and will be used to deliver actions in support of the Joint Recycling and Waste Management Strategy (JRWMS).

(h) The Inflationary Reserve has been established to be used to offset short-term rises in 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.

(j) The Town Centre Development Reserve is to be used to support the medium-term income position following purchase of Church Square Shopping Centre.

(k) Balances held as Accountable Body to the North West Regional Leaders Board.

(l) Balances held by Governors under delegated scheme arrangements, whereby such balances are committed to be spent on the Education service.

(m) 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. The Reserve may be analysed as follows:-

2016-2017 £000		2017-2018 £000
29,419	Balance brought forward at 1 April	28,976
	Amounts received in Year	
337	- Asset Sales and Grant Repayment	827
336	- Preserved Right to Buy Receipts	406
102	- Repaid loans and advances	135
(1,218)	Amounts applied to finance new capital investment in year	(518)
28,976	Balance carried forward at 31 March	29,826

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 2017 £000		31 March 2018 £000
6,427	Department for Education Grants	7,520
238	Department of Health Grants	232
316	Merseytravel	1,043
1,418	Other Grants and Contributions	389
8,399	TOTAL	9,184

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 2017*. 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.

2016-2017				2017-2018		
Central Expenditure £000	Individual Schools Budget £000	Total £000		Central Expenditure £000	Individual Schools Budget £000	Total £000
17,604	111,625	129,229	Final DSG before Academy recoupment	20,317	113,604	133,921
-	(13,672)	(13,672)	Academy figure recouped	(24)	(22,188)	(22,212)
17,604	97,953	115,557	Total DSG after Academy recoupment	20,293	91,416	111,709
3,475	144	3,619	Brought forward at 1 April	2,489	53	2,542
21,079	98,097	119,176	Agreed budgeted distribution	22,782	91,469	114,251
-	(480)	(480)	In-year adjustments	(1,184)	-	(1,184)
21,079	97,617	118,696	Final budgeted distribution	21,598	91,469	113,067
18,590	97,564	116,154	Actual expenditure	20,167	91,368	111,535
2,489	53	2,542	Carry forward at 31 March	1,431	101	1,532

11. PENSIONS

(a) Transactions Accounted for Under Defined Contribution Plan Arrangements

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

(i) the Teachers Pension Scheme (TPS); and

(ii) those Council staff who were compulsorily transferred from Primary Care Trusts and other NHS bodies and retained access to the NHS Pension Scheme (NHSPS)

are equal to the employer's contribution payable to the Scheme in the accounting period as summarised below:

2016-2017			2017-2018	
TPS	NHSPS		TPS	NHSPS
7.90 16.48%	0.09 14.3%	Employer Contribution (£m) Employer Contribution Rate	7.05 16.48%	0.07 14.3%

Any surplus or deficit in these Plans may affect the amount of future contributions payable. Sums payable in 2018-2019 are expected to be similar to those of 2017-2018.

(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:-

2016-2017			2017-2018	
TPS £000	LGPS £000		TPS £000	LGPS £000
		Cost of Services		
-	17,015	Current service cost	-	25,829
-	843	(Gains)/losses on settlements & curtailments	-	(1,315)
		Other Operating Expenditure		
-	380	Pension Administration Expenses	-	380
		Financing and Investment Income and Expenditure		
843	7,687	Net interest expense	586	6,429
843	25,925	Total Post-Employment Benefits charged to Surplus or Deficit on Provision of Services	586	31,323

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

TPS £000	LGPS £000		TPS £000	LGPS £000
(843)	(25,925)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(586)	(31,323)
-	11,758	Employers contributions payable to scheme	-	32,462
2,006	-	Retirement benefits payable to pensioners	1,976	-
2,006	11,758	Total Charged to the General Fund Balance	1,976	32,462

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

2016-2017			2017-2018	
TPS £000	LGPS £000		TPS £000	LGPS £000
24,411	957,361	Benefit obligation at end of the period	22,621	945,554
-	(672,571)	Fair Value of plan assets at end of the period	-	(700,795)
24,411	284,790	Deficit as at 31 March	22,621	244,759

The overall net liability for retirement benefits has reduced significantly during the 12-month period to 31 March 2018. The principal factors contributing to this movement are:

(i) the favourable movement in discount rates and reduction in inflation assumptions (which are a key component of the measurement of future scheme liabilities) during the 12-month period; and

(ii) the significant increase in contribution paid to the Pension Fund as a result of the Lump Sum payment of £20.540m.

(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:

2016-2017 £000		2017-2018 £000
561,180	Balance brought forward at 1 April	672,571
20,072	Interest on plan assets	17,211
(380)	Pension administration expenses	(380)
98,941	Remeasurement gains and (losses)	55
-	Settlements	(858)
11,758	Employer contributions	32,462
4,770	Member contributions	4,781
(23,770)	Benefits paid	(25,047)
672,571	Balance carried forward at 31 March	700,795

The assets as at 31 March comprised:

2016-2017					2017-2018			
Quoted £000	Unquoted £000	Total £000	% of Total		Quoted £000	Unquoted £000	Total £000	% of Total
				Equities				
139,994	-	139,994	21%	UK	147,656	-	147,656	21%
220,704	-	220,704	33%	Global	221,802	-	221,802	32%
				Bonds				
26,903	-	26,903	4%	UK Government	25,159	-	25,159	3%
16,814	-	16,814	2%	UK Corporate	30,344	-	30,344	4%
59,859	-	59,859	9%	UK Index Linked	56,834	-	56,834	8%
				Property				
-	31,611	31,611	5%	UK Direct Property	-	40,716	40,716	6%
2,018	8,071	10,089	1%	UK Managed Property	1,332	10,582	11,914	2%
-	10,761	10,761	2%	Global Managed Property	-	9,811	9,811	1%
				Private Equity				
67	22,867	22,934	3%	UK	70	23,056	23,126	3%
-	23,540	23,540	4%	Global	-	21,935	21,935	3%
				Cash				
22,867	-	22,867	3%	All	18,711	-	18,711	3%
				Other				
-	4,910	4,910	1%	Hedge Funds UK	-	3,574	3,574	1%
-	16,411	16,411	2%	Hedge Funds Global	-	18,361	18,361	3%
673	13,384	14,057	2%	Infrastructure UK	771	16,539	17,310	2%
202	13,250	13,452	2%	Infrastructure	-	13,806	13,806	2%

2016-2017					2017-2018			
Quoted £000	Unquoted £000	Total £000	% of Total		Quoted £000	Unquoted £000	Total £000	% of Total
10,694	16,613	27,307	4%	Global Opportunities	9,391	17,800	27,191	4%
2,354	8,004	10,358	2%	UK Opportunities Global	3,995	8,550	12,545	2%
503,149	169,422	672,571	100%	TOTAL	516,065	184,730	700,795	100%

(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:

2016-2017				2017-2018		
TPS £000	LGPS Funded £000	LGPS Unfunded £000		TPS £000	LGPS Funded £000	LGPS Unfunded £000
25,794	769,649	10,899	Balance brought forward at 1 April	24,411	946,158	11,203
-	17,015	-	Current service cost	-	25,829	-
843	27,382	377	Interest on pension liabilities	586	23,370	270
-	843	-	Curtailments	-	582	-
-	-	-	Settlements	-	(2,755)	-
-	4,770	-	Member contributions	-	4,781	-
			Re-measurement (gains) and losses:			
(1,540)	(32,644)	(743)	(i) Experience (gains) and losses	-	-	-
(1,253)	(11,154)	(203)	(ii) (Gains) and losses arising from changes in demographic assumptions	-	-	-
2,572	193,187	1,753	(iii) (Gains) and losses arising from changes in financial assumptions	(400)	(38,599)	(238)
(2,006)	(22,890)	(880)	Benefits paid	(1,976)	(24,182)	(865)
24,411	946,158	11,203	Balance carried forward at 31 March	22,621	935,184	10,370

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 2017		31 March 2018
	Base Assumptions:	
2.3%	Rate of CPI inflation	2.1%
3.8%	Rate of increase in salaries	3.6%
2.3%	Rate of increase in pensions	2.2%
2.5%	Rate of discounting plan liabilities	2.6%
50%	Proportion of employees opting to take a commuted lump sum	50%
	Mortality Assumptions:	
24.9 years	Life expectancy of male future pensioner aged 65 in 20 years time	25.0 years
27.7 years	Life expectancy of female future pensioner aged 65 in 20 years time	27.8 years
21.9 years	Life expectancy of male current pensioner aged 65	22.0 years
24.7 years	Life expectancy of female current pensioner aged 65	24.8 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	Illustrative +0.1% p.a. pay growth £000
Liabilities – TPS	22,621	22,424	22,820	23,486	22,621
Liabilities – LGPS	945,554	928,941	962,464	964,319	948,406
Assets – LGPS	(700,795)	(700,795)	(700,795)	(700,795)	(700,795)
Deficit/(Surplus)	267,380	250,570	284,489	287,010	270,232

(g) Additional Pensions Information

The net liability of £267.380m has a significant impact on the net worth of the Authority as recorded in the Balance Sheet.

In the June 2010 Budget, the Government announced that it had created a Public Services Pension Commission to undertake a “fundamental structural review of public service pensions”, including the LGPS. The Commission, headed by Lord Hutton, issued a report which included recommendations to the Government for the future design of public service pension schemes.

Legislation introduced in the form of the *Public Service Pensions Act 2013* provided the framework for redesign/reform. Revisions to schemes included the introduction of tiered member contributions; pension benefits linked to scheme participants’ career average earnings rather than to final salary; linkage of the retirement age to the State Pension Age; and increasing the average contributions to be made by scheme members.

LGPS2014 was launched on 1 April 2014, whilst changes to the Teachers’ and NHS Pension Schemes came into effect in April 2015.

During 2015, the Government invited LGPS administering authorities to come forward with proposals to invest their assets through pools of at least £25bn to achieve cost savings and benefits of scale. On 15 July 2016, the Greater Manchester Pension Fund, West Yorkshire Pension Fund and Merseyside Pension Fund submitted to Government the progress they had made in forming a Collective Asset Pool, known as the Northern Pool. Negotiations were subsequently had with the Government and implementation followed.

During 2017, the Merseyside Pension Fund provided details of the outcome of the Triennial Valuation 2016, including those employer contribution rates and lump sum payments required for the three years commencing 1 April 2017. These rates were calculated having regard to the revised Funding Strategy Statement, as agreed by the Pensions Committee at its meeting held in March 2017.

These rates support 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 "funding target"), with a maximum deficit recovery period of 19 years for scheme employers.

Arising from the Merseyside Pension Fund 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. Under this arrangement, no deficit contributions are required in 2018-2019 or 2019-2020.

The Fund did provide the Council with an alternative option of continuing to pay deficit contributions on an annual basis. However, the Council opted to make a single payment on the basis that it would offer the Council better value for money and reduce its exposure to credit risk. The indicative sum that would have been payable over three years was £21.8m, £1.26m higher than the cost of the single payment.

The Capital Accounting and Financing Regulations state that charges to the revenue account must be equal to the contributions payable for that financial year. As a consequence, the whole of the £20.540m is included as a cost in the Movement in Reserves Statement.

The Funding Strategy applies to the whole of the fund, with the stated objective of achieving investment returns of 2.0% in excess of its liabilities being achieved by:-

(i) strategic asset allocation;
(ii) medium term allocation; and
(iii) 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 is scheduled for 2019.

Employer pension contributions forecast for 2018-2019 are:

(i) LGPS funded – £10.931m in relation to the future service funding rate – a contribution rate applied to future pensionable pay and which has been set at 14.4% for 2018-2019;

(ii) LGPS unfunded – similar sums to those incurred in 2017-2018;

(iii) TPS unfunded – similar sums to those incurred in 2017-2018.

The weighted average duration of the defined benefit obligation for scheme members is 18 years.

12. OTHER OPERATING EXPENDITURE

2016-2017 £000		2017-2018 £000
300	Parish Council Precepts	311
13,425	Liverpool City Region Combined Authority Levy	12,120
91	Environment Agency Levy	93
7,359	Merseyside Recycling and Waste Authority Levy	7,661
-	Loss on Academisation of Rainford High School (see Note 26)	27,936
(556)	(Gains)/Losses on the Disposal of Other Non-Current Assets	(219)
380	Pension Administration Expenses	380
20,999	TOTAL	48,282

13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2016-2017 £000		2017-2018 £000
4,899	Interest Payable and Similar Charges	5,099
2,473	PFI Interest Payable	2,417
(2,473)	PFI Grant Applied	(2,417)
(20,072)	Pensions Interest on plan assets (see Note 11d)	24,226
28,602	Interest on pensions liabilities (see Note 11e)	(17,211)
(1,217)	Interest Receivable and Similar Income	(1,092)
(401)	Income and Expenditure in relation to Investment Properties and changes in their fair value (see Note 28)	(1,672)
11,811	TOTAL	9,350

14. TAXATION AND NON-SPECIFIC GRANT INCOME

2016-2017 £000		2017-2018 £000
(62,742)	Council Tax Income	(66,834)
(24,669)	Retained Non-Domestic Rates	(45,349)
(62,314)	Grants and Contributions (see Note 16)	(40,209)
(149,725)	TOTAL	(152,392)

15. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's Income and Expenditure is analysed as follows:

	2016-2017 £000	2017-2018 £000
Expenditure		
Employee Expenses	177,229	175,812
Other Service Expenses	216,185	215,641
Support Service Recharges	64,553	68,025
Depreciation, Amortisation, Impairment & Revaluation (i) & (ii)	16,512	27,127
Interest Payments	35,974	31,742
Precepts and Levies	21,175	20,185
(Gain)/Loss on Disposals of Non-Current Assets	(557)	27,717
Total Expenditure	531,071	566,249
Income		
Fees, Charges and Other Service Income (iii)	(52,864)	(62,478)
Support Service Recharge Income	(64,553)	(68,025)
Interest and Investment Income	(23,762)	(20,720)
Income from Council Tax and Retained Non-Domestic Rates	(87,410)	(112,183)
Government Grants	(285,205)	(257,372)
Total Income	(513,794)	(520,778)
(Surplus) or Deficit on the Provision of Services	17,277	45,471

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

	2016-2017 £000	2017-2018 £000
Corporate Services Directorate	150	297
People's Services Directorate	6,476	5,998
Place Services Directorate	7,980	8,151
Total	14,606	14,446

(ii) Segmental Split of Impairment and Revaluation

	2016-2017 £000	2017-2018 £000
Corporate Services Directorate	-	-
People's Services Directorate	22	2,773
Place Services Directorate	911	10,758
Other Non-Service	973	(850)
Total	1,906	12,681

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

	2016-2017 £000	2017-2018 £000
Corporate Services Directorate	(2,055)	(2,245)
People's Services Directorate	(32,912)	(38,065)
Place Services Directorate	(17,897)	(22,168)
Total	(52,864)	(62,478)

16. GRANT INCOME

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

2016-2017 £000	Credited to Taxation and Non-Specific Grant Income	2017-2018 £000
	Total Formula Grant	
28,057	Revenue Support Grant*	-
18,147	Non-Domestic Rates Top Up Grant*	20,888
	General Government Grants	
3,526	New Homes Bonus (including returned funding)	3,307
1,526	Section 31 Grant*	4,586
	Capital Grants and Contributions	
4,598	Department for Education	4,810
143	Department for Transport	170
4,066	Liverpool City Region Combined Authority	6,051
2,085	Other Grants and Contributions	191
	Other Contributions	
166	Business Rates Mid-Mersey Pool	206
62,314	TOTAL	40,209

* See Collection Fund Statement

2016-2017 £000	Credited to Services	2017-2018 £000
116,193	Dedicated Schools Grant	111,234
66,361	Housing Benefit Subsidy Grant	62,273
1,157	Housing Benefit/Localised Council Tax Support Admin Subsidy	1,069
1,786	Universal Free School Meals for Infants Grant	1,863
3,994	School Sixth Form Funding	2,277
8,811	Pupil Premium Grant	8,477
2,210	Education Services Grant	636
14,953	Public Health Grant	14,683
-	Adult Social Care Support Grant	967
11,564	Better Care Fund	11,414
-	Improved Better Care Fund	4,480
4,048	Health Authority Contributions	4,068
1,323	Merseyside Recycling & Waste Authority – Recycling Credits	1,094
797	PFI Credits	863
1,995	Disabled Facilities Grant	2,286
530	Discretionary Housing Payments Contribution	587
835	Troubled Families Grant	617
1,191	Independent Living Fund Grant	1,152
293	European Structural Fund	1,485
490	PE and Sports Grant	778
5,417	Other Grants and Contributions	6,716
243,948	TOTAL	239,019

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:

31 March 2017 £000	Capital Grants Receipts in Advance	31 March 2018 £000
349	Schools Capital Grants	335
600	Better Bus Fund	290
228	Other Grants and Contributions	243
1,177	TOTAL	868

31 March 2017			31 March 2018	
Short Term £000	Long Term £000	**Revenue Grants Receipts in Advance**	Short Term £000	Long Term £000
984	1,558	Dedicated Schools Grant	734	798
751	-	Public Health Grant	200	505
555	386	Troubled Families Grant	1,004	-
199	-	Pupil Premium Grant	263	-
641	-	Housing Benefit Subsidy Grant	-	-
16	317	Health Authority Contributions	-	-
-	2,922	Section 38/106 Contributions	266	3,217
246	100	Youth Employment Gateway Grant	100	147
-	-	Registered Providers	150	859
524	-	Other Grants and Contributions	648	-
3,916	5,283	TOTAL	3,365	5,526

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'. For the purposes of this note, activity undertaken on behalf of schools (who have a choice as to which service provider they will use) is included. The most significant of these being:-

2016-2017 Internal Turnover £000	2016-2017 School Turnover £000	2016-2017 Other 'External Parties' Turnover £000	2016-2017 Surplus/ (Deficit) £000		2017-2018 Internal Turnover £000	2017-2018 School Turnover £000	2017-2018 Other 'External Parties' Turnover £000	2017-2018 Surplus/ (Deficit) £000
-	5,607	-	-	Catering	-	5,786	107	-
305	1,290	241	-	Cleaning	316	1,390	264	-
302	1,190	1	-	Caretaking	191	1,249	3	-
2,264	294	108	-	Grounds Maintenance	2,375	285	105	-
588	205	24	-	Security Services	620	195	29	-
-	-	640	(97)	Markets	-	-	634	(67)

18. NATIONAL HEALTH SERVICE ACT 2006 POOLED FUNDS

The Council has entered into a pooled budget arrangement with St. Helens Clinical Commissioning Group (CCG). The pooled budget was established to make 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, and through utilising the Adult Social Care and Health Contracts Team 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 which was approved by the People's Board. The pool was introduced on 1 July 2014 with the partners' current contributions being split 28% from the Council and 72% from the CCG.

With effect from 2015-2016, the arrangement became a true pool arrangement with the year-end being split in line with the partners' contributions.

The table summarises the income and expenditure of the pooled budget.

2016-2017				2017-2018		
St. Helens Council £000	St. Helens CCG £000	Total Pool £000		St. Helens Council £000	St. Helens CCG £000	Total Pool £000
(11,226)	(14,364)	(25,590)	Funding Provided	(8,272)	(20,870)	(29,142)
12,571	16,454	29,025	Expenditure	8,623	21,439	30,062
1,345	2,090	3,435	Net (surplus)/deficit arising	351	569	920

In addition, 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. Locally, 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; and
- Facilitating earlier hospital discharge.

Joint arrangements of this type are permitted under Section 75 of the National Health Service Act 2006.

BCF expenditure for 2017-2018 is detailed below:

2016-2017 Restated *				2017-2018		
Local Authority £000	CCG £000	Total £000	Source of Funding	Local Authority £000	CCG £000	Total £000
-	-	-	Local Authority	5,305	-	5,305
-	14,378	14,378	CCG	-	14,566	14,566
-	14,378	14,378	Total Fund	5,305	14,566	19,871
			Expenditure by Scheme			
949	-	949	Personalised Health Care at Home	949	-	949
1,613	-	1,613	Carers Services	1,736	-	1,736
389	22	411	Assistive Technologies	391	22	413
609	-	609	Care Navigation and Co-ordination	609	127	736
410	985	1,395	Intermediate Care Services	410	1,194	1,604
545	76	621	Integrated Care Teams/Plans	588	111	699
2,853	-	2,853	Residential Placements	4,890	-	4,890
549	-	549	Well-being Centres	1,067	-	1,067
2,571	-	2,571	Domiciliary Care at Home	4,696	-	4,696
530	-	530	High Impact Change Model	1,286	270	1,556
485	396	881	Other	-	1,525	1,525
11,503	1,479	12,982	Total Spend	16,622	3,249	19,871

* The categories of expenditure are prescribed by NHS England, and these categories were revised from April 2017. The 2016-2017 figures have been reclassified in line with the new categories.

In addition to the revenue funding, capital funding of £2.376m was contributed by the Council through the Disabled Facilities Grant.

In addition to the formal pooled budget arrangement, the Council has two separate integrated provision arrangements with St Helens CCG that are registered with the Department of Health:

(i) Integrated Adults Services Commissioning
(ii) Intermediate Care – Reablement 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 £0.838m. .

The Authority had no expenditure on contingent rents or sub-leases in 2017-2018, 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:

31 March 2017 £000		31 March 2018 £000
801	Not later than one year	813
1,817	Later than one year and not later than five years	2,233
3,110	Later than five years	2,084
5,728	TOTAL	5,130

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:

Original 31 March 2017 £000	Restated 31 March 2017 £000		31 March 2018 £000
893	893	Not later than one year	3,779
1,789	2,297	Later than one year and not later than five years	8,398
42,382	41,874	Later than five years	45,221
45,064	45,064	TOTAL	57,398

A restatement of operating leases at 31 March 2017 has been identified due to a misclassification of the profile of lease payments in the 2016-17 statement.

The minimum lease payments receivable, shown in the table, do not include potential future income from The Hardshaw Centre commercial property, as payments are made to the Authority as a percentage of profit rather than a fixed annual lease payment. The Authority received £0.199m rental income in 2017-2018 on this property (£0.299m in 2016-2017).

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 2016-2017	No. of which are Employees employed by School Governing Bodies 2016-2017	Remuneration	No. of Employees employed by the Council 2017-2018	No. of which are Employees employed by School Governing Bodies 2017-2018
66	14	£50,000-£54,999	57	17
35	14	£55,000-£59,999	31	12
29	14	£60,000-£64,999	18	8
16	5	£65,000-£69,999	24	6
18	1	£70,000-£74,999	11	2
3	1	£75,000 - £79,999	11	1
4	-	£80,000 - £84,999	4	1
-	-	£85,000 - £89,999	1	-
3	1	£90,000 - £94,999	-	-
2	1	£95,000-£99,999	-	-
-	-	£100,000-£104,999	-	-
-	-	£105,000-£109,999	-	-
2	-	£110,000-£114,999	-	-
-	-	£115,000-£119,999	1	-
-	-	£120,000-£124,999	-	-
-	-	£125,000-£129,999	1	-

The table includes employees whose basic remuneration for 2017-2018 was below £50,000, but whose total remuneration for the year exceeds £50,000 as a result of redundancy payments made. The table excludes those Senior Employees for whom further detail is provided at (ii).

(ii) The remuneration of senior employees, defined as those members of the Strategic Directors' Group and those individuals holding statutory posts, is detailed below.

2016-2017			2017-2018	
Salary £000	Employer's Pension Contribution £000	Senior Employee	Salary £000	Employer's Pension Contribution £000
141	19	Chief Executive – Mike Palin	143	20
116	15	Deputy Chief Executive & Strategic Director of Corporate Services*	117	16
120	16	Strategic Director of People's Services* #	132	18
113	15	Strategic Director of Place Services	115	16
84	11	Head of Governance and City Region Liaison	84	12

The Officers in table (ii) received no payments of bonuses, expenses allowance that are chargeable to United Kingdom income tax or benefits in kind during 2017-2018.

* Following a review of the Council's Corporate Management structure, the Deputy Chief Executive & Strategic Director of Corporate Services and the Strategic Director of People's Services will leave the employment of the Council on 1 June 2018. In accordance with the Code of Practice, the redundancy (£66k and £73k respectively) and employer's pension contributions (£42k and £270k respectively) resulting from this decision have been accounted for in 2017-2018, the year the decision was made to terminate their employment.

During 2016-2017, the Strategic Director of People's Services undertook the role of Recovery Director for St. Helens Clinical Commissioning Group (CCG); 2017-2018 was the first full year in this role and the additional responsibilities carried an honorarium of £20k for the year (2016-2017 - £8k).

21. MEMBERS' ALLOWANCES & EXPENSES

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

Period	Allowances due to Members £000
2016-2017	604
2017-2018	632

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 Strategic Directors and Members serve as Council representatives on bodies that are in receipt of Council funding, such as Citizens Advice Bureau and World of Glass. Contributions totalling £0.225m were made to the World of Glass in 2017-2018 (£0.300m 2016-2017). The Council has Member representation on the Board. 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:

(i) Police and Crime Commissioner for Merseyside (see Collection Fund)
(ii) Merseyside Fire and Rescue Authority (see Collection Fund)
(iii) Merseyside Pension Fund (see Note 11)
(iv) Merseyside Recycling and Waste Authority (see Notes 12 and 16)
(v) Liverpool City Region Combined Authority (see Notes 12 and 16)

(d) The Council has a Joint Venture with Langtree Property Partners (Langtree Newton 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 has made a £4.5m interest-bearing loan to the company to fund the acquisition of the site. The Council holds 3 of the 6 positions on the Joint Venture Board.

23. AUDIT FEES

The Council incurred the following fees relating to external audit and inspection for 2017-2018, in accordance with the charges notified on the Public Sector Audit Appointments website and the fee agreed for the Annual Teachers' Pension return:-

2016-2017 £000		2017-2018 £000
105	Fees payable to the appointed auditors with regard to external audit services carried out by the appointed auditor	105
18	Fees payable to the appointed auditors for the certification of grant claims and returns	18

No other fees were payable in respect of statutory inspection or for the provision of other 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	
	16-17	17-18	16-17	17-18	16-17	17-18	16-17 £000	17-18 £000
£0-£20,000	11	29	17	32	28	61	195	469
£20,001-£40,000	1	2	9	9	10	11	277	299
£40,001-£60,000	-	-	6	1	6	1	305	42
£60,001-£80,000	-	-	3	2	3	2	193	144
£80,001-£100,000	-	-	1	-	1	-	96	-
£100,001-£150,000	-	-	1	2	1	2	123	238
£200,001-£250,000	-	-	1	-	1	-	248	-
£300,001-£350,000	-	-	-	1	-	1	-	343
TOTAL	12	31	38	47	50	78	1,437	1,535

25. PROPERTY, PLANT AND EQUIPMENT

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

(a) Movements in 2017-2018

	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
Valuation - Balance b/fwd at 1 April 2017	222,148	23,127	213,677	13,114	8,126	5,448	485,640
Additions	31,967	1,440	7,974	48	576	73	42,078
Revaluations recognised in the Revaluation Reserve	28,015	-	-	-	951	-	28,966
Revaluations recognised in the Surplus/Deficit on the Provision of Services	(13,713)	-	(100)	-	(371)	-	(14,184)
De-recognition – Academisation of Rainford High School (see Note 26)	(28,966)	-	-	-	-	-	(28,966)
De-recognition – Other Sales and Disposals	(59)	-	-	-	-	-	(59)
De-recognition – Assets with Nil Net Book Value	-	(5,501)	-	-	-	-	(5,501)
Assets re-classified (to)/from Assets Held for Sale/ Investment Properties/Intangible Assets	8,888	(242)	-	-	1,058	-	9,704
Other re-classifications	5,448	-	-	-	-	(5,448)	-
Valuation - Balance c/fwd at 31 March 2018	253,728	18,824	221,551	13,162	10,340	73	517,678
Depreciation - Balance b/fwd at 1 April 2017	6,687	13,452	57,179	-	-	-	77,318
Depreciation Charge	5,790	2,756	5,430	-	-	-	13,976
Written out to the Revaluation Reserve	(6,487)	-	-	-	-	-	(6,487)
Written out to the Surplus/Deficit on the Provision of Services	(653)	-	-	-	-	-	(653)
De-recognition – Academisation of Rainford High School (see Note 26)	(1,030)	-	-	-	-	-	(1,030)
De-recognition – Other Sales and Disposals	(2)	-	-	-	-	-	(2)
De-recognition – Assets with Nil Net Book Value	-	(5,501)	-	-	-	-	(5,501)
Assets re-classified (to)/from Assets Held for Sale/ Investment Properties	-	-	-	-	-	-	-
Other re-classifications	-	-	-	-	-	-	-
Depreciation - Balance c/fwd at 31 March 2018	4,305	10,707	62,609	-	-	-	77,621
Net carrying value at 31 March 2018	249,423	8,117	158,942	13,162	10,340	73	440,057

(c) Comparative Movements in 2016-2017

	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
Valuation – Balance b/fwd at 1 April 2016	210,185	24,319	208,641	13,010	6,133	962	463,250
Additions	2,187	2,362	5,062	104	127	4,486	14,328
Revaluations recognised in the Revaluation Reserve	11,551	-	-	-	888	-	12,439
Revaluations recognised in the Surplus/Deficit on the Provision of Services	(1,372)	-	(26)	-	(10)	-	(1,408)
De-recognition – Sales and Disposals	-	-	-	-	-	-	-
De-recognition – Assets with Nil Net Book Value	-	(3,554)	-	-	-	-	(3,554)
Assets reclassified (to)/from Assets Held for Sale/ Investment Properties	(403)	-	-	-	988	-	585
Other re-classifications	-	-	-	-	-	-	-
Valuation – Balance c/fwd at 31 March 2017	222,148	23,127	213,677	13,114	8,126	5,448	485,640
Depreciation – Balance b/fwd at 1 April 2016	7,744	13,753	51,882	-	-	-	73,379
Depreciation Charge	5,651	3,253	5,297	-	-	-	14,201
Written out to the Revaluation Reserve	(6,171)	-	-	-	-	-	(6,171)
Written out to the Surplus/Deficit on the Provision of Services	(487)	-	-	-	-	-	(487)
De-recognition – Sales and Disposals	-	-	-	-	-	-	-
De-recognition – Assets with Nil Net Book Value	-	(3,554)	-	-	-	-	(3,554)
Assets reclassified (to)/from Assets Held for Sale/ Investment Properties	(50)	-	-	-	-	-	(50)
Other re-classifications	-	-	-	-	-	-	-
Depreciation – Balance c/fwd at 31 March 2017	6,687	13,452	57,179	-	-	-	77,318
Net carrying value at 31 March 2017	215,461	9,675	156,498	13,114	8,126	5,448	408,322

(c) Revaluations

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

	Land and Buildings £000	Surplus Assets £000
Valued at fair value		
31 March 2018	184,396	6,904
31 March 2017	12,597	1,103
31 March 2016	25,324	2,296
31 March 2015	20,439	37
31 March 2014	10,957	-
Prior to 31 March 2014	15	-
TOTAL	253,728	10,340

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 were made in 2017-2018. 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.

As a result of converting to Academy status, the assets of Rainford High School have transferred to the ownership of Rainford Academies Trust at nil consideration and have, therefore, been derecognised via the Comprehensive Income and Expenditure Statement (see Note 12) and the Capital Adjustment Account (see Note 5). The Net Book Value of assets at the point of transfer was £27.936m, whilst a balance of £4.785m was held in the Revaluation Reserve.

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.

	Payments for Services £000	Repayment of Capital £000	Interest £000	Total £000
Within one year	1,329	508	2,363	4,200
Payable within 2-5 years	5,672	2,637	8,868	17,177
Payable within 6-10 years	8,946	3,981	9,463	22,390
Payable within 11-15 years	9,725	6,741	7,072	23,538
Payable within 16-20 years	10,477	10,027	3,159	23,663
Payable within 21-25 years	-	-	-	-
TOTAL	36,149	23,894	30,925	90,968

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 the liability to the contractor for capital expenditure incurred is detailed below.

2016-2017 £000		2017-2018 £000
25,010	Balance brought forward at 1 April	24,438
-	Capital expenditure incurred in year	-
(572)	Payments during the year	(544)
24,438	Balance carried forward at 31 March	23,894

27. HERITAGE ASSETS

There have been no asset acquisitions, disposals, revaluations or impairments during the course of 2016-2017 and 2017-2018.

	£000
Art Collection	1,246
Civic Regalia	294
Statues and Monuments	1,651
TOTAL	3,191

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:

2016-2017 £000		2017-2018 £000
(1,430)	Rental income from Investment Properties	(864)
56	Direct operating expenses arising from Investment Properties	42
(1,374)	Net (Income)/Expenditure	(822)

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:-

2016-2017 £000		2017-2018 £000
20,384	Balance brought forward at 1 April	19,578
(186)	Disposals	(124)
(973)	Net Gains/(Losses) from Fair Value adjustments	850
353	Transfer (to)/from Property, Plant and Equipment	(8,901)
19,578	Balance carried forward at 31 March	11,403

Fair Value Hierarchy

The Council's investment property assets have been assessed by the external valuers, Wilkes, Head and Eve, as Level 2 for valuation purposes, with the exception of community centers and pavilions, which are assessed as Level 3. In previous years all assets had been 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 external valuers focused on the change in values since the last valuation, i.e. the period from 31 March 2017 to 31 March 2018.

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. All valuations have been carried out by external valuers, 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

2016-2017				2017-2018		
Gross Carrying Amount £000	Accumulative Amortisation £000	Net Carrying Amount £000		Gross Carrying Amount £000	Accumulative Amortisation £000	Net Carrying Amount £000
3,126	(1,758)	1,368	Balance brought forward at 1 April	2,783	(1,740)	1,043
80	-	80	Additions in year	163	-	163
-	-	-	Appropriation in year	242	-	242
-	(405)	(405)	Amortised/Disposed in year	-	(469)	(469)
(423)	423	-	Derecognition of assets wholly amortised	-	-	-
2,783	(1,740)	1,043	Balance carried forward at 31 March	3,188	(2,209)	979

30. SHORT & LONG-TERM INVESTMENTS

2016-2017				2017-2018		
Principal £000	Accrued Interest £000	Total £000		Principal £000	Accrued Interest £000	Total £000
80,000	501	80,501	Short-Term Investments	55,000	279	55,279
10,024	-	10,024	Long-Term Investments	5,028	22	5,050
90,024	501	90,525	TOTAL	60,028	301	60,329

31. LONG-TERM DEBTORS

31 March 2017 £000		New Loans £000	Repaid & Other in Year Movement £000	31 March 2018 £000
2,878	Improvement Loans	-	(77)	2,801
1,005	Housing Innovation Loans	-	(63)	942
16	Housing Associations	-	-	16
2,327	Social Care Deferred Payments	914	(1,031)	2,210
1,000	Local Authority Mortgage Scheme	-	-	1,000
6,678	Langtree Joint Venture	-	239	6,917
13,904	SUB-TOTAL	914	(932)	13,886
(233)	Less Provision for Bad Debts	-	(99)	(332)
13,671	TOTAL	1,153	(1,270)	13,554

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 table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement - a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

2016-2017 £000		2017-2018 £000
149,620	Opening Capital Financing Requirement	148,587
	Capital Investment	
14,328	Property, Plant and Equipment	42,078
80	Intangible Assets	162
3,399	Revenue Expenditure funded from Capital under Statute	3,980
	Sources of Finance	
(1,218)	Capital Receipts	(518)
(13,956)	Government Grants and Other Contributions	(13,368)
	Sums set aside from Revenue	
(1,138)	Direct Revenue Contributions	(1,292)
(2,528)	Revenue Provision for repayment of borrowing and other long-term liabilities	(2,353)
148,587	Closing Capital Financing Requirement	177,276
	Explanation of Movements in Year	
1,495	Underlying need to borrow arising from capital investment	31,042
(2,528)	Revenue provision for repayment of borrowing and other long-term liabilities	(2,353)
(1,033)	Increase/(Decrease) in Capital Financing Requirement	28,689

(b) Capital Commitments

At 31 March 2018, the Authority had entered into a number of contracts for the construction or enhancement of infrastructure and property, which in 2018-2019 is budgeted to cost £15.6m and £1.6m in 2019-2020. The major contractual commitments are in relation to investment in roads, and street lighting of £14.7m and £1.4m respectively.

33. ASSETS HELD FOR SALE

2016-2017 £000		2017-2018 £000
3,377	Balance brought forward at 1 April	2,389
(988)	Assets classified (to)/from Property, Plant and Equipment	(1,045)
-	Assets Sold	(574)
2,389	Balance carried forward at 31 March	770

34. SHORT-TERM DEBTORS

31 March 2017 £000		31 March 2018 £000
1,241	VAT	1,026
1,505	Other Government Grants and Contributions	4,360
171	Former Council Tenants	167
9,550	Council Taxpayers*	10,755
2,452	Non-Domestic Ratepayers*	5,200
256	Other Local Authorities	1,012
165	Police & Crime Commissioner*	230
74	Merseyside Fire & Rescue Authority*	103
3,983	Housing Benefits	3,778
354	NHS Bodies	555
2,967	Merseyside Recycling and Waste Authority	14,305
9,579	Sundry	10,810
32,297	Gross Debtors	52,301
	Less: Provision for Bad Debts:	
(6,061)	Council Tax*	(6,999)
(1,985)	Non-Domestic Rates*	(4,403)
(2,527)	Overpaid Housing Benefit	(2,386)
(171)	Former Council Tenants	(167)
(1,097)	Other	(1,214)
(11,841)	Total Provision for Bad Debts	(15,169)
20,456	Net Debtors	37,132

* Council Tax/Non-Domestic Rates related transactions. See Note 1 to the Collection Fund.

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

2016-2017				2017-2018		
Principal £000	Accrued Interest £000	Total £000		Principal £000	Accrued Interest £000	Total £000
7	785	792	PWLB	8	986	994
-	314	314	Market Loans	-	314	314
7	1,099	1,106	TOTAL	8	1,300	1,308

(b) Analysis of Long-Term Borrowing by Type

Principal 31 March 2017 £000		Principal 31 March 2018 £000
50,344	PWLB	80,336
23,000	Market Loans	23,000
73,344	TOTAL	103,336

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

Original Principal 31 March 2017 £000	Restated Principal 31 March 2017 £000		Principal 31 March 2018 £000
8	8	Between one and two years	3,670
3,690	9,880	Between two and five years	9,315
14,577	8,387	Five to fifteen years	5,282
4,281	4,281	Fifteen to twenty five years	4,281
32,788	35,788	Twenty five to fifty years	65,788
18,000	15,000	Over fifty years	15,000
73,344	73,344	TOTAL	103,336

A restatement of long term borrowing at 31 March 2017 has been identified due to a misclassification of loan maturity profiles in the 2016-17 statement.

36. SHORT-TERM CREDITORS

31 March 2017 £000		31 March 2018 £000
5,551	NDR Agency Arrangement*	583
1,498	Local Government Pension Scheme	1,679
1,115	Teachers' Pension Scheme	884
2,995	Tax and National Insurance	2,566
159	Government Departments	198
1,239	Council Taxpayers - prepayments and credits*	1,230
1,094	Other Local Authorities	1,479
3,774	Employees	2,892
3,126	NHS Bodies	2,500
110	Merseyside Fire & Rescue Authority*	144
773	Non-Domestic Ratepayers – prepayments and credits*	1,521
18,813	Sundry	16,515
40,247	TOTAL	32,191

* Council Tax/Non-Domestic Rates related transactions. See Note 1 to the Collection Fund.

37. PROVISIONS

	31 March 2017 £000	In Year Adjustment*	Expenditure Charged to Provision in Year £000	Increase/ (Decrease) in Provision £000	31 March 2018 £000
Provision for Non-Domestic Rates Appeals (a)	4,590	4,683	(1,023)	3,911	12,161
Provision for Equal Pay (b)	10,776	-	(9,948)	(425)	403
Ordinary Residence (c)	573	-	-	72	645
Staffing – Sleep-ins (d)	-	-	-	500	500
Short Term	15,939	4,683	(10,971)	4,058	13,709
Insurance (e)	5,756	-	(573)	(835)	4,348
Long Term	5,756	-	(573)	(835)	4,348
TOTAL	21,695	4,683	(11,544)	3,223	18,057

* This adjustment reflects that with effect from 1 April 2017, the Council is liable for 99% of any successful business rates appeals, under the terms of the Liverpool City Region Business Rates Retention Pilot

(a) The Council has made a provision 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 claims during 2017-2018. There is a small cohort of claimants for which settlement was outstanding at March 2018, and the provision has been adjusted to reflect the potential settlement against these claims.

(c) The Council is currently 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) Following decisions in a number of legal cases that time spent sleeping by staff should be taken into account when calculating compliance with the National Minimum Wage, the Council has set aside a provision to fulfil any obligations arising.

(e) 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 review of combined liability indicates that an appropriate provision for this area is £4.111m. An analysis of the other insurances shows that a provision of £0.237m 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:

31 March 2017 £000		31 March 2018 £000
581	Commuted Sums and Contractor Bonds	1,292
2,213	Merseyside Residual Body Debt	1,936
23,895	Rainford High PFI	23,386
26,689	TOTAL	26,614

39. FINANCIAL INSTRUMENTS

(a) Categories of Financial Instruments

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

31 March 2017			31 March 2018	
Current £000	Long Term £000		Current £000	Long Term £000
		Investments		
80,000	10,024	Loans and Receivables	55,000	5,028
16,184	-	Cash and Cash Equivalents	13,181	-
501	-	Accrued Interest on Loans and Receivables	301	-
		Debtors		
13,514	13,671	Financial Assets carried at Contract Amounts	26,853	13,554
110,199	23,695	Total Financial Assets	95,335	18,582
		Borrowings		
(7)	(73,344)	Financial Liabilities at Amortised Cost	(8)	(103,336)
(1,099)	-	Accrued Interest on Liabilities at Amortised Cost	(1,300)	-
		Other Long-Term Liabilities		
-	(23,895)	PFI	-	(23,386)
		Creditors		
(26,807)	-	Financial Liabilities carried at Contract Amount	(23,338)	-
(27,913)	(97,239)	Total Financial Liabilities	(24,646)	(126,722)

(b) Income, Expense, Gains and Losses

The table below outlines the income and expense that have been credited/charged to the Comprehensive Income and Expenditure Statement in relation to financial instruments:-

2016-2017			2017-2018	
Financial Liabilities £000	Financial Assets £000		Financial Liabilities £000	Financial Assets £000
(4,899)	-	Interest Expense	(5,099)	-
-	1,217	Interest Income	-	1,092
(4,899)	1,217	Net Income/(Expense) for the Year	(5,099)	1,092

Interest payments of £2.417m were made in respect of the PFI scheme in the year. However, this cost was met through PFI grant.

(c) <u>Fair Values of Assets and Liabilities</u>

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 below:

2016-2017			2017-2018	
Carrying Amount £000*	Fair Value £000		Carrying Amount £000*	Fair Value £000
51,136	100,133	PWLB Loans	81,330	138,448
23,314	35,718	Market Loans	23,314	35,050
24,438	47,351	PFI Liability	23,894	44,194
98,888	183,202	TOTAL	128,538	217,692

* 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 £138.448m 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 £81.330m would be valued at £115.785m. If the Council were to redeem its PWLB debt early, a charge of £57.504m 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 (LOBO) 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.

2016-2017			2017-2018	
Carrying Amount £000*	Fair Value £000		Carrying Amount £000*	Fair Value £000
90,501	90,589	Loans and Receivables	60,301	60,319
24	24	Loans and Receivables – Stock	28	28
16,184	16,184	Cash and Cash Equivalents	13,181	13,181
106,709	106,797	TOTAL	73,510	73,528

* 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

The balance of cash and cash equivalents is made up of the following elements:

2016-2017 £000		2017-2018 £000
(2,820)	Cash overdrawn and unpresented cheques	(3,462)
19	Petty Cash	18
18,985	Bank Call Accounts	16,625
16,184	Total Cash and Cash Equivalents	13,181

(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 Strategic 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 £77m 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 2018 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 2017 £000	Institution	Rating	31 March 2018 £000
13,615	Part Nationalised Institutions	AA	15,000
370	Banks	AA F1+	-
30,000	Banks	A+F1	20,000
40,000	Banks	A F1	31,625
10,000	Building Societies	A F1	-
15,000	Building Societies	A-F1	10,000
24	PFI Loan Stock	N/A	28
109,009	TOTAL		76,653

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, £3.049m was past the Council's standard invoicing period of 14 days at 31 March 2018 (£2.414m at 31 March 2017). The past due amounts are analysed in the table below.

31 March 2017 £000		31 March 2018 £000
493	Less than one month	561
549	One to three months	997
52	Three to four months	38
260	Four months to one year	359
1,060	Over one year	1,094
2,414	TOTAL	3,049

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; and
- 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:

2016-2017			2017-2018	
Loans and Receivables £000	Financial Liabilities £000		Loans and Receivables £000	Financial Liabilities £000
106,773	135,851	Fair Values at 31 March	73,478	173,498
107,841	122,502	Fair Values + 1%	74,213	147,936

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

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, have no exposure to loss arising from movements in exchange rates.

40. TRUST FUNDS

The Council administered 9 Trust Funds 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 £0.304m.

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 Council reviews the adequacy of its insurance provision annually, and also seeks consultancy opinion, with regard to the level of this provision. However, it is widely accepted 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 do 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

The Council has made a provision 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.

NHS Applications for Mandatory Charitable Relief from Non-Domestic Rates

In January 2016, the Council received requests for mandatory charitable relief from an agent acting on behalf of NHS Trusts. The request for relief was based upon a legal opinion obtained from a QC which concluded that, on balance, Foundation Trusts are established for charitable purposes and, as such, amount to charities for rating purposes. A law firm acting on behalf of 20 NHS foundation trusts has issued proceedings in the High Court against 49 billing authorities. If the claim is successful, this could require the Council to grant backdated charitable relief. Based upon the application made to the Council, the value of backdated mandatory charitable relief would be £4.526m.

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

2016-2017 £000		2017-2018 £000
	Non-current assets and assets held for sale:	
14,201	Depreciation	13,976
405	Amortisation	469
1,906	Impairments and Downward Valuations	12,681
186	Carrying amounts of Non-current Assets and Non-current Assets held for sale, sold or de-recognised	28,690
	Current assets and current liabilities:	
2,073	Movement in Creditors	(8,045)
(1,260)	Movement in Debtors	(9,483)
1,540	Movement in Bad Debts Provision	3,328
(122)	Movement in Inventories	(23)
13,004	Movement in Pension Liability charged / credited to the Comprehensive Income and Expenditure Statement	(2,528)
(13,319)	**Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement**	(14,153)
(3,589)	**Other non-cash items charged to the net surplus or deficit on the provision of services**	(3,965)
15,025	TOTAL	20,947

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

2016-2017 £000		2017-2018 £000
(743)	Proceeds from the Sale of Non-Current Assets	(972)
3,399	Revenue Expenditure Funded from Capital Under Statute	3,980
(1,374)	Investment Properties Rental Income	(822)
1,282	TOTAL	2,186

44. CASH FLOW STATEMENT – NET CASHFLOW FROM OPERATING ACTIVITIES

2016-2017 £000		2017-2018 £000
	Cash Outflows	
(137,976)	Cash Paid to and on Behalf of Employees	(141,529)
(66,319)	Housing Benefit Paid Out	(62,247)
(300)	Precepts Paid	(311)
(139,656)	Cash Paid to Suppliers of Goods and Services	(145,486)
(7,371)	Interest Paid	(7,515)
(65,967)	Other Payments for Operating Activities	(82,720)
(417,589)	TOTAL CASH OUTFLOWS	(439,808)
	Cash Inflows	
88,287	Taxation	112,326
271,924	Grants	244,757
33,975	Sales of Goods and Rendering of Services	40,292
1,276	Interest Received	1,151
21,157	Other Receipts from Operating Activities	18,944
416,619	TOTAL CASH INFLOWS	417,470
(970)	NET CASH FLOW FROM OPERATING ACTIVITIES	(22,338)

45. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2016-2017 £000		2017-2018 £000
	Cash Outflows	
(14,827)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(42,567)
7,609	Purchase of Short-Term and Long-Term Investments	-
(12,532)	Other Payments for Investing Activities	(261)
(19,750)	TOTAL CASH OUTFLOWS	(42,828)
	Cash Inflows	
775	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	1,368
-	Proceeds from Sale of Short-Term and Long-Term Investments	18,857
11,260	Other Receipts from Investing Activities	12,310
12,035	TOTAL CASH INFLOWS	32,535
(7,715)	NET CASH FLOW FROM INVESTING ACTIVITIES	(10,293)

46. CASH FLOW STATEMENT - FINANCING ACTIVITIES

2016-2017 £000		2017-2018 £000
	Cash Outflows	
(838)	Repayments of Short-Term and Long-Term Borrowing	(315)
-	Other Payments for Financing Activities	(94)
(838)	TOTAL CASH OUTFLOWS	(409)
	Cash Inflows	
-	Cash Receipts of Short Term and Long Term Borrowing	30,000
1,309	Other Receipts from Financing Activities	37
1,309	TOTAL CASH INFLOWS	30,037
471	NET CASH FLOW FROM FINANCING ACTIVITIES	29,628

COLLECTION FUND STATEMENT

The Collection Fund is a statutory account introduced under the Local Government Finance Act 1988. *The Code of Practice on Local Authority Accounting* requires the inclusion of a separate Collection Fund Statement.

NOTES	2016-2017 Council Tax £000	2016-2017 Non-Domestic Rates £000		2017-2018 Council Tax £000	2017-2018 Non-Domestic Rates £000
			INCOME		
2,3	75,733	-	Income from Council Taxpayers	80,369	-
	-	55,472	Income from Business Ratepayers	-	53,535
5	-	(75)	Transitional Protection Payments	-	(2,619)
	(899)	-	Contribution to/(from) previous year's Estimated Collection Fund Deficit/(Surplus)	(866)	(286)
	74,834	55,397	TOTAL INCOME	79,503	50,630
			EXPENDITURE		
			Precepts and Demands		
	62,005	24,390	- St. Helens Council	66,388	44,582
	7,962	-	- Police & Crime Commissioner for Merseyside	8,278	-
	3,565	498	- Merseyside Fire and Rescue Authority	3,708	450
	-	24,888	- Central Government	-	-
	-	197	Non-Domestic Rates Cost of Collection	-	191
			Movement in Bad and Doubtful Debts		
	1,077	1,393	- Provisions	1,076	397
	252	655	- Write-Offs	394	570
	-	2,807	Provision for Appeals	-	3,951
	74,861	54,828	TOTAL EXPENDITURE	79,844	50,141
1	(27)	569	Movement on Fund Balance	(341)	489
1,4	1,173	392	Surplus/(Deficit) Balance brought forward	1,146	961
1,4	1,146	961	Surplus/(Deficit) Balance carried forward	805	1,450

The Council formed part of the Liverpool City Region 100% Business Rates Retention Pilot scheme in 2017-2018. Under the terms of the pilot scheme, the Council is able to retain 99% of its Business Rates Collectable, with 1% passed to the Fire Authority. This contrasts to the 49% retention rate prior to the existence of the pilot scheme.

This, together with the impact of the national Business Rates Revaluation (effective from 1 April 2017) and further Revenue Support Grant reductions, resulted in significant changes in the way the Council was funded in 2017-2018. Consequently, there are a number of notable variances in the figures included within the Collection Fund Statement and other key areas of the Statement of Accounts when compared to the 2016-2017 financial statements.

These include the complete removal of Revenue Support Grant funding, increased levels of retained Business Rates and increased Top Up funding.

In addition, the Council received increased levels of Section 31 Grant in 2017-2018 to compensate for associated losses as a result of increases to the retention rate and further changes in Government policy intentions.

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

2016-2017					2017-2018			
Total £000	Central Government £000	St Helens Council £000	Fire & Rescue £000		Total £000	Central Government £000	St Helens Council £000	Fire & Rescue £000
5,004	2,502	2,452	50	Non-Domestic Rate Arrears	5,253	-	5,200	53
(4,051)	(2,025)	(1,985)	(41)	Provision for Bad Debt	(4,447)	-	(4,403)	(44)
(9,366)	(4,683)	(4,589)	(94)	Provision for Appeals	(12,284)	-	(12,161)	(123)
(1,578)	(789)	(773)	(16)	Prepaid Non-Domestic Rates	(1,536)	-	(1,521)	(15)
(961)	(480)	(471)	(10)	Collection Fund (Surplus)/Deficit	(1,450)	(337)	(1,098)	(15)
(75)	(75)	-	-	Transitional Protection Payment	(246)	(246)	-	-
11,027	5,550	5,366	111	Cash	14,710	583	13,983	144
-	-	-	-	TOTAL	-	-	-	-

(ii) Council Tax

2016-2017					2017-2018			
Total £000	St Helens Council £000	Police £000	Fire & Rescue £000		Total £000	St Helens Council £000	Police £000	Fire & Rescue £000
11,325	9,550	1,226	549	Council Tax Arrears	12,697	10,755	1,341	601
(7,187)	(6,061)	(778)	(348)	Provision for Bad Debt	(8,263)	(6,999)	(873)	(391)
(1,469)	(1,239)	(159)	(71)	Prepaid Council Tax	(1,452)	(1,230)	(153)	(69)
(1,146)	(966)	(124)	(56)	Collection Fund (Surplus)/Deficit	(805)	(682)	(85)	(38)
(1,523)	(1,284)	(165)	(74)	Cash	(2,177)	(1,844)	(230)	(103)
-	-	-	-	TOTAL	-	-	-	-

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 2017-2018 was 49,880 (48,904 in 2016-2017) calculated as follows:-

Band	Estimated No. of Taxable Properties after Discounts	Ratio	Band D Equivalent Dwellings
A	37,019	6/9	24,679
B	18,102	7/9	14,079
C	14,951	8/9	13,290
D	6,566	9/9	6,566
E	3,379	11/9	4,130
F	1,596	13/9	2,305
G	552	15/9	920
H	36	18/9	72
	82,201		66,041
Less: Anticipated changes during the year for successful appeals against valuation banding, new properties, demolitions, disabled persons relief and exempt properties			(6,739)
Less: Local Council Tax Support Discount			(8,403)
			50,899
Less: Adjustment for collection rates			(1,019)
TOTAL Band D Equivalent			49,880

The average Council Tax for Band D dwellings for the Council and major precepting authorities was £1,565.03.

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. This saw a reduction in rateable value for properties in the St Helens Borough.

2016-2017		2017-2018
£130.7m	NDR Rateable Value for the area as at 31 March	£129.0m
49.7 pence	Standard NDR Multiplier	47.9 pence
48.4 pence	Small Business Rate Relief Multiplier	46.6 pence

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:

2016-2017 £000	COUNCIL TAX	2017-2018 £000
(756)	St. Helens Council	(730)
(99)	Police & Crime Commissioner for Merseyside	(94)
(44)	Merseyside Fire & Rescue Authority	(42)
(899)	TOTAL	(866)

2016-2017 £000	NON-DOMESTIC RATES	2017-2018 £000
-	St. Helens Council	(140)
-	Merseyside Fire & Rescue Authority	(3)
-	Central Government	(143)
-	TOTAL	(286)

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 are:-

(i) Liabilities

- Trade payables
- Borrowings
- Financial Guarantees

(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).

IAS19
This International Accounting Standard (IAS) is based on the principle that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future.

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.

NATIONAL NON-DOMESTIC RATES (NNDR)
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.

PRESERVED RIGHT TO BUY AGREEMENT
An agreement with Helena Housing made at the time of the full transfer of the Council's housing stock to Helena in July 2002. The conditions are such that the Council is entitled to a percentage share of subsequent 'Right to Buy' sales made by Helena to qualifying tenants. The sum paid to the Council under this agreement must be classed as a Capital Receipt.

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.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Under this method, the current service cost will increase as members of the plan approach retirement.

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, however within St. Helens this is deemed to be the Strategic Directors, the Chief Executive and the person designated as the statutory Monitoring Officer of the Council.

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.

SOFT LOAN
A loan that is made (for policy reasons, or other) below prevailing market rates, including any interest free loans. Commonly, such loans are to individuals or voluntary organisations in pursuance of locally defined priorities.

The fair value of such a loan is less than the amount of cash lent, and in accordance with accounting standards the fair value must be calculated as the present value of all estimated future cash receipts discounted by using the prevailing market rate of interest for a similar instrument and for an organisation/individual with a similar credit rating.

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.

OTHER INFORMATION AVAILABLE

The Council website contains a whole host of up-to-date information on the activities of the Council and its partners (www.sthelens.gov.uk). This includes, but is not limited to, electronic versions of the documents detailed below.

Budget Book 2018-2019

Detailing the Council's budget (revenue and capital).

St. Helens Council Plan 2018/2020

St Helens First

A copy of this free community magazine is distributed to all homes in the Borough three times per year. Inside you will find all the latest Council news and updates, key information about services, interesting features, a guide to exciting events for the months ahead, and much more besides.

Council Tax Information Leaflet

This is issued annually with the Council Tax demand note to explain the Council Tax, Non-Domestic Rates and the finances of the Authority.

Council Minutes

Reference copies are kept in the Central Library or you can access online at https://www.sthelens.gov.uk/councilcommittees

For a detailed picture of St. Helens and its communities please visit info4.sthelens.gov.uk

If you experience any difficulty in obtaining any of the above or would like further details, please contact the Council's Contact Centre:

By telephone (01744 676789) during the following hours:

- Monday to Friday 8.00 a.m. to 6.00 p.m.
- Saturday 10.00 a.m. to 2.00 p.m.

Minicom: 01744 671671

In person at the offices in Wesley House, Corporation Street, St. Helens, WA10 1HF during the following hours:

- Monday to Friday 9.00 a.m. to 5.00 p.m.

By e-mail (contactcentre@sthelens.gov.uk)

Or via our online form (see www.sthelens.gov.uk/contact-us/)