Warwickshire County Council

Statement of Accounts

2019/20

Warwickshire County Council

Introduction

I am pleased to introduce our Financial Accounts for 2019/20. The purpose of these accounts is to present a true and fair view of the financial results of our activities for the year and the value of our assets and liabilities at the end of the year. They represent the financial results of the delivery of the third and final year of our 2017-2020 One Organisational Plan. This narrative report is set out in five parts. The first provides some key information on what the Council does, how it does it and its plans for the future. The second part provides further detail on how we plan to resource the Council's activities. This section also considers the factors in the external environment that influence our decisions and highlights some of the key risks that we have identified to our priorities. The third part summarises our financial and other performance in 2019/20 and our effectiveness in the use of our resources, while the fourth part describes our outlook moving forward into the new financial year. It includes some of the key pressures facing the Council over the next few years and the changes taking place in the Council to respond to those challenges. Finally, this report explains how the Financial Accounts for 2019/20 are prepared and set out.

Organisational Overview and Operational Model

In February 2020 our 2020-2025 Council Plan was approved. It is a single, policy-led plan that sets out a clear and compelling vision for Warwickshire, clearly defining where we need to get to by 2025 and how we are going to get there. The Council Plan provides the necessary framework to deliver change management and transformation and to ensure clear line of sight delivery of the Council's core purpose and outcomes.

To make Warwickshire the best it can be, sustainable now and for future generations

PRIORITY OUTCOME

Warwickshire's communities and individuals are supported to be safe, healthy and independent

- Support our most vulnerable and disadvantaged children, providing early support, before situations become complex
- Support Warwickshire residents to take responsibility for their own health and wellbeing and reduce the need for hospital or long term health care
- Support the most vulnerable and disadvantaged adults in Warwickshire to enjoy life; achieve and live independently
- Work with communities to promote safety, prevent harm and reduce crime and disorder across Warwickshire

PRIORITY OUTCOME

Warwickshire's economy is vibrant and supported by the right jobs, training, skills and infrastructure

- Support communities and businesses to develop the digital skills and tools they need in an increasingly digital economy
- Increase reuse, recycling and composting rates and reduce waste across Warwickshire
- Support and enable children and young people to access a place in a high quality education setting and achieve their full potential
- Attract economic investment and maximise the rate of employment, business growth and skill levels in Warwickshire
- Manage and maintain Warwickshire's transport network in a safe, sustainable and integrated way

SUPPORTED BY

Making the best use of resources

- Put our resources in the right place to support the organisation's priorities and balance the books
- Develop our workforce so that it has the right skills and capabilities to get the job done
- Pursue leadership excellence and high performance at all levels
- Reduce demand and reduce cost through innovative service design and focussed prevention interventions
- Make it easy for customers to access our information and services so they have a positive experience of our services

As part of our response to climate change, we make sure our work is in-line with the UN Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS

The Council Plan is supported by a rolling five-year medium-term financial strategy. This helps us to plan ahead, so we are able to meet our spending requirements, taking into account Government grants, Business Rates and Council Tax income. The financial strategy helps us do this in a planned and careful way, so we are able to provide good quality services for our residents.

There are a number of key themes to the financial strategy:

- the organisation will invest in areas of focus, those being tackling climate change internally and in the local community;
- implementation of the commercialism agenda
- Furthering the preventative strategy to help more people avoid the need to use our services;
- scoping innovation and development ideas and progressing internal change;
- where appropriate, we will invest in physical assets to benefit those who live, work and visit the county.

We are becoming more commercially minded in the delivery of our services. This is a key driver of our change programme and will help us make better use of our resources to deliver the outcomes our residents have helped prioritise.

We use reserves to manage financial risk and promote financial sustainability. Any reserves not needed to manage financial risk are used for time-limited investment to support the delivery of the Council's objectives or to deliver savings to reduce demand in future years.

The medium-term financial strategy will require regular reviews in order to remain dynamic, robust, ambitious and deliverable, and will be updated at least annually.

Politically, Warwickshire County Council has 57 Councillors, who are elected every four years. The last elections were held on 4 May 2017. The current political composition of the Council is 35 Conservative members, 10 Labour members, eight Liberal Democrat members, two Green Party members and two Independent. The Council makes its decisions via a Cabinet of nine members including the Leader of the Council, Cllr Izzi Seccombe. Warwickshire's Councillors are responsible for setting the strategic direction of the Council and for scrutinising performance. Further details of the governance arrangements in the Council are included in the Annual Governance Statement, included within this document.

Organisationally, Warwickshire operates through three Directorates: Communities (including Fire and Rescue and Education), People (including Public Health) and Resources. Each Directorate is headed by a Strategic Director who sits on the Council's Corporate Board along with the Chief Executive. Services within each Directorate have plans in place which correspond to the budget set for them by Council and the key outcomes within the Council Plan. Each service has Key Performance Indicators which are monitored and included in quarterly performance reports to Directorate Leadership Teams and Members.

At the end of the year we had the equivalent of 3,806 full-time employees and just under half our spending each year is on staffing. This is an increase of 32 full-time employees from last year. Warwickshire's employees are responsible for translating Councillors' strategic decisions into actions. Our Workforce Strategy sets out the key principles to ensure we have a workforce that is fit for purpose to deliver the Council Plan.

The Council collaborates with a number of external partner organisations to plan and deliver its intended outcomes. These include the neighbouring councils of Coventry City Council, Solihull Metropolitan Borough Council, and the five Warwickshire District and Borough Councils. We are a non-constituent member of the West Midlands Combined Authority and a member of the Coventry and Warwickshire Local Enterprise Partnership. We work closely with local NHS organisations and a number of other bodies, including:

- central government departments and ministries;
- national and local charities;
- academy schools and academy trusts in Warwickshire;
- local universities and other academic organisations;
- local industry and businesses;
- town and parish councils in Warwickshire.

Further details of the Council's key priorities, plans and outcomes are available in the Council Plan.

Resourcing our activities

The medium-term financial plan underpins the delivery of the Council Plan and is agreed as part of the budget-setting process which concludes in February each year. Taking a medium-term approach allows for a more coordinated and planned approach to prioritisation, and allows services to focus on delivery knowing the financial limits and constraints within which they are required to operate. Within the budget resolutions, the Council confirms and applies a number of fundamental financial strategies and policies.

Revenue and capital spending

We use our resources in two ways, through revenue and capital spending. Broadly, our revenue spending relates to income received in year and spending on items used in the year. Most of our salary costs are included in revenue expenditure. Our capital spending relates to items we have bought, created or improved and which will be used for more than one year. An annualised amount is charged to our revenue accounts to reflect the economic use of assets each year to provide services or reduce cost in line with strategic objectives. This accounting charge does not reduce our revenue resources, but borrowing to fund our capital expenditure does.

Revenue allocations are made to services through a process which balances demand forecasts, inflation and other price increases, commitment to our statutory duties and the investment choices which the Council wishes to make to improve services or reduce costs. By law, we must set a balanced budget which ensures that the Council meets not only its existing commitments but also remains on a firm footing for the future.

Revenue resources Original budget at start of year	2019/20 £m	2020/21£m
Business Rates	67.4	71.2
Council Tax	275.7	286.4
Total Unconditional Revenue Resources	343.5	357.6
Specific Government Grants	71.9	79.7
Adult Social Care Levy	21.2	27.2
Receipts for Services	92.7	115.4
Dedicated Schools Grant	226.1	238.0
Total Revenue Resources	755.4	817.9

Adult Social Care is our second largest area of revenue spending after Schools. Each year since 2016-17 the Government has permitted local authorities to levy an additional 2% on top of their normal council tax increase each year, with this additional funding to be ring-fenced for use in adult social care. We have taken the additional levy (2% for each year in that period) and have increased the resources available to deliver adult social care by at least the amount raised this way.

The figures shown above for specific Government grants include a number of grants which come with conditions that limit our discretion in how they can be used. The largest of these is the Dedicated Schools Grant which we receive from government to meet the cost of funding schools and relevant pupil-related services; this is forecast to reduce year-on-year as more of our schools transfer to academy status. We are currently reviewing how we deploy these resources for maximum strategic effectiveness.

Capital resources Original budget at start of each year	**2019/20 £m** *(actual)*	**2020/21 £m** *(forecast)*	**2021/22and later £m** *(forecast)*
Capital Grants and Contributions	109.2	109.5	95.4
Receipts from the Sale of Assets	39.1	35	11.1
Direct Application of Revenue Resources	1.7	1.6	0.1
Borrowing (to be repaid from revenue resources)	5.1	1.7	2.7
Total Capital Resources	**155.1**	**147.8**	**109.3**

Our capital allocations are made in line with our Capital Strategy, which includes two key elements: capital maintenance works to ensure our assets continue to be fit for purpose and able to support the provision of services; and capital investment to create and develop new assets. Each element has a number of strands that ensure a clear focus on the purpose of capital spending and the prioritisation of proposals, underpinned by specific service asset management strategies.

Allocations included in the maintenance programme meet one of the following three criteria:

- maintaining our assets to ensure services can continue to be delivered;
- statutory health and safety and other regulatory requirements;
- annual equipment and/or vehicle replacement programmes.

Our capital spending power is the combination of external income which must be spent on capital (such as specific grants or contributions and the receipts from the sale of our assets) and the extent to which the Council is willing to meet the costs associated with borrowing money from its revenue resources.

Our annual maintenance programme includes allocations from the Government grants received for schools and highways maintenance plus revenue funding used for the replacement of vehicles, where this is more cost effective than leasing the vehicle. We also finance some maintenance from borrowing.

Investment schemes are, by their nature, not routine and so are only considered if they move the organisation towards the delivery of our outcomes. Where we have discretion in how to apply capital financing, we use a structured evaluation process that assesses:

- what we are trying to achieve for the Warwickshire residents, businesses and visitors by investing in particular assets;
- the contribution of the new assets to the delivery of the corporate outcomes;
- the financial costs and benefits over the short, medium and long-term; and
- the risks inherent in the delivery of the scheme itself and the expected benefits, with a focus on better up-front planning and timetabling.

Investment schemes may be funded by any of the sources in the above table, and often a combination of these.

Savings and efficiencies

The resource estimates shown above reflect the impact of both continuing austerity and the broader economic outlook. The Council has successfully delivered savings through the previous three year One Organisation Plan to build reserves and therefore financial resilience against any negative impacts. The Council Plan aims to further this success, maintaining strategies of investment for longer term savings and finding new ways of working rather than upfront cuts to decrease input. The two key themes are internal improvement through digital and commercial approaches and external demand management through prevention and joint working with partners and communities. The Council Plan tasks the authority over the next 5 years with finding £33.3m of savings (after growth and inflation) this figure is be reviewed annually, especially in light of pressures caused by Covid-19 and recovery (see separate section).

Reserves

Reserves are resources we have accumulated over time and set aside for a particular purpose as part of an integrated approach to the successful financial management of the authority over the short, medium and long term. We hold reserves to:

- ensure future events outside of our control do not undermine the authority's overall financial position or impact on service delivery;
- plan for the effective use of resources over time for a specific purpose;
- ensure we meet funding conditions (set either by an external funding body or a specific decision of Members) in our use of any available resources;
- retain any other accumulated underspends prior to decisions on their use.

Our budget is set to include anticipated levels of reserves added or drawn down in the year; these plans may change as the year progresses to react to emerging pressures or other events and are approved in our quarterly monitoring process. Some reserves are held at a corporate level to support overarching risks and strategies. The level of general reserves is consistent with the overall financial environment and the key financial risks faced by the Council. These risks are assessed at least annually and take account of circumstances at the time of assessment as well as trends into the future."

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Specific Government Grants	71.9	79.7
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Borrowing and investments

We undertake treasury management activities in a prudent and flexible manner so as to ensure we retain sufficient liquid funds to provide for day-to-day cashflow requirements whilst funding our capital spend at the lowest cost. These activities are managed within an overall framework determined by the Treasury Management and Investment strategies which are updated and approved by Members annually. Interest income and expenditure as a result of investments or borrowing is reflected in our revenue budgets. Our budget does not rely on significant income streams from commercial or service investment activities.

Pensions

The majority of the Council's employees are members of the Warwickshire Local Government Pension Scheme, and the Council administers the fund that supports the Scheme. As a defined benefit scheme, the Scheme is shown as a long-term liability in our accounts. However, statutory arrangements for funding this deficit are in place, including increased contributions over the working life of employees, and means that our financial position remains healthy.

Both the accounts for the County Council and the Pension Fund are included in this document, though they are operated as independent entities. The County Council's accounts reflect the pension disclosures relating only to its own employees. This includes disclosures for those staff with alternative pension schemes, such as Teachers and Firefighters.

Management of Risk

The successful delivery of the Council Plan and our sustainability into the future are dependent on our ability to manage and respond to the risks we face. Many potential issues will remain on the risk register and be regularly monitored , while others are actively managed to reduce the risk or its impact. Further information can be found in the Annual Governance Statement section within this document.

Our performance in 2019/20

Registration service took

2,583 marriages

and 22 Civil Partnerships

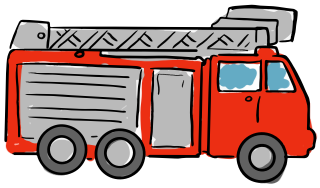
The percentage of early years providers that are judged by Ofsted as good/outstanding in Warwickshire continues to exceed the national figures

51% of household waste was reused, recycled or composted

Primary admissions 2020/21 over-subscription criteria now includes disadvantaged children to increase their chances of getting a place at their preferred school

Warwickshire County Council recruited

21 apprentices



3,843

incidents attended by Warwickshire Fire and Rescue Service

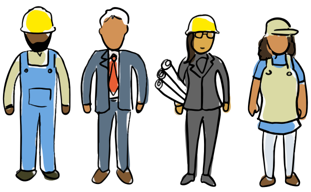
Customer Service Centre answered

246,910 calls

and answered 3,775 Live Chats

The employment rate in the county was

80.7%

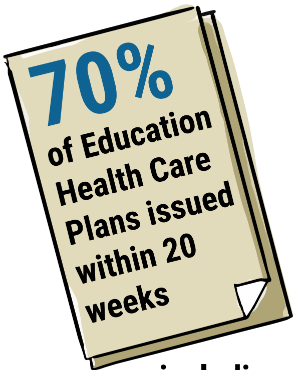


Delivery of 55 cybercrime awareness sessions and events, to over 4,800 residents across the county.

1.5 million

visits to our libraries, loaning 1.5 million items

There were also 9,396,650 virtual visits and 90,298 eBooks issued on loan



including exceptions improved from 60% last year to 86% this year.

56 Prevent-related awareness and training sessions were delivered to over 1,570 residents and professionals in Warwickshire.

Across our active WCC social accounts.

7 Local Government and Social Care Ombudsman,Judicial Review cases or Information Commissioner's Offic adverse decisions for WCC, compared to 16 last year.

Warwickshire's communities and individuals are supported to be safe, healthy and independent

Delivering against our aims for this outcome remains challenging as demand continues to rise; nevertheless, key outcomes have been achieved throughout the year.

We have introduced a new integrated model for safeguarding children and adults in the county. This allows for a family-focused approach to working across the safeguarding area, bringing together information and guidance for adults, children, young people and their families and the professionals who work with them to help keep everyone in Warwickshire safe.

As part of our commitment to give people better access to Assistive Technology and to help them focus on their strengths, we launched a new website, AskSARA. The easy-to-use website helps improve access to a range of self-help smart technology and associated services to help make daily activities easier, help people to stay well for longer.

Adult Social Care reviewed its practices and systems to launch a 'Start with strengths' approach in September 2019. The service works with people from a strengths perspective, by listening and understanding them, to build a picture of their qualities, skills, interests and networks to explore how they can best support their needs.

Our Children and Families services are embedding a new way of working with children and families by creating and maintaining respectful and trusting relationships.

Relationships are child centered - the service works with the whole family to provide practical support and recognises that families are the experts in their lives and their strengths and goals will be central to our approach.

Our redesigned Children and Family Centres launched in September 2019, offering a mix of services for families with children aged from 0-19 (25 for those with additional needs). Information and advice is provided on a range of issues affecting families such as parenting, finance and relationships as well as health.

We continue to support the care experience of young people, developing a range of activities for young people, to increase their confidence, improve social interaction, reduce loneliness and improve life chances. Examples include care leaver football team; breakfast club and the Chill & Grill, at the Young People's Quirky Café; parent and baby group, NEETs (Not in Education, Employment or Training) group; food hygiene course and care leaver (free)shop and two new care leaver drop-in centres.

Positively the number of Child Protection Plans in place has reduced from 345 in March 2019 to 298 in March 2020 with, the rate reducing from 29.8 per 10,000 in March 2019 to 25.7 in March 2020. However, the challenge is the number of children in care, where including Unaccompanied Asylum Seeking Children (UASC), the number increased from 722 in March 2019 to 753 in March 2020 with a rate of 62.3 per 10,000 in March 2019 to 65 in March 2020. Excluding UASC,

there was an increase from 654 in March 2019 to 679 in March 2020 and a rate of 56.4 per 10,000 in March 2019 to 58.6 in March 2020.
To improve outcomes for children and families, over the next two years the Council is investing in children's services to strengthen our early help services, and provide additional support to children in need and in care and care leavers.

Working in partnership with the South Warwickshire Clinical Commissioning Group we have commissioned a Hospital Social Prescribing Service run by Age UK. The service helps patients at the Warwick, George Eliot and St. Cross hospitals to access non-medical services that can enable them to manage their own physical and mental health better and can encourage them to make lasting changes to their lifestyles, so they stay well. The hospital-based service will play an important role in making sure that patients are discharged in a safe and timely way, with access to available help in their communities.

2019 was the Coventry and Warwickshire Year of Wellbeing which encouraged people to be part of a strong community which was inspired and empowered to take action to improve health and wellbeing for themselves and others in 2019 and beyond. There were many activities throughout the year including GoodGym where a community of volunteers came together to be active while doing good deeds such as painting community spaces, planting trees in the local park or sorting contributions to local food banks.

Our Fire and Rescue Service has continued to develop the Hospital to Home Service over the year and has supported Warwick and the George Eliot hospitals by taking over 1,000 patients back to their homes and settling them in following their discharge. And from this year the service will be extended for use in the University Hospital Coventry and Warwickshire.
Improved data sharing and referrals from social care has helped the Fire and Rescue Service target the most vulnerable in our communities so they can visit them and deliver enhanced Safe and Well Checks in the home thus reducing the risk of slips, trips and falls as well as fires.

The number of fire related deaths and injuries has remained low across the county throughout the year. However, achieving the agreed response standards to life and property risk incidents has remained a challenge for the Service. Constant monitoring to understand reasons and identify remedial action is underway.

Looking at data awaiting validation, the number of killed and seriously injured on our roads has reduced from 359 to 310 across the year. Our Road Safety Team has been chosen by Road Safety GB to test an augmented reality road safety app which brings road safety lessons to life for school children in the region.

A comprehensive package of prevention and awareness raising Community Safety campaigns have been delivered this year including business, cyber and hate crime. Notably the number of hate crime / incidents reported through the Hate Crime Partnership's Report Hate Now website almost doubled from 77 in 2018/19 to 140 in 2019/20.

An area of concern for Warwickshire is the rise in reported violence offences and all Community Safety Partnerships have identified violence as a continued key priority including county lines, exploitation and its connection with knife crime which will be addressed through the development of a countywide violence prevention strategy and board.

Warwickshire's economy is vibrant and supported by the right jobs, training, skills and infrastructure

Warwickshire remains an attractive part of the country for businesses to locate and over this year there have been numerous key achievements for us to be proud of.

Our new five-year Economic Growth Strategy sets out how the Council will deliver one of three priority outcomes as outlined in the Council Plan. The ambition is for the strong economic growth that Warwickshire has experienced over the past decade to continue into the future, and that our levels of productivity both soon exceed the national average and also achieve parity with the best performing local economic areas in the South East of England. The Council has responded pro-actively to the Covid-19 pandemic and is supporting businesses and the local economy through the current economic crisis. We are also working with partners to develop an economic recovery plan for the medium-term.

Warwickshire's GVA (Gross Value Added) data has recently been revised and updated by the Office of National Statistics, and it now indicates that our position is below the national average, whereas previously it was above. However, we have still seen strong growth since the end of the recession in 2009, growing at a faster rate than the national average, 29.7% growth between 2009-2017, compared to 19.1% nationally, and faster than our surrounding areas. Indeed, Warwickshire has the seventh fastest growth rate out of all local authority areas in the country and the fourth fastest when London is excluded. Further research is being undertaken to understand the GVA position in more detail and to identify any interventions and activities needed as part of the new economic strategy.

Across this year we have supported over 500 businesses across our various business support programmes, helping create 70 new jobs in the Warwickshire economy and 50 people to start a business. Our business support programme funded through the European Regional Development Fund was featured in a national Ministry of Housing, Communities & Local Government publication as an example of good practice.

Invest in Coventry and Warwickshire had another successful year of Foreign Direct Investment (FDI) by being the leading Local Enterprise Partnership area for FDI, with more than 50 new investments and securing over 2,500 new jobs. We also successfully completed the Games and Interactive Software High Performing Opportunities project with the Department for International Trade which focused on Leamington's gaming sector.

Our Business Centre initiative continues to support businesses. In addition to providing accommodation to 200 individual businesses, across a wide variety of sectors throughout Warwickshire, we have also:

- developed and launched a number of fully serviced and furnished start up offices at Eliot Park Innovation Centre which has an occupancy rate of 75%;
- introduced a delegate day rate conferencing and meeting room offer to service and capitalise on an identified gap in both the local and national markets;
- developed an affordable monthly subscription Business Club offer to respond to and support the changing workplace and market demand from enterprises and start ups; and
- seen occupancy levels across the 250 offices and light industrial units that comprise the business centre portfolio, remain at over 90%.

Warwickshire's employment rate is 4.7% above the national average, continuing to widen the gap between the local and national employment rates seeing positive growth over the last quarter with an increase of 1.1%.

The percentage of 16-17 year-olds on apprenticeships is rising in Warwickshire to 7.6% whilst nationally numbers are falling to 5.5%. We are a strong advocate of apprenticeships with 201 county council employees undertaking apprenticeship training.

The European Social Fund funded Active Inclusion programme supports people who are without work into employment or education destinations. Last year it helped 129 people including 38 people with starting a job and 15 starting education.

The Skills for Employment programme continued to equip young people with the skills needed to enter the workplace. The programme has now supported over 10,000 young people through a combination of grants to schools and colleges, skills campaigns and other careers activities.

At the end of March we have 209 good or outstanding schools, as rated by Ofsted, out of a total of 242. School attainment for Key Stage 1 reading, writing and maths is encouraging and is above national levels and comparable to statistical neighbours. For Key Stage 2 we have seen a decline of 2% on the previous year but are still in line with the national picture, and 1% behind statistical neighbours. The area for concern is reading which has seen a 4% decrease. Key Stage 2 performance is an identified area for improvement. There has been a 2% improvement in Key Stage 4 and we are 6% higher than the national figure. However, Nuneaton has the lowest educational performance within Warwickshire with 44% of secondary school aged young people attending a school in the town which is judged by Ofsted to require improvement. The Nuneaton Education Strategy is focused on Raising Aspiration, Working Together with a multi-agency approach to improve education and prospects for the young people of Nuneaton.

Within education the new Special Educational Needs and Disabilities (SEND) and Inclusion Strategy 2019-2023 was launched in April 2019 followed in October by a new approach to Early Help. In addition, a new Careers Strategy was launched in November which aims to raise awareness of local career opportunities, improve careers advice at schools and colleges, help vulnerable learners, connect the supply and demand of skills, and encourage businesses to recruit from a wider talent pool.

Of our school age population with an Education, Health and Care (EHC) Plan, 6.1% were placed in independent specialist provision including independent and non-maintained special schools. This is a decrease compared to last year's figure of 6.6%, continuing the downward trend over the past 4 years. This has led to reduced costs, however significant budget pressures remain in this area as the number of EHC plans increases.

Investment in the infrastructure has continued and we have delivered a large programme of WCC and developer highway and traffic signal schemes plus works on bridges and structures and made substantial progress towards the delivery of the A46 Stoneleigh Junction and Stanks Island schemes.

Recycling initiatives across the county including the Slim Your Bin, In to Win and Home Compost workshops have continued to progress well. Encouragingly, latest available information for 2018-19 period ranked, warwickshire tenth nationally against other disposal authorities with a recycling rate of 51.4%.

For 2019/20 51% of household waste has been reused, recycled and composted against a target of 50% and 61% at the Household Waste Recycling Centres (HWRC) compared to a target of 60%. This year there has been some policy changes in one of the District and Borough Councils where green waste collection is being charged for which has already had an downward impact on recycling rates, it remains to be seen whether any others follow suit and what the overall impact will be.

Making Warwickshire the best it can be

To make best use of our resources there is a range of activity provided across the organisation to support delivery of our outcomes.

This year has seen a period of ambitious transformation for us as we undertook a comprehensive review of the way we deliver our services and subsequently a new commissioning and delivery model has been adopted to ensure we are working effectively and efficiently. Alongside, we have been focussed on developing our refreshed leadership team to help drive our organisation forward.

As we continue to transform, we have developed a new Council Plan which outlines our priorities for the next 5 years. Our Council Plan 2020–25 sets out our priority areas for action and how we will achieve them. In short, we want people to stay safe, and be healthy, independent and engaged with their communities. And we want a vibrant economy: an environment where businesses can thrive and everyone has access to jobs and training, and where there is a transport infrastructure that allows everyone to access these opportunities. Underpinning all this we want to address the long-term challenge of climate change.

To underpin the Council Plan a Commissioning Intentions Performance Framework has been developed and introduced which includes new performance measures providing a sharpened focus on performance linked to our priorities.

Another innovation in performance reporting is visualisation utilising the functionality of the newly implemented Microsoft Power BI enabling improved consistency, transparency and access to timely, consistent performance data facilitating scrutiny, challenge and decision making.

Our How We Will Work programme launched this year and is focused on changing the way we work so that we can meet the needs of the business in the most effective way. We want to develop an approach where flexible working should become a core document of how we work. With the right technology and workspaces we will be able to fulfill our roles from a variety of locations, with the level of flexibility determined by the needs of our service, team requirements and individual roles.

A key achievement for us this year was our move to Microsoft 365. We invested in the technology, which included new Surface Pro devices for all staff, to enable them to make best use of the Microsoft suite of products and support our flexible working approach. The cloud based Microsoft 365 offers improved security, better information governance, offline capability, an integrated telephony solution and team-based collaboration on top of all of the applications we use on a daily basis.

This investment has proved particularly beneficial during the COVID-19 period enabling our workforce to transition to working from home almost overnight and to support them to work effectively.

Services and achievements have been recognised formally this year, including:

- **Young Peoples Legal Services** won the excellence in-house at the Law Society's 2019 Excellence Awards;
- the **Ecology Team** won the 2019 Chartered Institute of Ecology and Environmental Management Award for Local Planning Authority of the Year;
- the **new rail station at Kenilworth** which was opened in April 2018 has been 'highly commended' in a regional award highlighting major transport projects in the West Midlands while the Chartered Institute of Highways and Transportation also commended the project for bringing a station back to the town after the closure of the last one in 1965;
- we won the prestigious **Planning Authority of the Year** title at the national Chartered Institute of Ecology and Environmental Management (CIEEM) awards 2019; and,
- the council holds the continued accreditation of the **Customer Service Excellence Standard**.

Ongoing challenges

An ongoing challenge that we have experienced is with the recruitment and retention of social workers and through a focused effort we have successfully increased our number of social workers by 29% this year while decreasing turnover by 3% and a 79% reduction in the use of agency social workers.

A challenge for us this year has been our rate of sickness absence which is now 10.9 days per full time equivalent compared to a target of 9.04, and last year's outturn which was 9.51. This increase is set against the backdrop of significant organisation change and the global Covid-19 pandemic. Our strong focus on employee well-being and supporting and equipping line managers to effectively manage our people and their attendance will continue in the coming year and beyond.

Financial Performance

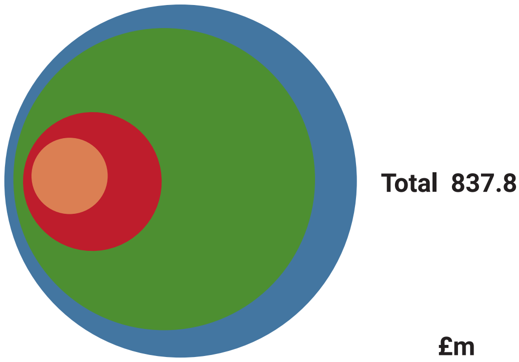
Revenue income and expenditure

Total revenue income from all sources in **2019/20** was £837.8m. Adding technical adustments and capital grants make up the gross income shown on the CIES

£837.8 million

We have spent **£594.8 million** of this revenue income to finance the various services we provide (excluding schools). Adding on schools spending (**£218.8 million**) and technical adjustments, make up the gross expenditure shown in our Comprehensive Income and Expenditure Statement.

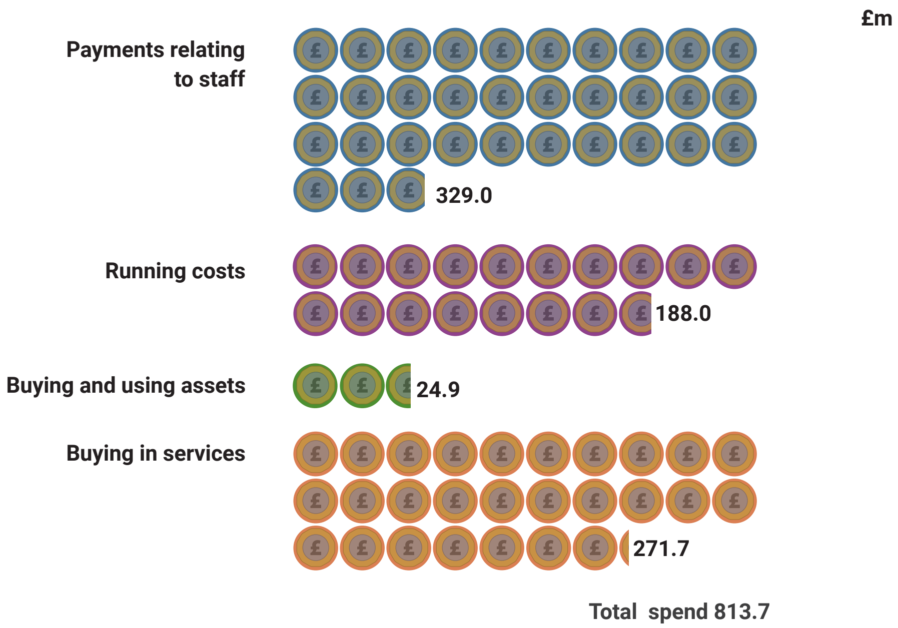
Revenue Income



	£m
Customer and client receipts	**125.1**
Grants	**345.9**
Council tax (inc. Adult Social Care levy)	**298.4**
Business rates	**68.4**

Revenue Spend by Service

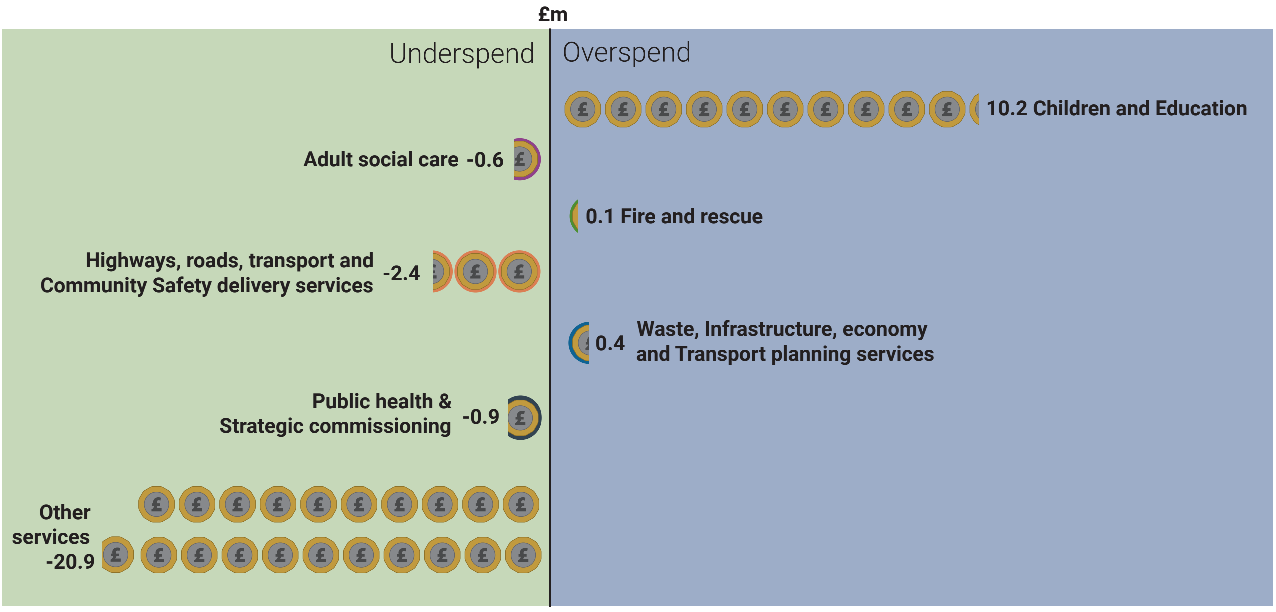
Revenue Spend by Type



Revenue underspends/overspends

The net value of the funding and expenditure is a **£24.1 million** balance. **£9.9 million** of this was planned at the start of the year to contribute to reserves, and **£14.2 million** has been added to reserves following service underspends against budget at the end of the financial year.

These underspends are as below:



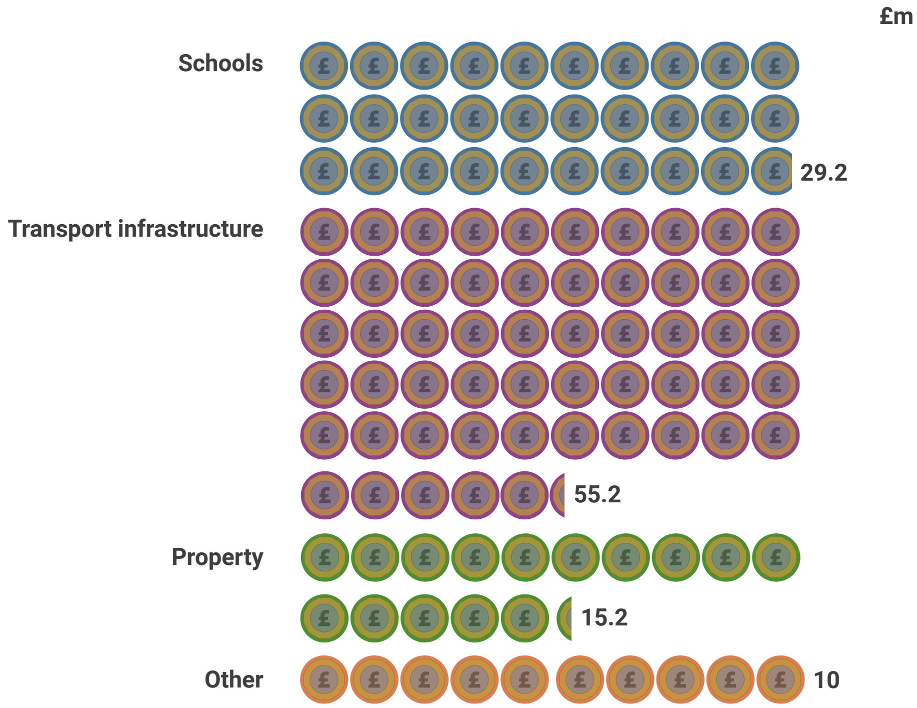
Capital spending and the value of our assets

We spent **£109.6 million** on the purchase and creation of assets in 2019/20, including **£19.2 million** on assets owned by other parties. Our initial estimate was **£155.1 million** but in-year adjustments for additions (for example, to spend newly awarded grants), reductions or rescheduling brought our approved budget for 2019/20 down to **£144.0 million** as at January 2020. Our capital spending was therefore **£45.5 million** less than our original budget, and **£34.4 million** less than the latest approved budget. This underspend was due to delays on individual projects. Most of this spending now is expected to be incurred in 2020/21, for which the budget is **£147.8 million**.
The value of our assets has increased from **£1,128 million** to **£1,162 million** in 2019/20.

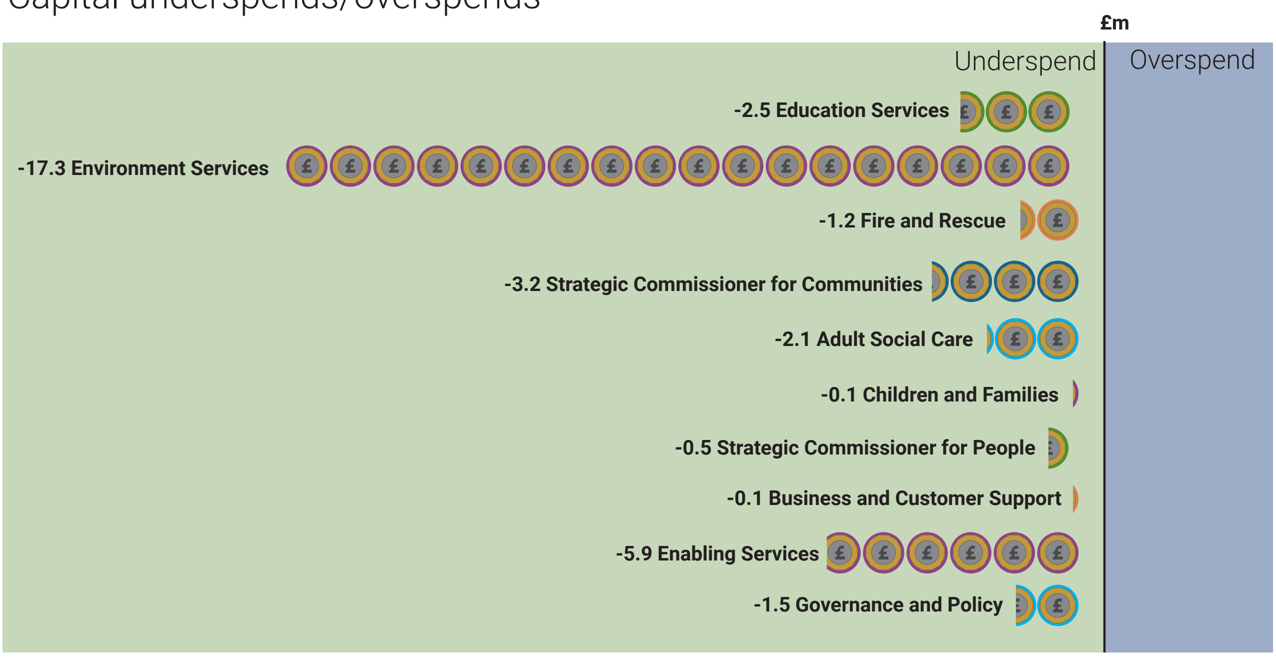
The main reasons for this decrease are:

- **£24.1 million** of assets disposed of or through schools transferring to Academy status;
- a spend of **£90.4 million** increasing the value of our assets;
- a write-down of **£38.8 million** to reflect our assets' usage by services; and
- a net increase in the value of our assets of **£6.9 million** as a result of updated valuations to reflect market movements and usage changes.

Capital Spend



Capital underspends/overspends



Savings and efficiencies

2019/20 was the third and final year of the One Organisational Plan. Implementation of this plan has resulted in **savings of £10.5m in 2019/20**, with a total savings delivered across the three years of £48.3 million. These savings were spread across a number of areas. Some of the larger items were:

- **£3.3 million** reduced capital financing costs as a result of the review of our prudent Minimum Revenue Provision approach;
- **£4.1 million** reduction in demand for adult and children's social care through early intervention, prevention and local, community-based care provision;
- **£2.9 million** savings through contract and provider management approaches across social care and Public Health;
- **£2.3 million** saving from a review of contracts in the Supporting People programme;
- **£2.2 million** decreased borrowing costs as a result of the Property Rationalisation Programme;
- **£1.7 million** net reduction in costs for adults needing 24 hour social care through developing supported living and extra care provision in the county as an alternative to residential care;
- **£0.8 million** saving arising from the school-led improvement approach; and
- **£0.6 million** reduction in waste management costs.

The original three year target of saving **£56.5 million** was reviewed each quarter for the three years and as the council received more income or where pressures did not materialise to the extent budgeted, those savings with a risk of a negative impact on service provision were removed.

Reserves

We planned to use **£9.3 million** of our reserves to support the delivery of services in 2019/20. However services spent **£12.5 million** more than their cash-limited budget; when combined with the **£27.8 million** additional resources received during the year and **£18.1 million** of 2020/21 grants received in advance, the outcome was that our usable revenue reserves increased overall by **£24.1 million**.

At 31 March 2020 our revenue reserves are therefore **£193.0 million**, of which £14.2 million is held by schools. We consider this to be a robust figure and allows us some flexibility to balance the challenges of meeting current and unknown future economic uncertainty alongside investment to improve our efficiency and the wider community economic recovery. We will continue to apply our Reserves Strategy which describes how and when these reserves should be used or added to.

Borrowing and Investments

Whilst the average short-term rate that financial institutions lend money to each other was **0.53%** during 2019/20, our treasury management activity generated a higher average interest on investments of **0.99%**. have managed the Council's money prudently, with investments made to the UK Debt Management Office and to other local authorities in line with our Treasury Management Strategy. Our long-term debt outstanding is **£321.4 million** at 31 March 2020; a year previously the figure was **£341.4 million**, and at 31 March 2020 we are holding **£201.7 million** of cash or cash equivalents.

Pensions

At 31 March 2020 our total pensions liability was **£812.6 million**, a decrease of **£112.2 million** over the year. This remains within the expected range and we are confident that this liability is well managed within the statutory arrangements.

Outlook

Pre-Existing Financial Challenges

In 2019/20 the Council designed and implemented a new Council Plan, including a 5 year medium-term financial strategy and reserves strategy. This gives greater alignment of the financial position and plans of the Council to the strategic objectives of healthy communities and a vibrant local economy, as well as managing the risk inherent in providing a diverse range of services to a diverse community funded by numerous income streams.

The financial strategy recognised a number of risks to be monitored, managed and where uncontrollable to be financially underwritten:

- prolonged uncertainty around Central Government's future decisions about local government financing, including a new funding model for adult social care to replace the social care Council Tax precept and the Better Care Fund grants;
- dependency on locally collected Business Rates, placing greater importance on the need to maintain reserves to manage any volatility;
- designing and delivering sustainable delivery of Special Educational Needs services within the level of DSG funding;
- the broader economic environment, such as the impacts of movement in inflation, council tax base and interest rates on our day-to-day costs, income and debt repayments;
- pension cost increases arising from revaluations and any Central Government decisions about the Local Goverment Pension scheme's funding mechanisms.

Covid-19

In March 2020, with the outbreak of the Coronavirus Pandemic across the World, the Council's staff and services changed overnight. The flexibility of the workforce, IT infrastructure and delivery routes meant that core services continued to be delivered alongside new requirements such as provision of Personal Protective Equipment, Shielding Hubs for vulnerable citizens and shared use of contract provision with NHS partners to enhance discharge pathways from hospitals.

Some front line functions, such as libraries, had to severely restrict their services due to social distancing rules, and a small number of internal support services were paused to free up resources to the Covid response efforts. Alongside this a number of income generating schemes and investments were stopped, such as parking charges and much construction and development work.

Over the longer-term there are anticipated risks which are still being investigated and quantified around:

- tax bases for business rates and Council Tax;
- increased costs for services we purchase, especially in the care sector;
- requirements around road spacing for social distancing;
- the impacts of the delays to delivery of internal efficiency and development savings.

The costs of these increased pressures, reduced income and reduced ability to benefit in the future from investments made now is currently estimated to exceed government Covid-19 funding, but with caveats due to the uncertainty of the amount of time the pandemic will continue, the longer term impact on the economy and on our community's requirements for service delivery and the level of central funding made available.

Mitigation

These risks are common to all local authorities, and we continue to combat these through a mix of active management and financial planning. In response to the Coronavirus Pandemic specific risks, the Council is carrying out four measures:

1. Highlighting and management of risks at an executive level through the risk register

2. A refresh of the medium-term financial strategy will be carried out once we move from the "response" phase of the pandemic to the "recovery" phase, to quantify the financial impact of the longer-term implications of new risks and develop plans to rebuild reserves or operate at lower cost.

3. Engaging nationally, regionally, sub-regionally and locally with partners, businesses and the voluntary sector to influence recovery and jointly manage any emerging risks and funding gaps.

Basis of Preparation and Presentation

In considering this report, you should note that the comparison of spend against service budgets which we use internally to assess our financial performance is not directly comparable to the cost of services disclosed in the Statement of Accounts. This is mainly due to the accounting adjustments required to comply with reporting requirements, which do not impact on the amount of our spending to be met by local taxpayers, which is central to our in-year monitoring of our financial performance. The key differences relate to the way in which we account for items such as depreciation, impairment, reserves, provisions and carry-forwards. Each of these items is explained further in our accounting policies or the glossary.

Core Financial Statements

These comprise the four key pieces of information in the Statement of Accounts

Comprehensive Income and Expenditure Statement	Balance Sheet
An accounting deficit of £4.4 million for 2019/20 has been reported; the outturn position is a £24.1 million surplus after budget movements approved by Members during the year.	**An increase of £170.5 million in County Council's net assets as at 31 March 2020.**
This statement shows the accounting cost in the year of providing services rather than the amount to be funded from taxation. The main factors in the move from surplus to deficit are capital depreciation, revaluation and pensions charges.	The balance sheet shows the value of the assets and liabilities recognised by the County Council. At 31 March 2020 the County Council's net worth was £270.9 million

Cash Flow Statement	Movement in Reserves Statement
A net cash outflow of £3.0 million in 2019/20 in cash or cash equivalents.	**An increase of £11.9 million in the County Council's usable reserves, made up of an increase of £24.1 million in revenue reserves and a decrease of £12.2 million in capital reserves.**
This statement summarises the cash that has been paid to us and which we have paid to other organisations and individuals.	This statement shows the movement in year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be used to fund spending or reduce taxation) and other reserves.

Statement of accounting policies

This summarises the accounting rules and conventions we have used in preparing these financial statements. Our accounting policies have remained unchanged from 2018-19.

Notes to the core financial statements

The notes include more detail to support the information contained in the core financial statements as well as information on critical judgements and assumptions applied in the production of the accounts.

Other sections of this Document

As well as the Statement of Accounts for the County Council, this document includes separate sections for the Annual Governance Statement and the Statement of Accounts for the Warwickshire Pension Fund.

The Annual Governance Statement describes the Council's Governance Framework and system of internal control. It includes a review of the effectiveness of this system in the past year and identifies key risks for the Council to manage in the future. The Annual Governance Statement also covers the Warwickshire Pension Fund.

The Warwickshire Pension Fund's Statement of Accounts describes the Fund's financial position and performance in 2019/20. While the County Council administers the Fund, the Fund's accounts represent its activities on behalf of all its member organisations. Further information about the Fund can be found in Note 1 of that section.

Rob Powell
Strategic Director for Resources

Warwickshire County Council

Statement of Accounts

2019/20

Working for Warwickshire

We would welcome any comments or suggestions you have about this publication. Please contact Virginia Rennie, Strategic Finance, Resources Directorate, Warwickshire County Council.

- Phone: 01926 412239
- E-mail: vrennie@warwickshire.gov.uk

You can also leave your comments on our website at www.warwickshire.gov.uk

If this information is difficult to understand, we can provide it in another format, for example, in Braille, in large print, on audiotape, in another language or by talking with you. Please contact Hayley Green on 01926 412232.

This document forms part of the Warwickshire County Council's 2019/20 Statement of Accounts which also includes the Annual Governance Statement and the accounts for Warwickshire Pension Fund. The accounts for the Pension Fund are available at www.warwickshire.gov.uk

Contents

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICKSHIRE COUNTY COUNCIL

(to be completed)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICKSHIRE COUNTY COUNCIL

(to be completed)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICKSHIRE COUNTY COUNCIL

(to be completed)

Statement of responsibilities for the statement of accounts

This section explains our responsibilities for our financial affairs and how we make sure we carry out these responsibilities properly, in line with the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 and the Account and Audit Regulations 2015.

Responsibilities of the Council

We do the following:

- Make sure that one of our officers is responsible for managing our financial affairs. In this council, the Strategic Director for Resources is responsible for this;
- Manage our affairs to make sure we use our resources efficiently and effectively and protect our assets; and
- Approve the statement of accounts.

Responsibilities of the Strategic Director for Resources

As the Strategic Director for Resources, I am responsible for preparing our statement of accounts. These accounts must present a true and fair view of our financial position, including our income and spending for the year.

In preparing our statement of accounts, I have:

- Selected suitable accounting policies and applied them consistently;
- Made reasonable and prudent judgements and estimates; and
- Followed the Chartered Institute of Public Finance and Accountancy/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

I have also:

- Kept proper accounting records which are up to date; and
- Taken steps to prevent and detect fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of Warwickshire County Council at 31 March 2020 and the income and expenditure for the year ended 31 March 2020. The unaudited draft accounts were authorised for issue on 26 June 2020. These will then be audited and presented at a meeting of the Council on 13 October 2020.

Rob Powell
Strategic Director for Resources **Date: 13 October 2020**

Comprehensive Income and Expenditure Statement

2018/19 (Restated)				2019/20		
Gross expenditure £m	Gross income £m	Net expenditure £m	Summary of revenue spending	Gross expenditure £m	Gross income £m	Net expenditure £m
			Money spent on services			
300.6	-33.7	266.9	~ Communities Directorate	279.3	-38.1	241.2
296.0	-62.1	233.9	~ People Directorate	314.7	-67.7	247.0
72.3	-8.1	64.2	~ Resources Directorate	80.7	-8.8	71.9
183.3	-266.1	-82.8	~ Schools	182.9	-260.7	-77.8
5.3	-38.5	-33.2	~ Other Services	8.2	-36.4	-28.2
8.6	0.0	8.6	~ Non-distributed costs	0.8	0.0	0.8
866.1	**-408.5**	**457.6**	**Net cost of services**	**866.6**	**-411.7**	**454.9**
74.8	0.0	74.8	~ Other operating expenditure (note 4)	9.8	0.0	9.8
53.1	-17.7	35.4	~ Financing and investment income and expenditure (note 5)	53.0	-18.2	34.8
0.0	-454.8	-454.8	~ Taxation and non-specific grant income and expenditure (note 6)	0.0	-495.1	-495.1
994.0	**-881.0**	**113.0**	**Surplus (-) or deficit on the provision of services**	**929.4**	**(925.0)**	**4.4**
			Items that will not be reclassified to the surplus (-) /deficit on the provision of services			
		-58.2	~ Surplus (-) or deficit on revaluation of property, plant and equipment			-14.1
		0.0	~ Surplus or deficit from investments in equity instruments designated at fair value through other comprehensive income.			-0.1
		88.9	~ Remeasurements of the net defined benefit liability/(asset)			-160.7
		30.7	**Other comprehensive income and expenditure**		**0.0**	**-174.9**
		143.7	**Total comprehensive income and expenditure**			**-170.5**

To arrive at the figures for each directorate in the table above we adjust the income and expenditure figures used internally to report our financial performance as required by the Code and regulations. A reconciliation of these adjustments and more details as to what each adjustment relates to are shown in the Expenditure and Funding Analysis (Note 1) and the Adjustments between accounting basis and funding basis under regulations (Note 2) in conjunction with the Movement in Reserves Statement.

The restatement of the 2018/19 figures is described in Note 3.

Movement in Reserves Statement

Movement in Reserves Statement - 2019/20	General Fund (Unearmarked Funds) £ m	General Fund Earmarked Reserves £ m	General Fund Capital Fund £ m	Total General Fund Reserves £ m	Capital Receipts Reserve £ m	Capital Grants Unapplied £ m	Total Usable Reserves £ m	Unusable Reserves £ m	Total Authority Reserves £ m
Balance at 31 March 2019	**32.3**	**135.2**	**1.4**	**168.9**	**9.6**	**15.1**	**193.6**	**-93.2**	**100.4**
Movement in Reserves during 2019/20									
Total Comprehensive Income and Expenditure	-4.4	0.0	0.0	-4.4	0.0	0.0	-4.4	174.9	170.5
Adjustments between accounting basis and funding basis under regulations (note 2)	28.5	0.0	0.0	28.5	-0.7	-11.5	16.3	-16.3	0.0
Net Increase / Decrease (-) before Transfers to Earmarked Reserves	**24.1**	**0.0**	**0.0**	**24.1**	**-0.7**	**-11.5**	**11.9**	**158.6**	**170.5**
Transfers to / from (-) Earmarked Reserves (note 7)	-35.2	34.9	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Increase / Decrease (-) in Year	**-11.1**	**34.9**	**0.3**	**24.1**	**-0.7**	**-11.5**	**11.9**	**158.6**	**170.5**
Balance at 31 March 2020	**21.2**	**170.1**	**1.7**	**193.0**	**8.9**	**3.6**	**205.5**	**65.4**	**270.9**

Movement in Reserves Statement - 2018/19	General Fund (Unearmarked Funds) £ m	General Fund Earmarked Reserves £ m	General Fund Capital Fund £ m	Total General Fund Reserves £ m	Capital Receipts Reserve £ m	Capital Grants Unapplied £ m	Total Usable Reserves £ m	Unusable Reserves £ m	Total Authority Reserves £ m
Balance at 31 March 2018	**29.2**	**116.4**	**1.2**	**146.8**	**0.0**	**1.4**	**148.2**	**95.0**	**243.2**
Opening Balance adjustment for financial instrument reclassification (Note 3)	**0.0**	**3.1**	**0.0**	**3.1**	**0.0**	**0.0**	**3.1**	**-2.2**	**0.9**
Balance as at 1 April 2018	**29.2**	**119.5**	**1.2**	**149.9**	**0.0**	**1.4**	**151.3**	**92.8**	**244.1**
Movement in Reserves during 2018/19									
Total Comprehensive Income and Expenditure	-113.0	0.0	0.0	-113.0	0.0	0.0	-113.0	-30.7	-143.7
Adjustments between accounting basis and funding basis under regulations (note 2)	131.9	0.0	0.1	132.0	9.6	13.7	155.3	-155.3	0.0
Net Increase / Decrease (-) before Transfers to Earmarked Reserves	**18.9**	**0.0**	**0.1**	**19.0**	**9.6**	**13.7**	**42.3**	**-186.0**	**-143.7**
Transfers to / from (-) Earmarked Reserves (note 7)	-15.8	15.7	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Increase / Decrease (-) in Year	**3.1**	**15.7**	**0.2**	**19.0**	**9.6**	**13.7**	**42.3**	**-186.0**	**-143.7**
Balance at 31 March 2019	**32.3**	**135.2**	**1.4**	**168.9**	**9.6**	**15.1**	**193.6**	**-93.2**	**100.4**

Balance Sheet as at 31 March 2020

31 March 2019 £ m		31 March 2020 £ m	Notes
1,093.9	Property, plant and equipment	1,130.9	**8**
25.6	Investment property	23.6	**11**
4.4	Heritage assets	4.5	**10**
3.7	Intangible assets	3.0	**12**
1,127.6	**Total fixed assets**	1,162.0	
2.0	Long-term investments	12.3	**13**
0.8	Long-term debtors	0.0	**13**
1,130.4	**Total long-term assets**	**1,174.3**	
	Current assets		
154.3	Short-term investments	162.3	**13**
0.6	Inventories	0.5	
82.1	Short-term debtors	84.7	**14**
204.7	Cash and cash equivalents	201.7	**15**
441.7	Total current assets	449.2	
	Current liabilities		
-5.3	Short-term provisions	-5.9	**17**
-18.5	Short-term borrowing	-20.0	**13**
-120.1	Short-term creditors	-122.9	**16**
-0.7	Short-term grants received in advance	-0.9	**23**
-144.6	Total current liabilities	-149.7	
297.1	**Current assets less current liabilities**	**299.5**	
-2.3	Long-term provisions - new	-2.3	**17**
-341.4	Long-term borrowing	-321.4	**13**
-58.6	Long-term grants received in advance	-66.6	**23**
-924.8	Liability related to defined benefit pension scheme	-812.6	**19**
-1,327.1	**Long-term liabilities**	**-1,202.9**	
100.4	**Net assets**	**270.9**	
193.6	Usable reserves	205.5	**18**
-93.2	Unusable reserves	65.4	**19**
100.4	**Total reserves**	**270.9**	

Rob Powell
Strategic Director for Resources
13 October 2020

Cash Flow Statement

2018/19 £ m		Note	2019/20 £ m
-113.0	Net surplus or (deficit) on the provision of services		-4.4
248.0	Adjustment to surplus or deficit on the provision of services for noncash movements	20	110.2
-101.2	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	20	-100.1
33.8	Net Cash flows from operating activities		5.7
-18.2	Net Cash flows from Investing Activities	21	1.3
-1.2	Net Cash flows from Financing Activities	22	-10.0
14.4	**Net increase or (decrease) in cash and cash equivalents**		**-3.0**

31 March 2019 £ m		Note	31 March 2020 £ m
190.3	Cash and cash equivalents at the beginning of the reporting period	15	204.7
204.7	Cash and cash equivalents at the end of the reporting period	15	201.7
14.4	**Net increase or (decrease) in cash and cash equivalents**		**-3.0**

Statement of accounting policies

This section summarises the accounting rules and conventions we have used in preparing these financial statements.

General

The content, layout and general rules we used to prepare these accounts comply with the Code of Practice on Local Authority Accounting 2019/20 (‘the Code’) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with International Financial Reporting Standards (IFRSs).

Accruals of income and expenditure

Activity is accounted for in the year that it takes place. This means that income from the sale of goods or the provision of services is recorded in our accounts when the goods or services are transferred to the recipient in accordance with the performance obligations in the contract. Expenditure is recorded in our accounts when services are received, rather than when we actually make a payment, and supplies are recorded as expenditure when we use them or as inventories on the Balance Sheet until that point. Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. Where income and expenditure have been recognised but cash has not been received/paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet, subject to a de minimis level for non-system generated accruals of £50,000. We do not expect the effect to be material to the overall position.

Assets held for sale

Where we have decided to sell an asset and the asset is being actively marketed with a sale expected within 12 months of making that decision, it is categorised as a current asset held for sale. We value these at the lower of carrying amount and fair value less disposal costs. Those assets that we do not expect to sell within 12 months are not classed as assets held for sale and instead are valued at their previous use.

Apprenticeship Levy

The cost of the Levy is recognised as a direct cost of employment in the Comprehensive Income and Expenditure Statement (CIES) when it is paid to Her Majesty’s Revenue and Customs (HMRC). When funds are transferred from the Government's Digital Apprenticeship Account to an approved training provider a training expense up to the value of the training provided, with a corresponding entry for a government grant, will be recognised in the CIES against the service benefiting from the training.

Cash and cash equivalents

Cash is money held in current bank accounts and overdrafts that are repayable on demand and are integral to daily cash flow management. Money held in call accounts and short-term funds invested for a term of three months or less are classified as cash equivalents because they are readily available to be converted into cash.

Contingent assets

We identify contingent assets where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or non-occurrence of some uncertain future event not wholly within our control. Our contingent assets disclosure is shown in note 32. These are not included in our Balance Sheet.

Contingent liabilities

We identify contingent liabilities where either:

- A possible obligation has arisen from past events and whose existence will be confirmed by the occurrence or non-occurrence of some uncertain future event not wholly within our control; or
- A present obligation may arise from past event but is not recognised because either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Our contingent liabilities disclosure is shown in note 33. These are not included in our Balance Sheet.

Employee benefits

Benefits payable during employment

The accounts reflect entitlements that have been earned by employees, such as salaries and wages, as a consequence of the service completed by them as at 31 March each year even if we would never normally make payments for them, such as annual leave and time-off in lieu not yet taken. These are accrued for in the cost of services in the CIES.

Termination benefits

Termination benefits are amounts payable as a result of a decision to terminate an officer’s employment before normal retirement age or an officer’s decision to accept voluntary redundancy. Termination benefits are recognised immediately as an expense to the service in the CIES at the earlier of when the authority can no longer withdraw the offer or when we recognise costs of a restructuring.

Post-employment benefits

As part of the terms and conditions of employment we offer retirement benefits. Although these benefits will not actually be payable until the employee retires, we account for post-employment benefits in the CIES at the time that employees earn their future entitlement.

Our employees are members of four different pension schemes, and we participate in one compensation scheme:

- The Local Government Pension Scheme;
- The Teachers’ Pension Scheme;
- The Firefighters’ Pension Scheme and the Firefighters’ Injury Awards Scheme; and
- The National Health Service Pension Scheme.

All four pension schemes provide members with pensions and other benefits related to their pay and length of service. Details of these schemes, our accounting policies in relation to them and their impact on the financial statements are shown in note 37.

Events after the Balance Sheet date

We consider any material events that occur between the date of the Balance Sheet and the date the accounts are authorised for issue by the Strategic Director for Resources.

Exceptional items, prior period adjustments and changes to accounting policies

Exceptional items are material items of income or expenditure that are disclosed separately in the CIES to aid understanding of our financial performance.

Prior period adjustments are made where there are material adjustments applicable to prior years arising from changes in accounting policies or to correct a material error. Where a change to accounting policies is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for earlier years as if the policy had always applied.

Fair value

We value several classes of our assets at fair value. We define this as 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. In 2019/20 fair value applies to non-operational property, plant and equipment classified as surplus assets, investment properties, assets held for sale and financial instruments.

We use appropriate valuation techniques, maximising the use of relevant known data and thereby minimising the use of estimates or subjective valuations. We assess the level of uncertainty in our valuations by assigning our assets into three categories:

- Level 1 – quoted prices of identical assets or liabilities;
- Level 2 – inputs other than quoted prices that are observable, either directly or indirectly; and
- Level 3 – unobservable inputs.

Further detail is shown in notes 11 and 13.

Financial assets

Financial assets are classified based on our business model for holding them and their cashflow characteristics. There are three main classes:

- Amortised cost;
- Fair value through profit or loss (FVPL); and
- Fair value through other comprehensive income and expenditure (FVOCI) – designated equity instruments.

Financial assets measured at amortised cost are recognised on the Balance Sheet when we become a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

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

FVPL assets are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. A financial instrument revaluation reserve exists to hold qualifying gains and losses on FVPL assets (see note 19). Those that do not qualify impact the general fund and are held in an earmarked volatility reserve (see note 7).

Equity instruments designated as FVOCI are those which are not held in order to give rise to contractual cashflows and are not held for trading. They are valued at fair value using the earnings multiple valuation method or at cost if suitable information is not available or appropriate. Movements in fair value are recognised in the CIES in Other Comprehensive Income and Expenditure and reflected in the Financial Instruments Revaluation Reserve. These gains or losses are only realised in the General Fund when the assets are sold. Interest is recognised in the CIES is the amount receivable for the year in the loan agreement.

We recognise expected credit losses on assets held at amortised cost or FVOCI either on a 12-month or lifetime basis as appropriate. Impairment losses are calculated to reflect our expectation that future cash flows might not take place because the debtor defaults on their obligations. Where risk has significantly increased since an instrument was recognised, losses are assessed on a lifetime basis. Where risk has not significantly increased or remains low, losses are assessed on the basis of 12-month expectations. For further details on the impairment of current debtors (allowances for bad debts) see note 35. These are shown in service expenditure in the CIES.

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when we become party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument in the year it was due. For our borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year in the loan agreement.

Trade creditors are due within one year and carrying value is deemed to equate to fair value.

Going Concern

Local authorities cannot be created or dissolved without statutory prescription. The provisions of the Code on going concern reflect the economic and statutory environment in which local authorities operate and hence these accounts are prepared on the basis that the functions of the authority will continue in operational existence for the foreseeable future.

Grants

Grants are shown in the accounts in the year that they relate to rather than when we actually receive them. They are only shown in the accounts if we are certain that we will receive them. General grants we receive are shown as Taxation and non-specific grant income in the CIES. Revenue grants we receive to pay for spending on specific service activities are shown as income for the relevant service area when we are confident that any grant conditions have been met. Where revenue grants have conditions outstanding the grant is held as a receipt in advance; if the conditions are met but the grant remains unspent it is held in an earmarked reserve.

Capital grants are also credited to the CIES when any relevant conditions governing their use have been met. This income is then reversed out and charged to the Capital Adjustment Account upon use, so the level of council tax is not affected. Unused non-conditional capital grants are held in the Capital Grants Unapplied Reserve. Before the conditions are met, capital grants are also held on the Balance Sheet as a receipt in advance.

Group Accounts

We have assessed a number of entities, including our wholly owned subsidiaries, in line with the Code and accounting standards. Having due regard to materiality of effects on the financial statements and other qualitative considerations that may affect the understanding by the readers of the accounts, we have not established a requirement to produce group accounts. Further details of all our associated companies, subsidiary company holdings and other related party details are outlined in Note 40. In addition, we have accounted for schools' income and expenditure, assets and liabilities in the single entity financial statements rather than produce group accounts, in accordance with the Code.

Heritage assets

Our heritage assets are held for their cultural, environmental or historic associations, making their preservation for future generations important. We value our museum collections and valuables at the Courts, Judges House and Shire Hall at their insurance valuations. The Golden Tower of Leaves and our Waller of Woodcote archive collection of family and estate letters and deeds at County Records are valued at cost. It would not be cost effective to undertake revaluations for all other County Record documents and any valuations would not have a material impact on the accounts. Operational heritage assets used in the provision of services or for other activities are accounted for under other asset classes elsewhere in the Balance Sheet. Heritage assets classified as community or other assets are valued at insurance cost unless our valuer believes conventional methods relevant to their classification are more appropriate. Any gains on reclassification are taken to the Revaluation Reserve. More detailed information on the heritage assets we hold is available on our website https://www.warwickshire.gov.uk.

Income from selling non-current assets

We use the income from selling non-current assets (buildings, vehicles and land) to meet part of the cost of new capital spending or to repay borrowing. We show the gain or loss on the sale of assets in the CIES. This is the difference between the sale proceeds and the carrying value of an asset after allowing for costs relating to the sale of the asset. We take all costs of disposal incurred in a year to the CIES, regardless of whether all the proceeds of the related sale have been received. We use up to 4% of a capital receipt to meet these disposal costs.

The carrying value of the asset (the net book value after depreciation) and the sale proceeds are also reversed in the Movement in Reserves Statement (MIRS) and transferred to the Capital Adjustment Account, so the level of council tax is not affected.

Where we have the right to capital receipts but have not yet received the cash payment, the transactions in the CIES are unaffected. However, instead of recognising the sales proceeds we instead recognise a Deferred Capital Receipt, which cannot be used to pay for our capital expenditure until the cash is received.

Intangible assets

Intangible assets are non-financial non-current assets that do not have physical substance and are controlled by the authority through custody or legal rights (such as software licences). We treat intangible assets in the same way as other non-current assets. We gradually reduce the value of intangible assets on a straight-line basis over their useful life (up to 10 years) to reflect the consumption of the economic or service benefit and charge this to the CIES. Intangible assets are valued at amortised historic cost.

Inventories

Inventories are materials or supplies that will be consumed in producing goods or providing services. The highways, roads and transport services stocks are valued at the cost of replacing them. Other stocks are valued at the cost we paid for them. These methods of valuing stocks are different from the methods set out by the Code. This does not have a material effect on the financial statements.

Investment property

Investment property assets are those held for rental purposes or capital value appreciation or both. They are not used for the delivery of services. Such assets are initially measured at cost. Investment property is not depreciated but is revalued at fair value every year. Gains and losses on revaluation, as well as disposal and/or rental income, are shown in the Financing and investment income and expenditure line in the CIES. Our valuation techniques in relation to investment properties are as outlined in Note 25.

Leases

Leases can be designated as either finance leases or operating leases. Finance leases are those where substantially all the risks and rewards relating to the leased asset transfer to the lessee. All other leases are operating leases.

Finance leases

We deal with finance leases where we are the lessee in the same way as other capital spending. We include these as assets in the Balance Sheet and charge depreciation on them. Rentals are apportioned between a charge for the acquisition of the asset (recognised as a liability in the Balance Sheet at the start of the lease and written down annually as rent becomes payable) and a finance charge made each year to the CIES.

We do not have material finance leases where we are the lessor.

Operating leases

The vast majority of our lease rental payments (as lessee) are assessed to be operating leases and are charged evenly to the CIES over the life of the lease.

Where we grant an operating lease over a property or item of plant or equipment, the asset is retained on the Balance Sheet and the rental income is credited to the CIES as it is due.

We do not disclose contingent rents as they are not material to the financial statements.

Minimum Revenue Provision

We are required to make an annual contribution from revenue for the repayment of our debt as approved in our Treasury Management Strategy. This is known as the Minimum Revenue Provision (MRP). We calculate MRP on a straight-line basis using the average remaining useful life of our asset portfolio over the two asset categories of:

- Land, buildings and infrastructure; and
- Vehicles, plant and equipment.

Overheads and support service costs

All support service costs are held within the directorate within which they are managed. In accordance with the CIPFA Service Reporting Code of Practice 2019/20 support service costs are only apportioned to services on a relevant basis for the purposes of unit costs reporting on services when required for Government statistical comparability.

Pooled Budgets

We are the host authority to a number of pooled budget arrangements. These are joint arrangements solely for the purposes of working together with other public sector bodies and which do not create separate entities. We have reported on those arrangements showing the total pooled resources and expenditure including the nature of those arrangements in the notes to the accounts. We have accounted for in our income, expenditure, assets and liabilities in our financial statements, only that where we are the commissioning body. This will include amounts owed to or owed by the other parties in the pooled budget arrangement to the authority where it is the commissioning body.

Property, plant and equipment

Assets that have a physical substance, are held for use in the production or supply of services and that are expected to be used during more than one financial year are classified as property, plant and equipment (PPE).

Recognition

Our spending on buying, creating or improving PPE is classed as capital spending provided that it is probable that the future economic benefits or service associated with the item will flow to us and the cost of the item can be measured reliably. Spending that does not provide a significant benefit in terms of value, asset life, or service performance or which falls below our de minimis level of £6,000 is charged to our revenue account in full in the year it occurs.

Measurement
Assets are initially measured at cost, comprising 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. Assets are valued on the basis set out by CIPFA and in line with the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institute of Chartered Surveyors. Our valuation process is led by the Council's Property Management team, who commission external valuers as needed.

The closing balances on 31 March 2020 were determined in the following ways:

- Operational land and buildings are included in the Balance Sheet at their current value based on their existing use less an annual charge for depreciation. However, where there is insufficient market valuation evidence, for example schools, assets are included in the Balance Sheet at a depreciated replacement cost;
- Surplus assets are those which we do not use in our day-to-day work and which are not likely to be disposed of in the next twelve months. We include these assets in the Balance Sheet at fair value, based on highest and best use. These assets are revalued every year and so are not subject to depreciation;
- We include infrastructure assets, such as roads and bridges and community assets, vehicles and equipment in the Balance Sheet at the amount they cost when brought into use less an annual charge for depreciation. These assets are valued in this way because there is no meaningful market data available to calculate an existing use value; and
- Assets under construction are held in the Balance Sheet at the cost incurred on their production to date. When the asset is deemed operationally complete the balance is transferred to the appropriate asset class shown above and depreciation begins.

We revalue operational PPE assets held at a value other than depreciated historic cost annually to ensure their carrying amount is not materially different from their current value at year end. In particular, we review the need to revalue any asset where there has been more than £0.250 million spend each year.

When asset values rise above the amount, we paid for them we add the difference to the Revaluation Reserve. When asset values go down, the reduction is charged to any available Revaluation Reserve balance held for that asset, with the remainder being charged to the relevant service line in the CIES. This charge is then reversed out in the MIRS so that there is no impact on council tax.

Impairment
Assets are assessed at each year-end to identify 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. The accounting treatment of impairment losses is the same as that for revaluation losses shown above.

Depreciation
Depreciation is an accounting estimate used to spread the cost of an asset over its useful economic life. We charge depreciation on buildings over our valuer's estimate of their useful economic life (between 5 and 58 years), on roads and bridges over 30 years, and on vehicles and equipment over their own useful lives (between 3 and 20 years for vehicles and between 3 and 30 years for equipment).

The cost of depreciation is calculated by the following methodology:

- Our new assets are depreciated from the start of the financial year after they become operationally complete;
- Depreciation is calculated on a straight-line basis meaning that an asset's value falls equally each year throughout its life. If the gross value or remaining life of the asset changes due to expenditure, impairment or revaluation, the depreciation charge will change in the following year; and

- We generally charge depreciation on buildings as a single asset. However, if we determine that the value of major components within an asset are material with respect to the overall value of that asset, and that the lifetime of these components is significantly shorter than the remaining useful economic life of the asset, the major component is depreciated separately.

We do not charge depreciation on land we own, as it does not have a limited useful life, nor on investment properties or assets held for sale. Similarly, heritage assets are generally assessed to have infinite lives and so are not depreciated.

The estimated useful economic lives of our land and buildings are assessed by our valuers as part of the revaluation of these assets.

Provisions

We put amounts of money aside to meet future specific service payments. For future events to be reflected in provisions, they need to meet three tests:

- They must be the result of a past event;
- A reliable estimate can be made; and
- There must be a clear responsibility for the Council to make a future payment because of the past event.

Provisions are charged to the appropriate service line in the CIES when we become aware that it is probable a payment will be required. The provision is based on the best estimate of the likely settlement. When payments are made, they are charged to the provision already set up in the Balance Sheet.

Reserves

We keep reserves to pay for spending on projects we will carry out in future years, to protect us against unexpected events and to manage the financial risk of the uncertainty we face. Reserves include 'earmarked reserves' which we set aside for certain policy purposes and other 'general reserves' which represent resources set aside for purposes such as general events and managing our cash flow. By law, schools are entitled to keep any of their budgets they have not spent. These amounts are shown separately from other reserves.

Reserves are created by appropriating amounts from the council's General Fund in the MIRS. When expenditure is financed from a reserve, the expenditure itself is charged to the appropriate service line in the CIES. The reserve is then appropriated back via the MIRS so that there is no net charge against council tax. Some reserves hold unspent funding which can only be applied in specific ways, such as the Capital Grants Unapplied and Capital Receipts Reserve.

Other 'unusable reserves' are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits:

- The capital accounting system requires us to maintain a Revaluation Reserve to reflect unrealised gains on non-current assets, and a Capital Adjustment Account to manage timing differences between their usage and financing;
- We maintain a Collection Fund Adjustment Account which holds the difference between the amounts required to be shown in the CIES for council tax and business rates and that required by legislation to be taken against the General Fund;
- We maintain an Accumulated Absences Account to hold the amount we have to accrue for post-employment benefits such as annual leave earned but untaken at the year-end so as not to affect the level of Council Tax; and
- We maintain a Pensions Reserve to hold the difference between any increase in the accounting cost of pensions in the year and the statutory figure chargeable in any year, which is the contribution made by the authority.

Revenue expenditure funded from capital under statute

We undertake some capital spending during the year that does not result in the creation of an asset we own. Any money we spend this way must be charged to the CIES but be funded from capital resources, and so, we make an adjustment in the MIRS equal to the expenditure to reverse this to the Capital Adjustment Account.

Schools and schools' assets

The balance of control for local authority maintained schools, foundation, voluntary aided and voluntary controlled schools are all deemed to lie with the local authority. We therefore recognise schools' assets, liabilities, reserves and cash flows in our financial statements as if they were transactions, cash flow and balances of the authority. Any asset provided by a third party and consumed in the provision of an education service with schools or donated to the school will be treated as a donated asset. School assets are derecognised in full on the date that a school transfers to academy status. These are disposals for nil consideration. These losses on disposal/transfer are shown in the Other operating income and expenditure line in the CIES.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income. We are subject to Partial Exemption: as long as the VAT we claim on purchases used to generate exempt income is less than 5% of all VAT claimed on purchases in the year, we can claim all our VAT back in full.

Note on Roundings

Individual tables presented within disclosures may not sum due to roundings. This does not reflect any inaccuracy or error.

Notes to the Core Financial Statements

Note 1: Expenditure and Funding Analysis and associated notes

The purpose of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed and earned by the authority in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19 (Restated)				2019/20		
Net Expenditure Chargeable to the General Fund £m	Adjustments Between the Funding and Accounting Basis £m	Net expenditure in the Comprehensive Income and Expenditure Statement £m	Summary of revenue spending	Net Expenditure Chargeable to the General Fund £m	Adjustments Between the Funding and Accounting Basis £m	Net expenditure in the Comprehensive Income and Expenditure Statement £m
			Money spent on services			
178.5	88.4	266.9	~ Communities Directorate	186.2	55.0	241.2
224.9	9.0	233.9	~ People Directorate	236.3	10.7	247.0
45.4	18.8	64.2	~ Resources Directorate	58.0	13.9	71.9
-83.4	0.6	-82.8	~ Schools	-82.9	5.1	-77.8
-106.9	73.7	-33.2	~ Other Services	-123.4	95.2	-28.2
0.0	8.6	8.6	~ Non-distributed costs	0.0	0.8	0.8
258.5	**199.1**	**457.6**	**Net cost of services**	**274.2**	**180.7**	**454.9**
-277.5	-67.1	-344.6	~ Other income and expenditure	-298.3	-152.2	-450.5
-19.0	**132.0**	**113.0**	**Surplus (-) or deficit on the provision of services**	**-24.1**	**28.5**	**4.4**
146.8			Opening General Fund Balances	168.9		
3.1			Opening Balance Adjustment - Financial instrument reclassification	0.0		
19.0			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	24.1		
168.9			**Closing General Fund Balance**	**193.0**		

The General Fund balances above include a significant proportion of earmarked reserves including those held by schools. For more details and information see the Movement in Reserves Statement and Note 2 to the accounts.

The analysis of the money spent on services used in the Expenditure and Funding Analysis are those reported to the Cabinet Committee for quarterly budget monitoring and year end reporting. The restatement of 2018/19 figures is described in Note 3.

In 2018/19 the introduction of IFRS9 (Financial instruments) led to a restatement of opening balances of £3.1 million as above).

Notes to the Expenditure and Funding Analysis

The table below provides a reconciliation of the main adjustments to the net expenditure chargeable to the General Fund Balances to arrive at amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statements.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	2019/20 Adjustments for Capital Purposes (a) £m	Net change for Pensions Adjustments (b) £m	Other Statutory Differences (c) £m	Total Adjustments £m
~ Communities Directorate	45.8	7.7	1.5	55.0
~ People Directorate	0.8	7.8	2.1	10.7
~ Resources Directorate	4.5	6.2	3.2	13.9
~ Schools	-0.3	4.8	0.6	5.1
~ Other Services	-11.9	1.9	105.2	95.2
~ Non-distributed costs	0.0	0.8	0.0	0.8
Net cost of services	**38.9**	**29.2**	**112.6**	**180.7**
~ Other income and expenditure from the Expenditure and Funding Analysis	-64.2	19.3	-107.3	-152.2
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	**-25.3**	**48.5**	**5.3**	**28.5**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	2018/19 (Restated) Adjustments for Capital Purposes (a) £m	Net change for Pensions Adjustments (b) £m	Other Differences (c) £m	Total Adjustments £m
~ Communities Directorate	79.8	7.9	0.7	88.4
~ People Directorate	-1.3	6.8	3.5	9.0
~ Resources Directorate	12.3	4.6	1.9	18.8
~ Schools	-0.4	3.0	-2.0	0.6
~ Other Services	-12.3	0.4	85.6	73.7
~ Non-distributed costs	0.0	8.6	0.0	8.6
Net cost of services	**78.1**	**31.3**	**89.7**	**199.1**
~ Other income and expenditure from the Expenditure and Funding Analysis	5.8	17.7	-90.6	-67.1
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	**83.9**	**49.0**	**-0.9**	**132.0**

a) **Adjustments for capital purposes –** this column adds in depreciation, impairment and revaluation gains and losses as well as revenue expenditure funded by capital under statute and capital grants used to fund that expenditure to the service lines within the Comprehensive Income and Expenditure Account. It also includes:

- **Other operating expenditure** – income received on disposal of assets and the amounts written off on those assets are added;
- **Financing and investment income and expenditure** – statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted; and
- **Taxation and non-specific grant income and expenditure** – credits for capital grants receivable in the year without conditions or for which conditions were satisfied in the year are added.

b) **Net change for the Pensions adjustments –** this column adds the net change for the removal of pensions contributions and the addition of employee pension-related expenditure and income.

- **For services** – this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement of current service costs and past service costs as a result of employee service; and
- **For financing and investment income and expenditure –** the net interest on the defined benefit liability is added as a cost.

c) **Other differences** – this column adds other differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. These include:

- Taxation and non-specific grant income and expenditure – the difference between what is chargeable under statutory regulations for Council Tax and Business Rates and the income recognised under generally accepted accounting practices. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund. Revenue grants that are receivable without conditions or service-specific stipulation are required to be shown within this line rather than within the Net Cost of Services.

Expenditure and Income Analysed by Nature

Expenditure/Income	2018/19 £m	2019/20 £m
Expenditure:		
~ Employee expenses	356.6	361.4
~ Other services expenses	456.7	495.2
~ Support service recharges	0.0	0.0
~ Depreciation and amortisation	43.0	38.8
~ Impairment and revaluation losses (including reductions in fair value of investment property)	45.5	7.3
~ Interest payments	17.1	16.9
~ Precepts and Levies	0.2	0.2
~ Loss on the disposal of assets	74.9	9.6
Total Expenditure	**994.0**	**929.4**
Income:		
~ Fees, charges and other service income fromcontracts with customers	-82.1	-84.9
~ Other contributions, reimbursements and statutory income	-34.9	-36.9
~ Interest and investment income (including increases in fair value of investment property)	-3.5	-4.4
~ Income from council tax	-276.4	-295.9
~ Grants	-484.1	-502.8
Total Income	**-881.0**	**-925.0**
Surplus or Deficit on the Provision of Services	**113.0**	**4.4**

Total income received can be analysed on a segmental basis as follows:

Segmental Income Received	2018/19 (Restated) £m	2019/20 £m
~ Communities Directorate	-40.4	-44.2
~ People Directorate	-65.7	-69.8
~ Resources Directorate	-15.8	-16.6
~ Schools	-266.4	-261.1
~ Other Services	-423.4	-459.6
	-811.7	-851.3
~ Capital Grants Credited to the CIES (Note 23)	-69.3	-73.1
~ Revaluation Gains and profit on sale of investment property credited to the CIES (Notes 11 & 5)	0.0	-0.6
Total Income Analysed on a segmental basis	**-881.0**	**-925.0**

We lease some of our properties on long term contracts with customers, but these are not material. Any amounts outstanding at year end are shown amongst the debtors in Note 14 as appropriate.

Note 2: Adjustments between accounting basis and funding basis under regulations

Adjustments between accounting basis and funding basis under regulations 2019/20	General Fund Balance £ m	Capital Fund £ m	Capital Receipts Reserve £ m	Capital Grants Unapplied £ m	Movement in Unusable Reserves net spending £ m
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):					
~ Charges for depreciation of non-current assets	37.8				-37.8
~ Revaluation losses on property, plant and equipment assets	7.6				-7.6
~ Movements in the market value of investment properties	-0.2				0.2
~ Amortisation of intangible assets	1.0				-1.0
~ Capital grants and contributions applied	-96.6				96.6
~ Revenue expenditure funded from capital under statute	19.2				-19.2
~ Amounts of non-current assets written off on disposal to the CIES	24.1				-24.1
Insertion of items not debited or credited to the CIES					
~ Minimum Revenue Provision	-11.9				11.9
~ Capital expenditure charged to the General Fund Balance	-2.7				2.7
Adjustments primarily involving the Capital Grants Unapplied Account					
~ Application of Capital Grants to the Capital Adjustment Account	11.5			-11.5	0.0
Adjustments primarily involving the Capital Receipts Reserve & the Deferred Capital Receipts Reserve					
~ Cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-3.6		3.6		0.0
~ Deferred capital receipts realised in year			6.0		-6.0
~ Deferred capital receipts credited as part of the gain/loss on disposal to the CIES	-11.4				11.4
~ Use of Capital Receipts Reserve to finance new capital expenditure	0.0		-10.3		10.3
Adjustments primarily involving the Financial Instruments Revaluation Reserve					
~ unrealised gains and losses of financial instruments which are shown in the CIES but are not charged/credited to the General Fund Balance in accordance with statutory requirements	0.4				-0.4
Adjustments primarily involving the Pensions Reserve					
~ Grant funding of fire fighters' pension liabilities	-5.1				5.1
~ Reversal of net charges made for retirement benefits in accordance with IAS19	98.8				-98.8
~ Employer's pensions contributions and direct payments to pensioners	-45.2				45.2
Adjustments primarily involving the Collection Fund Adjustment Account					
~ Amount by which council tax income credited to the CIES is different from council tax income calculated in accordance with statutory requirements	2.4				-2.4
~ Amount by which business rates income credited to the CIES is different from business rates income calculated in accordance with statutory requirements	1.2				-1.2
Adjustment primarily involving the Accumulated Absences Account					
~ Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1.3				-1.3
Total adjustments	**28.5**	**0.0**	**-0.7**	**-11.5**	**-16.3**

Adjustments between accounting basis and funding basis under regulations 2018/19	**General Fund Balance £ m**	**Capital Fund £ m**	**Capital Receipts Reserve £ m**	**Capital Grants Unapplied £ m**	**Movement in Unusable Reserves net spending £ m**
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):					
~ Charges for depreciation of non-current assets	41.9				-41.9
~ Revaluation losses on property, plant and equipment assets	45.2				-45.2
~ Movements in the market value of investment properties	0.3				-0.3
~ Amortisation of intangible assets	1.1				-1.1
~ Capital grants and contributions applied	-63.0				63.0
~ Revenue expenditure funded from capital under statute	13.1				-13.1
~ Amounts of non-current assets written off on disposal to the CIES	105.3				-105.3
Insertion of items not debited or credited to the CIES					
~ Minimum Revenue Provision	-12.4				12.4
~ Capital expenditure charged to the General Fund Balance	-3.5				3.5
Adjustments primarily involving the Capital Grants Unapplied Account					
~ Capital Grants and contributions unapplied credited to the CIES	-13.7			13.7	0.0
Adjustments primarily involving the Capital Receipts Reserve & the Deferred Capital Receipts Reserve					
~ Cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-24.6		24.6	0.0	0.0
~ Deferred capital receipts realised in year			2.7		-2.7
~ Deferred capital receipts credited as part of the gain/loss on disposal to the CIES	-6.0				6.0
~ Use of Capital Receipts Reserve to finance new capital expenditure	0.0		-17.6		17.6
~ Contribution from Capital Receipts Reserve to fund administrative costs of non-current asset disposals	0.0	0.1	-0.1		0.0
Adjustments primarily involving the Financial Instruments Revaluation Reserve					
~ unrealised gains and losses of financial instruments which are shown in the CIES but are not charged/credited to the General Fund Balance in accordance with statutory requirements	-0.2				0.2
Adjustments primarily involving the Pensions Reserve					
~ Grant funding of fire fighters' pension liabilities	-5.4				5.4
~ Reversal of net charges made for retirement benefits in accordance with IAS19	94.7				-94.7
~ Employer's pensions contributions and direct payments to pensioners	-40.4				40.4
Adjustments primarily involving the Collection Fund Adjustment Account					
~ Amount by which council tax income credited to the CIES is different from council tax income calculated in accordance with statutory requirements	1.0				-1.0
~ Amount by which business rates income credited to the CIES is different from business rates income calculated in accordance with statutory requirements	0.2				-0.2
Adjustment primarily involving the Accumulated Absences Account					
~ Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-2.0				2.0
Total adjustments	**131.9**	**0.1**	**9.6**	**13.7**	**-155.3**

Note 3: Significant items of income and expenditure and restatements of prior year figures

The Comprehensive Income and Expenditure Statement and related notes have been restated for 2018/19 for comparative purposes to reflect changes in the organisations structure on 1 April 2019. None of these changes have had a material effect on the restated income and expenditure. This does not change the overall reported position on the statement or the notes.

Note 4: Other operating expenditure

2018/19 (Restated) £ m	Other operating expenditure	2019/20 £ m
0.2	Environment Agency Levy	0.3
74.6	Losses on disposal/transfer of non-current assets	9.6
74.8		**9.8**

Note 5: Financing and investment income and expenditure

2018/19 (Restated) £ m	Financing and investment income and expenditure	2019/20 £ m
17.1	Interest payable and similar charges	16.9
21.6	Net interest on the net defined benefit liability	22.5
-3.5	Interest receivable and similar income	-3.8
0.0	Unrealised gains or losses on financial assets held at fair value through profit and loss transferred to usable reserves	0.7
-0.2	Unrealised gains or losses on financial assets held at fair value through profit and loss transferred to unusable reserves	0.4
-13.4	Trading account income	-12.8
13.4	Trading account expenditure	12.0
0.7	Income and expenditure on investment properties and changes in their fair value	-0.6
0.5	Other investment expenditure	0.4
-0.8	Other investment income	-1.0
35.4		**34.8**

Note 6: Taxation and non-specific grant income and expenditure

2018/19 £ m	Taxation and non specific grant income and expenditure	2019/20 £ m
-276.4	Council tax income	-295.9
	Business rates income and expenditure	
-39.0	~ Retained business rates	-39.9
-26.1	~ Business rates top up	-24.7
-1.8	Business rates pool growth (WCC share)	-1.5
-1.5	Business rates pool surplus	-1.2
-9.7	Revenue Support Grant	0.0
	Other non-ringfenced Government grants	
-5.4	~ Fire Pensions Fund Grant	-5.1
-25.7	~ Revenue grants	-53.7
-69.3	~ Capital grants and contributions	-73.1
-454.8		**-495.1**

Note 7: Transfers to/from earmarked reserves

Movement in earmarked reserves (including 2018/19 Restatement)	Balance at 31 March 2018 £ m	Opening Balance adjustment £ m	Transfers Out £ m	Transfers In £ m	Balance at 31 March 2019 £ m	Transfers Out £ m	Transfers In £ m	Balance at 31 March 2020 £ m
Schools Balances (under a scheme of delegation)	12.5		0.0	2.3	14.8	-0.6	0.0	14.2
DSG Reserve	1.0		-1.0	0.0	0.0	-5.2	2.3	-2.9
External Commitments Reserves	9.2		-2.0	3.0	10.2	-1.4	3.0	11.8
Redundancy Fund	11.9		-1.3	0.0	10.6	-2.2	0.0	8.4
Insurance Fund	8.9		0.0	0.0	8.9	0.0	0.2	9.1
DSG Offset Fund	0.0		0.0	0.0	0.0	0.0	12.3	12.3
Investment Funds	12.8		-2.4	10.3	20.7	-19.8	54.1	55.0
Projects and Policies Reserves	7.7		-1.6	1.6	7.7	-1.6	0.4	6.5
Volatility Reserves	10.2	3.1	0.0	4.3	17.6	-0.8	4.6	21.4
Management of Service Risk Reserves	27.0		-2.4	13.3	37.9	-42.2	26.8	22.5
Medium Term Financial Strategy	15.2		-8.4	0.0	6.8	0.0	5.0	11.8
Total	**116.4**	**3.1**	**-19.1**	**34.8**	**135.2**	**-73.8**	**108.7**	**170.1**

The money that services set aside is held to make sure that they can meet future known budget commitments, and that services will have the resources to react to any unexpected events. Details of reserves allocated to and held by the Council's services can be found in the 2019-20 Financial Outturn Report, available at https://www.warwickshire.gov.uk.

During 2019/20 we reclassified our earmarked reserves to reflect the reason for holding the reserve. We have not included details of the amounts of the adjustments for each different line affected as we do not consider that including this detail has a material impact on the understanding of the users of the accounts. The total amount of earmarked reserves remains unchanged. Movements during 2018/19 have been restated for comparative purposes.

In 2018/19 the introduction of IFRS9 (Financial instruments) led to a restatement of opening balances of £3.1 million as above).

Note 8: Property, plant and equipment

Property, plant and equipment	Land and buildings £ m	Surplus assets £ m	Vehicles, machinery, furniture and equipment £ m	Roads and bridges £ m	Country parks and open spaces £ m	Assets under construction £ m	Total £ m
Gross book value at 1 April 2019	615.8	1.3	54.8	631.7	2.4	36.2	1,342.2
Depreciation balance at 1 April 2019	0.0	0.0	-44.8	-203.5	0.0	0.0	-248.3
Net book value at 1 April 2019	**615.8**	**1.3**	**10.0**	**428.2**	**2.4**	**36.2**	**1,093.9**
Changes in the year							
~ spending on assets	11.6	0.0	3.1	32.5	0.2	42.6	90.0
~ transfer of assets under construction to operational assets on project completion	6.2	0.0	0.1	9.1	0.0	-15.4	0.0
~ value of assets we have sold/transferred	-21.3	0.0	-1.8	0.0	0.0	-0.6	-23.7
~ changes in the value of assets: revaluation	-11.8	0.0	0.0	0.0	-0.1	0.0	-11.9
~ reversal of prior year impairments and revaluation losses	4.7	0.1	0.0	0.0	0.0	0.0	4.8
Depreciation							
~ depreciation written off on revaluation	13.7	0.0	0.0	0.0	0.0	0.0	13.7
~ depreciation written off on disposal	0.5	0.0	1.5	0.0	0.0	0.0	2.0
~ depreciation	-14.1	0.0	-2.6	-21.1	0.0	0.0	-37.8
Net book value at 31 March 2020	**605.3**	**1.4**	**10.2**	**448.7**	**2.5**	**62.8**	**1,130.9**
Gross book value at 31 March 2020	605.3	1.4	56.1	673.2	2.5	62.8	1,401.3
Depreciation balance at 31 March 2020	0.0	0.0	-45.9	-224.5	0.0	0.0	-270.4
Net book value at 31 March 2020	**605.3**	**1.4**	**10.2**	**448.7**	**2.5**	**62.8**	**1,130.9**

Property, plant and equipment	Land and buildings £ m	Surplus assets £ m	Vehicles, machinery, furniture and equipment £ m	Roads and bridges £ m	Country parks and open spaces £ m	Assets under construction £ m	Total £ m
Gross book value at 1 April 2018	697.1	0.2	56.6	588.7	2.8	34.8	1,380.1
Depreciation balance at 1 April 2018	-25.5	0.0	-45.9	-183.8	-0.1	0.0	-255.3
Net book value at 1 April 2018	**671.6**	**0.2**	**10.8**	**404.8**	**2.8**	**34.7**	**1,124.8**
Changes in the year							
~ reclassifications	2.2	1.3	0.0	0.0	0.0	0.1	3.6
~ spending on assets	11.6	0.0	2.3	32.2	0.1	24.1	70.3
~ transfer of assets under construction to	11.8	0.0	0.1	10.8	0.0	-22.7	0.0
~ value of assets we have sold/transferred	-78.8	0.0	-4.1	0.0	0.0	0.0	-83.0
~ changes in the value of assets: revaluation	-50.2	-0.1	0.0	0.0	-0.6	0.0	-50.9
~ reversal of prior year impairments and	22.2	0.0	0.0	0.0	0.0	0.0	22.2
Depreciation							
~ depreciation written off on revaluation	41.3	0.0	0.0	0.0	0.2	0.0	41.5
~ depreciation written off on disposal	3.3	0.0	4.0	0.0	0.0	0.0	7.3
~ depreciation	-19.3	0.0	-2.9	-19.6	-0.1	0.0	-41.9
Net book value at 31 March 2019	**615.8**	**1.3**	**10.0**	**428.2**	**2.4**	**36.2**	**1,093.9**
Gross book value at 31 March 2019	615.8	1.3	54.8	631.7	2.4	36.2	1,342.2
Depreciation balance at 31 March 2019	0.0	0.0	-44.8	-203.5	0.0	0.0	-248.3
Net book value at 31 March 2019	**615.8**	**1.3**	**10.0**	**428.2**	**2.4**	**36.2**	**1,093.9**

Our land and building assets include schools, fire stations, libraries, waste disposal sites and other buildings. Assets we have disposed of mainly relate to two schools that have transferred to Academy status during the year and one investment property.

Depreciation
We charge depreciation on buildings over our valuer's estimate of their useful economic life (between 5 and 58 years), on roads and bridges over 30 years, and on vehicles and equipment over their own useful lives (between 3 and 20 years for vehicles and between 3 and 30 years for equipment).

Capital commitments
At 31 March 2020, the authority had entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2019/20 and future years. The total of those payments we were still due to make on capital schemes that were not yet finished, or which we had not finished paying for is £18.9 million. Similar commitments at 31 March 2019 were £27.5 million.

The three largest outstanding commitments are as follows:
1. Rural Broadband project - BDUK Contract 3 £7.8m;
2. WCC Highway Maintenance – Balfour Beatty Contract £7.2m; and
3. Campion School - School expansion - £2.8m

Effects of changes in estimates
There have been no material changes to our accounting estimates for property, plant and equipment in 2019/20.

Revaluations

We carry out a programme of revaluations that ensures all property, plant and equipment required to be measured at fair value for the asset type is revalued annually. The table below shows the date at which our property, plant and equipment assets were last valued.

Revaluations	Land and buildings £ m	Surplus Assets £ m	Vehicles, machinery, furniture and equipment £ m	Roads and bridges £ m	Country parks and open spaces £ m	Assets under construction £ m	Total £ m
Carried at Historical Cost	**0.0**	**0.0**	**10.2**	**448.7**	**2.5**	**62.8**	**524.2**
Valued at current value as at:							
31st March 2020	605.3	1.4	0.0	0.0	0.0	0.0	606.7
Total cost or valuation	**605.3**	**1.4**	**10.2**	**448.7**	**2.5**	**62.8**	**1,130.9**

All our revalued assets carried at current value were valued in 2019/20. Valuation of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

All our Surplus Assets fall within the Level 2 - Fair value category, valued using observable inputs. There has been no change in categorisation during the year.

At this stage it is too early to be able to assess the impact on property values at 31 March 2020 as a result of Covid-19. The valuation of our property assets is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case.

Note 9: School property, plant and equipment

The value of our school property, plant and equipment is £432.8 million (2018/19 - £451.0 million). The table below shows a breakdown across the various types of school.

School Property, plant and equipment At 31 March 2020	Land £ m	Buildings £ m	Other Assets £ m	Total £ m	Number of Schools
Community Schools	132.3	101.1	1.7	235.1	75
Voluntary Aided Schools	51.5	27.5	0.0	79.0	29
Voluntary Controlled Schools	60.4	32.5	0.0	92.9	37
Foundation Schools	9.6	16.2	0.0	25.8	6
Net book value at 31 March 2020	**253.8**	**177.3**	**1.7**	**432.8**	**147**

School Property, plant and equipment At 31 March 2019	Land £ m	Buildings £ m	Other Assets £ m	Total £ m	Number of Schools
Community Schools	142.0	107.6	2.0	251.6	78
Voluntary Aided Schools	51.5	28.6	0.0	80.1	29
Voluntary Controlled Schools	60.4	32.8	0.0	93.2	37
Foundation Schools	9.6	16.5	0.0	26.1	6
Net book value at 31 March 2019	**263.5**	**185.5**	**2.0**	**451.0**	**150**

The number of schools has reduced by 2 (3 sites) which chose to take up academy status in 2019/20.

Whilst we recognise the assets of voluntary aided, voluntary controlled and foundation schools in our accounts we do not have the right to access or dispose of these assets to settle any liabilities. We have no donated school assets.

Note 10: Heritage assets

The net book value of the heritage assets we hold is £4.5 million (£4.4million in 2018/19). There have been no material acquisitions during 2019/20 and there have not been any significant disposals of heritage assets. More detailed information about the specific heritage assets we hold is on our website https://www.warwickshire.gov.uk.

Note 11: Investment properties

We classify a number of properties as investment properties, most of which are leased out to third parties under operating leases.

The following items of income and expense have been accounted for in the Financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement:

31 March 2019 £ m	Investment properties	31 March 2020 £ m
0.1	Direct net operating expense arising from investment property	0.1
0.0	Rental Income from Investment Property	0.0
0.0	**Net gain/loss (-)**	**0.1**

The table below summarises the movement in the fair value of investment properties over the year.

31 March 2019 £ m	Investment properties	31 March 2020 £ m
58.9	Balance at the start of the year	25.6
0.0	Opening balance adjustment	0.0
-3.5	Reclassifications	0.0
0.1	Additions	0.1
-29.6	Disposals	-2.3
0.0	Net gains from fair value adjustments	0.2
-0.3	Net losses from fair value adjustments	0.0
25.6	**Balance at the end of the year**	**23.6**

The table below shows the fair value of these assets.

Investment Properties - Fair value	Quoted Market Price - Level 1 £ m	Using Observable Inputs - Level 2 £ m	Unobservable Inputs - Level 3 £ m	Total £ m
31st March 2019	0.0	25.6	0.0	25.6
31st March 2020	0.0	23.6	0.0	23.6

There have no changes in the year between levels.

Note 12: Intangible Assets

We account for our software as intangible assets, to the extent that the software is not an integral part of a particular IT system accounted for as a hardware item of property, plant and equipment. Our intangible assets include both purchased licences and internally generated software.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1.0 million (£1.1 million in 2018/19) was charged to revenue in 2019/20.

The movement on intangible asset balances during the year is as follows:

2018/19 £ m	Intangible assets	2019/20 £ m
7.8	Gross book Value at 1 April	7.3
-3.5	Amortisation balance at 1 April	-3.6
4.3	**Net book value at 1 April**	**3.7**
	Changes in the year	
0.0	~ Opening Balance Adjustment	0.0
0.0	~ Reclassifications	0.0
0.5	~ Spending on assets	0.3
0.0	~ Transfer from work in progress to complete	0.0
-1.0	~ Value of assets we have sold	0.0
	Amortisation	
0.0	~ Opening balance adjustment	0.0
1.0	~ Amortisation written off on disposal	0.0
-1.1	~ Amortisation	-1.0
3.7	**Net book value at 31 March**	**3.0**
7.3	Gross book Value at 31 March	7.6
-3.6	Amortisation balance at 31 March	-4.6
3.7	**Net book value at 31 March**	**3.0**

All software is valued at historic cost. We own a number of software licences across the authority which are written off to revenue over their expected useful lives:

Remaining Useful Life	2018/19		2019/20	
	Internally Generated	Other Assets	Internally Generated	Other Assets
1 year	0.0	0.0	0.0	0.1
2 years	0.0	0.1	0.0	0.1
3 years	0.0	0.2	2.3	0.2
4 years	2.9	0.3	0.1	0.0
5 years	0.2	0.0	0.2	0.0
Total	**3.1**	**0.6**	**2.6**	**0.4**

Note 13: Financial instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

Financial Assets and liabilities	31 March 2019			31 March 2020		
	Current £m	Long-term £m	Total £m	Current £m	Long-term £m	Total £m
Financial Assets						
Investments:						
~ Loans and receivables						
~ Fair Value through Profit and Loss	43.5	0.0	43.5	32.1	10.3	42.4
~ Loans and Receivables/Amortised Cost	110.8	0.0	110.8	130.2	0.0	130.2
~ Fair value through other comprehensive income - designated equity instruments	0.0	2.0	2.0	0.0	2.0	2.0
Total investments	**154.3**	**2.0**	**156.3**	**162.3**	**12.3**	**174.6**
Debtors - at amortised cost						
~ Amortised cost	0.0	0.8	0.8	1.5	0.0	1.5
~ Financial assets carried at contract amounts	59.4	0.0	59.4	56.3	0.0	56.3
Total Debtors	**59.4**	**0.8**	**60.2**	**57.8**	**0.0**	**57.8**
Cash:						
~ Cash and cash equivalents	204.7	0.0	204.7	201.7	0.0	201.7
Total Cash	**204.7**	**0.0**	**204.7**	**201.7**	**0.0**	**201.7**
Total Financial assets	**418.4**	**2.8**	**421.2**	**421.8**	**12.3**	**434.1**

Financial Assets and liabilities	31 March 2019			31 March 2020		
	Current £m	Long-term £m	Total £m	Current £m	Long-term £m	Total £m
Financial Liabilities						
Borrowings:						
~ Financial liabilities at amortised cost	18.5	341.4	359.9	20.0	321.4	341.4
Total Borrowings	**18.5**	**341.4**	**359.9**	**20.0**	**321.4**	**341.4**
Creditors - amortised cost						
~ Financial liabilities at contractual amounts	75.9	0.0	75.9	67.9	0.0	67.9
Total	**75.9**	**0.0**	**75.9**	**67.9**	**0.0**	**67.9**
Total Financial Liabilities	**94.4**	**341.4**	**435.8**	**87.9**	**321.4**	**409.3**

Reconciliation to Balance Sheet carrying amounts	2018/19 £m	2019/20 £m
Debtors that are financial instruments	59.4	57.8
Debtors that are not financial instruments	22.7	26.9
Total Debtors	**82.1**	**84.7**
Creditors that are financial instruments	75.9	67.9
Creditors that are not financial instruments	44.2	55.0
Total Creditors	**120.1**	**122.9**

The valuation of financial instruments has been classified into the three levels of fair value hierarchy required in the Code according to the quality and reliability of the information and techniques used to value them at fair value.

The fair values of financial liabilities and financial assets carried in the balance sheet at contractual amounts have been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. (Level 1 in the fair value hierarchy).

The difference between the long term borrowing nominal amounts carried in the Balance Sheet and their fair value is based on a calculation that uses new loan rates to estimate what it would cost to borrow a similar portfolio of loans at the Balance Sheet date. These loans are with the Public Works Loan Board with interest rates fixed on the date of the initial lending. For more details see note 35.

We use an external expert to provide the fair values for our borrowings, which along with our other financial assets held in the amortised cost and fair value through profit and loss categories are Level 2 in the fair value hierarchy.

Equity instruments assets are valued internally using the earnings multiple valuation method based on the latest available accounts for the companies in which we hold shares. Details are shown in note 40. Where that data is not available, they are valued at cost. (Level 3 in the fair value hierarchy).

Investments held at amortised cost of £130.2 million (£110.8 million in 2018/19) consist of bank, building society and local authority investments which are held solely for payment of principal and interest and a business model to collect contractual cash flows. The carrying amount and fair value consist of the principal amount and accrued interest to 31 March.

Assets held at fair value through profit and loss of £42.4 million (£43.5 million in 2018/19) are made up of two funds: Threadneedle Social Bond Fund and CCLA Property Fund. At 31 March 2020 the CCLA Property Fund has been gated by the Fund manager, as a result of the Covid-19 pandemic and its effects on the accurate valuation of the property portfolios it holds, which means that we are unable to request for these funds to be cashed in for the foreseeable future until more certainty around prices can be measured. We have prudently treated this as held as long-term investments since it is uncertain whether we could liquidate them before 31 March 2021 if we so wished. The carrying amount and fair value are based on unit prices provided through fund manager statements. See also note 3 and accounting policies for FVPL assets.

In assessing fair value, we have made the following assumptions:

- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

There have been no transfers between input levels in 2019/20 and no changes in the valuation techniques for financial instruments during the year.

The fair value hierarchy of assets and liabilities is shown in the table below:

Financial Instruments - Fair value 31 March 2020	**Quoted Market Price - Level 1 £ m**	**Using Observable Inputs - Level 2 £ m**	**Unobservable Inputs - Level 3 £ m**	**Total £ m**
Financial Assets:-				
~ Amortised cost	0.0	130.2	0.0	130.2
- Fair Value through Profit and Loss	0.0	42.4	0.0	42.4
- Fair value through other comprehensive income - designated equity instruments	0.0	0.0	2.0	2.0
Debtors:-				
- Amortised cost	1.5			1.5
- Financial assets carried at contractual amounts (deemed to be fair value)	56.3	0.0	0.0	56.3
Cash:-				
- Cash and cash equivalents (deemed to be fair value)	201.7	0.0	0.0	201.7
Total Financial Assets	**259.5**	**172.6**	**2.0**	**434.1**
Financial Liabilities:-				
Borrowings:-				
- Financial liabilities carried at amortised cost	0.0	507.5	0.0	507.5
Creditors:-				
- Financial liabilities carried at contractual amounts (deemed to be fair value)	67.9	0.0	0.0	67.9
Total Financial Liabilities	**67.9**	**507.5**	**0.0**	**575.4**

Financial Instruments - Fair value 31 March 2019 (Restated)	**Quoted Market Price - Level 1 £ m**	**Using Observable Inputs - Level 2 £ m**	**Unobservable Inputs - Level 3 £ m**	**Total £ m**
Financial Assets:-				
~ Amortised cost	0.0	110.8	0.0	110.8
- Fair Value through Profit and Loss	0.0	43.5	0.0	43.5
- Fair value through other comprehensive income - designated equity instruments	0.0	0.0	2.0	2.0
Debtors:-				
- Amortised cost	0.8			0.8
- Financial assets carried at contractual amounts (deemed to be fair value)	59.4	0.0	0.0	59.4
Cash:-				
- Cash and cash equivalents (deemed to be fair value)	204.7	0.0	0.0	204.7
Total Financial Assets	**264.9**	**154.3**	**2.0**	**421.2**
Financial Liabilities:-				
Borrowings:-				
- Financial liabilities carried at amortised cost	0.0	550.2	0.0	550.2
Creditors:-				
- Financial liabilities carried at contractual amounts (deemed to be fair value)	75.9	0.0	0.0	75.9
Other short term liabilities:-				
- other liabilities including finance leases	0.0	0.0	0.0	0.0
Total Financial Liabilities	**75.9**	**550.2**	**0.0**	**626.1**

Interest paid and investment income received	(Surplus)/Deficit on the Provision of Services 2018/19 (Restated) £m	2019/20 £m	Other Comprehensive Income and Expenditure 2018/19 £m	2019/20 £m
Net gains and Losses				
~ Financial assets measured at fair value through profit and loss	-0.1	1.1	0.0	0.0
~ Investment in equity instrument designated at fair value through other comprehensive income	-0.8	-1.0	0.0	-0.1
Total net gains	**-0.9**	**0.1**	**0.0**	**-0.1**
Interest Revenue				
~ Financial assets measured at amortised cost	-3.5	-3.8	0.0	0.0
Total Interest Revenue	**-3.5**	**-3.8**	**0.0**	**0.0**
Interest Expense				
~ Financial liabilities measured at amortised cost	17.1	16.9	0.0	0.0
Total Interest Expense	**17.1**	**16.9**	**0.0**	**0.0**

Financial Assets	**31 March 2019**		**31 March 2020**	
	Carrying Amount £ m	**Fair Value £ m**	**Carrying Amount £ m**	**Fair Value £ m**
Financial assets held at amortised cost	110.8	110.8	130.2	130.2
Financial assets at fair value through Profit and Loss	43.5	43.5	42.4	42.4
Cash and Cash Equivalents	204.7	204.7	201.7	201.7
Fair value through other comprehensive income - designated equity instruments	2.0	2.0	2.0	2.0
Debtors carried at amortised cost	0.0	0.0	1.5	1.5
Debtors carried at contractual amounts	59.4	59.4	56.3	56.3
Long term debtors - amortised cost	0.8	0.8	0.0	0.0
Total	**421.2**	**421.2**	**434.1**	**434.1**

Financial Liabilities	**31 March 2019**		**31 March 2020**	
	Carrying Amount £ m	**Fair Value £ m**	**Carrying Amount £ m**	**Fair Value 31 March 2020**
Financial liabilities held at amortised cost	359.9	550.2	341.4	507.5
Long term creditors	0.0	0.0	0.0	0.0
Financial Liability at contractual amounts	75.9	75.9	67.9	67.9
Finance Lease liabilities	0.0	0.0	0.0	0.0
Total	**435.8**	**626.1**	**409.3**	**575.4**

Note 14: Debtors

31 March 2019 (Restated)	Short-term debtors	31 March 2020 £ m
26.7	Trade Receivables	14.9
3.7	VAT	4.8
10.3	Other Public Sector Debtors	13.5
0.2	Other Public Sector Prepayments	0.7
12.1	Council Tax and Non Domestic Rates - Taxpayers	14.1
4.8	Council Tax and Non Domestic Rates - Local authorities	3.4
-3.0	Council Tax and Non Domestic Rates - Bad Debts	-3.7
0.6	Prepayments in relation to capital contracts	0.0
4.4	Other prepayments to External Organisations and Individuals	7.6
12.2	Social Care Debtors	13.6
8.0	Capital debtors from External Organisations and Individuals	14.6
4.2	Other debtors	4.7
-2.0	Bad Debts	-3.5
82.1	**Balance at the end of the year**	**84.7**

Note 15: Cash and cash equivalents

31 March 2019 £ m	Cash and cash equivalents	31 March 2020 £ m
18.1	Cash held by the authority (including schools and imprest accounts)	21.0
129.9	Bank current accounts (call accounts and instant access deposit accounts)	106.6
56.7	Short-term deposits with building societies and other institutions less than 3 months maturity	74.1
204.7	**Total cash and cash equivalents**	**201.7**

Note 16: Creditors

31 March 2019 £ m	Short-term Creditors	31 March 2020 £ m
14.2	Trade Payables	13.9
5.0	Social Security Costs	5.2
7.0	Other Public Sector accruals	7.0
3.1	Council Tax and Non Domestic Rates - Taxpayers	3.3
4.6	Council Tax and Non Domestic Rates - Local authorities	7.8
5.3	Accumulated Absences	6.6
31.6	Receipts in Advance	38.6
13.6	Other accruals in relation to capital contracts	6.5
35.8	Other accruals to External Organisations and Individuals	34.0
120.1	**Balance at the end of the year**	**122.9**

Note 17: Provisions

Our provisions total £8.2 million (£7.6 million 2018/19).

Our former liability insurers, Municipal Mutual Insurance (MMI) went into run-off (ceased to write new business) on 30 September 1992, following which a contingent Scheme of Arrangement became effective on January 1994 to ensure a smooth run-off should MMI subsequently be declared insolvent. In the event of the Scheme being triggered, claims paid by MMI after 30 September 1992 will be liable to claw back, at a percentage to be determined by the administrators, with subsequent claims to be paid in part at the same percentage. A Supreme Court judgement relating to establishment of liability arising from mesothelioma claims under employers' liability policies has resulted in the increased possibility of the Scheme being triggered. We have set aside £2.0 million to cover the claw back and the outstanding claims.

We have to account for our share of non-domestic rating appeals that are still to be resolved by the Valuation Office Agency for the District and Borough Councils in Warwickshire. We cannot predict when these appeals may be raised or settled, so we have assumed that these settlements will be made within 1 year for the purposes of these accounts. The amount we have provided is £3.9 million.

We have reassessed the balance of liabilities between the county council and the Firefighters' Pension Fund. Some of the final costs are still uncertain and so a provision of £0.6 million has been included.

We have had to plan to reduce our staff numbers to deliver our savings programme. We have accounted for these employment costs but only where the decisions taken are irreversible. This and all other provisions, totalling £1.7 million, are individually insignificant.

Note 18: Usable Reserves

Movements in our usable reserves are detailed in the Movement in Reserves Statement and in notes 1 and 2. A summary of revenue and capital usable reserves is shown below:

31 March 2019 £ m	Usable reserves	31 March 2020 £ m
32.3	General Fund	21.2
135.2	Earmarked Reserves	170.1
1.4	Capital Fund	1.7
9.6	Capital Receipts Reserve	8.9
15.1	Capital Grants Unapplied	3.6
193.6	**Total usable reserves**	**205.5**

Note 19: Unusable Reserves

31 March 2019 £ m	Unusable reserves	31 March 2020 £ m
195.2	Revaluation Reserve	193.1
630.9	Capital Adjustment Account	679.2
6.0	Deferred Capital Receipts Reserve	11.4
2.4	Financial Instruments Revaluation Reserve	2.1
-5.3	Accumulated Absences Reserve	-6.6
2.4	Collection Fund Adjustment Account	-1.2
-924.8	Pensions Reserve	-812.6
-93.2	**Total unusable reserves**	**65.4**

Revaluation Reserve

The Revaluation Reserve contains the gains we have made arising from increases in the value of our property, plant and equipment and intangible assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

2018/19 £ m	Revaluation Reserve	2019/20 £ m
174.6	Balance on 1 April	195.2
89.5	Revaluation increases	16.4
-33.7	Revaluation decreases	-2.3
-6.1	Depreciation adjustment to Capital Adjustment Account	-6.2
-29.1	Revaluation written off on disposal	-10.0
195.2	**Balance on 31 March**	**193.1**

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 the financing of the acquisition, construction or enhancement of those assets under statutory provisions:

- The Account is debited with the cost of acquisition, construction and enhancement as depreciation, impairment and revaluation 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 we set aside as finance for the costs of acquisition, construction and enhancement;
- The Account contains the accumulated gains and losses on investment properties; and
- The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 2 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2018/19 £ m	Capital Adjustment Account	2019/20 £ m
706.5	Balance on 1 April	630.9
22.2	Revaluation increase	0.2
-65.4	Revaluation decrease	-12.3
0.0	Reversal of previous impairments	4.8
6.1	Depreciation adjustment to Revaluation Reserve	6.2
29.1	Revaluation written off on disposal	10.2
-105.3	Value of asset disposals	-24.3
-2.7	Disposal proceeds received transferred to usable reserves	0.0
-13.1	Transfer of spending on assets we do not own	-19.2
-30.7	Transfers to and from the revenue account	-26.9
84.1	Money used to buy assets	109.6
630.9	**Balance on 31 March**	**679.2**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as useable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

31 March 2019 £ m	Deferred Capital Receipts reserve	31 March 2020 £ m
0.0	Balance on 1 April	6.0
6.0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive Income and Expenditure Statement	11.4
0.0	Transfer to the Capital Receipts Reserve upon receipt of cash	-6.0
6.0	**Balance on 31 March**	**11.4**

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains/losses made by the authority arising from increases/decreases in the value of its equity investments that are measured at fair value through other comprehensive income plus those financial assets valued at fair value through profit and loss for which a statutory over ride exists, because they meet the conditions of being classified as a pooled investment vehicle. This means that changes in their fair value do not hit the General Fund.

The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Disposed of and the gains are realised.

31 March 2019 £ m	Financial Instrument Revaluation Reserve	31 March 2020 £ m
2.3	Opening Balance	2.4
0.1	Upward revaluation of investments	0.1
0.0	Downward revaluation of investments	-0.4
0.0	Change in impairment loss allowances	0.0
2.4		2.1
0.0	Accumulated gains or loses on assets sold and maturing assets written out to the CIES as part of other investment income	0.0
0.0	Accumulated gains or loses on assets sold and maturing assets written out to the general fund balance for financial assets designated to fair value through other comprehensive income.	0.0
2.4	**Balance at 31 March**	**2.1**

Accumulated Absences Account

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

31 March 2019 £ m		Movement in Accumulated Absences Account	31 March 2020 £ m	
	-7.3	Balance at 1 April		-5.3
7.3		Settlement or cancellation of accrual made at the end of the preceding year	5.3	
-5.3		Amounts accrued at the end of the current year	-6.6	
	2.0	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		-1.3
	-5.3	**Balance at 31 March**		**-6.6**

Collection Fund Adjustment Account

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

31 March 2019 £ m	Movement in Collection Fund Adjustment Account	31 March 2020 £ m
3.7	Balance at start of year	2.4
-1.0	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	-2.4
-0.2	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rate income calculated for the year in accordance with statutory requirements	-1.2
2.4	**Balance at end of year**	**-1.2**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. We account 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 to reflect inflation, changing assumptions and investment returns on any resources set aside to meet costs. However, statutory arrangements require benefits earned to be financed, as we make employer's contributions to pension funds or eventually pay any pensions for which we are 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 we have set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time that the benefits come to be paid.

On 31 March 2019 £ m	Pensions Reserve - All Schemes	On 31 March 2020 £ m
-787.0	Balance as 1 April	-924.8
-88.9	Remeasurements of net defined (liability)/asset	160.7
-94.7	Reversal of net charges made for retirement benefits	-98.8
40.4	Employer's pension contributions and direct payments to pensioners payable in the year	45.2
5.4	Grant funding of firefighters' pensions liabilities	5.1
-924.8	**Balance at 31 March**	**-812.6**

Note 20: Cash Flow Statement – operating activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

31 March 2019 £m		31 March 2020 £m
41.9	Depreciation	37.8
45.5	Impairment and downward valuations	7.3
1.1	Amortisation	1.0
10.7	Increase/(decrease) in creditors	-3.0
1.2	(Increase)/decrease in debtors including bad debts	-7.2
-0.2	(Increase)/decrease in inventories	0.1
43.0	Movement in pension liability	48.5
105.3	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	24.1
-0.5	Other non-cash items charged to the net surplus or deficit on the provision of services	1.6
248.0		**110.2**

The cash flows for operating activities include the following items:

31 March 2019 £m		31 March 2020 £m
3.2	Interest received	4.0
-17.1	Interest paid	-25.4
0.8	Dividends received	1.0

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities.

31 March 2019 £m		31 March 2020 £m
-24.6	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-15.0
-76.7	Any other items for which the cash effects are investing or financing cash flows	-85.1
-101.2		**-100.1**

Note 21: Cash Flow Statement – investing activities

31 March 2019 £ m	Cash flows from investing activities	31 March 2020 £ m
-68.2	Purchase of property,plant and equipment, investment property and intangible assets	-92.3
-60.4	Proceeds or purchase (-) of short-term and long-term investments	-19.4
-0.3	Other receipts or payments (-) for investing activities	-0.7
27.3	Proceeds from the sale of property, planty and equipment, investment property and intangible assets	9.7
83.4	Other receipts from investing activities - capital grants	104.0
-18.2	**Net cash flows from investing activities**	**1.3**

Note 22: Cash Flow Statement – financing activities

31 March 2019 £ m	Cash flows from financing activities	31 March 2020 £ m
0.0	Cash payments in respect of short-term and long-term borrowing	0.0
-1.2	Repayments of short and long term borrowing	-10.0
0.0	Cash payments for the reduction of outstanding liabilities in relation to finance leases	0.0
-1.2	**Net cash flows from financing activities**	**-10.0**

Our only cash flow in relation to borrowing was the repayment of £10.0 million of loans outstanding (£1.2 million for 2018/19). Included in the opening balance of short term borrowing at 31 March 2019 was an accrual for £8.5 million of interest which was paid on 1 April 2019. This is included in the cash flow for operating activities interest paid in Note 20 above.

Note 23: Grant Income

We credited the following grants to the Comprehensive Income and Expenditure Statement in 2019/20:

2018/19 £ m	Grant income	2019/20 £ m
	Revenue grants credited to Services:	
230.1	Dedicated Schools Grant	224.6
9.6	Pupil Premium Grant	9.4
2.7	Sixth Form Funding	0.6
4.3	Other Schools Grants	8.0
3.2	Asylum Seekers Grant	3.6
23.0	Public Health Grant	22.4
5.0	Universal Infant Free School Meals	4.6
1.5	Adult & Community Learning	1.6
15.0	Better Care Fund	13.0
4.0	Other revenue grants	3.8
298.3	**Total revenue grants**	**291.6**
	Capital grants and contributions credited to services:	
4.2	Disabled Facilities Grant	4.5
0.0	Environment Agency	0.1
1.3	Building Digital UK (BDUK)	1.4
0.6	Private developer funding	4.9
1.3	Other grants/contributions	1.2
7.4	**Total capital grants and contributions**	**12.1**
305.7	**Total**	**303.7**

2018/19 £ m	Grant income	2019/20 £ m
	Credited to Taxation and Non Specific Grant Income:	
4.2	Business Rates Retention/Compensation Scheme	9.5
12.1	Better Care Fund	18.5
0.0	Covid 19 Support Grant	14.1
2.6	New Homes Bonus	3.1
1.8	Independent Living Fund Grant	1.7
1.4	Tackling Troubled Families	0.9
1.6	Chilldrens Social Innovation Programme	2.4
0.0	Fire Service Pensions Grant	1.2
9.7	Revenue Support Grant	0.0
5.4	Fire Pension Fund Grant	5.1
2.1	Other Grants	2.3
40.8	**Total revenue grants**	**58.8**
	Capital grants and contributions:	
1.2	Devolved Formula Capital	1.7
4.0	HS2 Limited Funding	0.0
20.2	Schools Maintenance and Basic Need	21.5
24.2	Local Transport Plan & other transport grants	23.3
2.3	Contribution from other local authorities	7.9
16.8	Private developer funding	15.7
0.5	Other grants/contributions	3.0
69.2	**Total capital grants**	**73.1**
110.0	**Total**	**131.9**

We have received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver.

The balances at year end are as follows:

31 March 2019 £ m	Grant receipts in advance	31 March 2020 £ m
	Short-term grant receipts in advance - revenue	
0.7	Other grants	0.9
0.7	**Total revenue grants**	**0.9**
	Long-term grant receipts in advance - capital	
1.5	Devolved Formula Capital	1.1
1.6	Grant from Other Local Authorities	2.4
1.2	Additional School Capital Funding	0.8
53.0	Private developer funding and capital receipt deposits	62.0
1.3	Other grants/contributions	0.3
58.6	**Total capital grants**	**66.6**
59.3	**Total**	**67.5**

Note 24: Accounting standards issued that have not yet been adopted

The following accounting standards have been issued but not yet adopted:

- Amendments to IAS28 Investments in associates and joint ventures: long term interests in associates and joint ventures;
- Annual improvements to IFRS standards 2015 to 2017;
- Amendments to IAS19 Employee benefits: Plan amendments, curtailment and settlements.

These standards all apply to local authority accounts in 2020/21 but are not expected to have a material effect on the authority's financial statements.

The planned introduction of IFRS16 Leases was planned for implementation from 1 April 2020 but in light of COVID-19 CIPFA has deferred adoption with an effective date of 1 April 2021. The impact of this standard for lessees particularly will be that leases with underlying assets that had previously sat off the Balance Sheet will now be brought onto the Balance Sheet. In doing so it will create a fixed asset and lease liability on the Balance Sheet to be written down over the lease term. In addition, the lease payments will be split between an amount used to write down that liability and a finance charge to the CIES over the remaining lease life. Although we are still in the process of assessing the full financial impact on the financial statements on implementation, initial assessment suggests that the value of leased assets and corresponding liabilities to be brought into the Balance Sheet is likely to be material.

Note 25: Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions we have made 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 our Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance in relation to individual assets. In the current economic climate, the authority cannot be certain about its ability to sustain the current level of spending on repairs and maintenance bringing into doubt the useful lives of the assets.	If a reduction of asset life occurs, the depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for property, plant and equipment would increase by £2.7 million for every year that useful lives are reduced.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate, in isolation, would result in an increase in the pension liability of £145.6 million. See note 37 for further examples. During 2019/20, our actuaries advised that the net pensions' liability has decreased by £112.2 million mainly as a result of an actuarial gain due to revaluation of fund assets.
Fair Value	It is not always possible for the fair values of investment properties, surplus assets and assets held for sale to be measured based on quoted prices in active markets (i.e. Level 1 inputs). For Level 2 inputs we use quoted prices for similar assets or liabilities in active markets at the balance sheet date. 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. Where Level 1 inputs are not available, we use valuers to identify the most appropriate valuation techniques to determine fair value.	We use a combination of indexation techniques, beacon valuations and discounted cash flow models to measure the value of our investment properties, surplus assets and assets held for sale.
McCloud and Sargeant Judgements	The McCloud and Sargeant judgements upheld the claimant's cases that the method of implementation of the new public sector pension schemes discriminated against younger members. Our consulting actuaries have included an estimate of the impact in the calculation of our pension liability. However, the remedy to resolve the age discrimination has yet to be agreed and the financial impact remains uncertain.	A 1% change in the employer's liability as a result of the final remedy would change our pension liabilities by £15m.
Covid-19	Our immediate response to the Covid-19 pandemic, the impact of lock down and social distancing on service provision, the wider effects on the economy locally, nationally and globally and the need to invest in the reinstatement of services and recovery began to impact towards the end of March 2020.	We have £193.0m of general fund revenue reserves and £364.0m of cash and short-term investments at 31 March 2020. A significant proportion of these could be used/redirected to meet any immediate funding shortfall. Any material use would require a review of our medium-term spending and investment plans.

Item	Uncertainties	Effect if actual results differ from assumptions
Covid-19	We used expert external valuers and actuaries to value of our assets and liabilities as at the end of March 2020 to ensure our balance sheet reflects the estimated impact at that point. However, the duration of the pandemic and the depth of and timeframe for recovery from any economic downturn remain uncertain. Therefore, the financial impact and risk of a material adjustment to our balance sheet going forward remains. The key elements that could be negatively impacted include: • The fair value of our assets and investments; and • The level of reserves and cash we use compared to our plans to meet any unfunded costs as well as an increase in both demand for our services and a reduced resource base in future years.	Our long-term investments and investment property equate to 3% of our total long-term assets at 31 March 2020. The decrease in value of these assets will not affect the underlying strength of our asset base. £157.9m of our operational land and buildings assets are valued on the basis of their existing use. A 9% variation in the value of these assets would have a material impact on our accounts.

Note 26: Capital expenditure and capital financing

The total amount of capital expenditure incurred 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 from borrowing (resulting in future revenue charges), the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically yet to be financed. The CFR is analysed in the second part of this note.

2018/19 £ m	Capital financing requirement	2019/20 £ m
314.0	Opening requirement	301.7
	Capital investment:	
70.3	- Property, plant & equipment	90.0
0.0	- Heritage assets	0.0
0.5	- Intangible assets	0.3
0.1	- Investment property	0.1
13.1	- Revenue spending from capital under statute	19.2
84.1	**Total capital investment**	**109.6**
	Sources of finance:	
-17.6	- Capital receipts	-10.3
-63.0	- Government grants and other contributions	-96.6
	- Sums set aside from revenue:	
-3.5	- Direct revenue contributions	-2.7
-12.4	- MRP	-11.9
-96.4	**Total sources of income**	**-121.5**
301.7	**Closing capital financing requirement**	**289.8**

2018/19 £ m	Explanation of movements in the year	2019/20 £ m
	Increase in underlying need to borrowing (supported by government financial assistance)	
-12.3	Change in underlying need to borrow	-11.9
-12.3	**Increase/decrease(-) in Capital Financing Requirement**	**-11.9**

Note 27: Critical judgements in applying accounting policies

In applying our accounting policies as set out at the start of this document, we have had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, we have determined that this uncertainty is not yet sufficient to provide an indication that our assets might be impaired as a result of a need to close facilities and reduce levels of service provision;

- We consider voluntary controlled, voluntary aided and foundation schools contribute alongside maintained schools, to meeting our service objectives both now and in the future and that therefore their expenditure, income and the assets they use in the provision of services should form part of our accounts. In accordance with the Code we include them in our single entity accounts, and we do not have to prepare separate group accounts. Details of the value and number of each type of school included in our accounts are shown at note 9;

- When a school that is held on our Balance Sheet transfers to academy status we account for this as a disposal for nil consideration on the date that the school converts to academy status rather than as an impairment on the date that approval to transfer to Academy status is agreed.

- Details of our relationships with other companies and investments in companies are detailed in note 40. These are not material and we have not prepared group accounts on this basis.

- When we become aware of an expected credit loss our accounting policies require that, if material, we charge this to the CIES in the year. Our judgement, based on the advice of our external experts, is that there is no material expected credit loss at 31 March 2020 and therefore no impairment charge to the CIES has been made.

Note 28: Dedicated Schools Grant

Our spending on schools is funded primarily by a grant 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, which is divided into a budget share for each maintained school.

Central spending includes other funding allocated as school specific contingencies and nominally held funds and allocations by the School Forum. The DSG figure is as confirmed by the Department for Education in March 2020.

We confirm that the DSG receivable in 2019/20 was £224.6 million (made under section 14 of the Education Act 2002). It has been fully distributed to support schools' budgets, as set out in the regulations made under sections 45A, 45AA, 47, 47ZA, 47A, 48, 49 and 138(7) of, and paragraph 2(B) of schedule 14 to, the Schools Standards and Framework Act 1998 and section 24(3) of the Education Act 2002.

New provisions, which come into force on 1 April 2020, under the Schools and Early Years Finance (England) Regulations 2020, mean that local authorities will be required to carry forward overspends of DSG to their schools' budgets either in the year immediately following or the year after. Under Regulation 8, paragraphs (7) and (8) this also applies to a deficit from the previous year i.e. 2019/20, thus creating a comparable position to the statutory funding basis for the 2020/21 financial year. The overall deficit below has been shown as an overdrawn earmarked reserve in Note 7 of the accounts. Any future funding from a local authority to make good any deficit from its General Reserves can only be made upon approval from the Secretary of State. This reflects the statutory requirement that a deficit must be carried forward to be funded from future DSG income, unless the Secretary of State authorise the local authority not to do so. Furthermore, the DSG deficit has to allocated between service categories so that a deficit from one service category cannot be offset against a surplus from another.

The early years DSG is based on data from earlier years. The final allocation will be determined and received during 2020/21 and will be shown in the table as an in-year adjustment. The £1.0m in-year adjustment shown in the table is £0.8m relating to the final in-year adjustment for 2018/19 and £0.2m estimated to be received as the additional final early years DSG for 2019/20.

The deficit on the high needs DSG is £5.2m at the end of the 2019/20 financial year. This will be recovered through future funding growth and our recovery plan aimed at influencing the increasing level of demand in the high needs system and the push towards specialist placements.

Details of the deployment of DSG receivable for 2019/20 across the different DSG blocks are shown below.

2018/19 Total		2019/20										
		Central Spending					Individual schools budget (ISB)					
		Schools Block	Early Years Block	High Needs Block	Central Block	TOTAL	Schools Block	Early Years Block	High Needs Block	Central Block	TOTAL	Total
£ m		£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m
403.4	Final DSG for the year before Academy recoupment	2.5	9.1	45.2	4.4	61.1	324.8	23.5	17.8	0.0	366.1	427.2
-172.0	Less Academy recouped for the year	0.0	0.0	0.0	0.0	0.0	-191.3	0.0	-12.4	0.0	-203.7	-203.7
231.4	Total DSG after Academy recoupment for the year and agreed initial budget distribution in the year.	2.5	9.1	45.2	4.4	61.1	133.6	23.5	5.4	0.0	162.5	223.6
0.9	Plus DSG brought forward from the previous year	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	-0.3	0.0
0.0	Less DSG Carry forward to next year agreed in advance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
232.3	Agreed initial budgeted distribution in the year	2.5	9.1	45.2	4.4	61.5	133.6	23.5	5.4	0.0	162.1	223.6
-1.3	In year Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	1.0	1.0
231.1	Final budgeted DSG distribution for the year	2.5	9.1	45.2	4.4	61.5	133.6	24.5	5.4	0.0	163.1	224.6
-55.8	Actual central spending for the year	-2.1	-1.6	-52.4	-4.2	-60.2	0.0	0.0	0.0	0.0	0.0	-60.2
-177.5	Actual ISB deployed to schools	0.0	0.0	0.0	0.0	0.0	-133.8	-30.2	-5.5	0.0	-169.4	-169.4
2.1	Our contribution in the year	0.0	0.0	2.1	0.0	2.1	0.0	0.0	0.0	0.0	0.0	2.1
0.0	**Under/Over(-) spend for the year (carried forward)**	**0.4**	**7.5**	**-5.1**	**0.3**	**3.4**	**-0.2**	**-5.7**	**-0.1**	**0.0**	**-6.3**	**-2.9**

Note 29: Events after the Balance Sheet date

As a result of the Government's White Paper 'The Importance of Teaching', which allows Schools to opt out of local government control by becoming academies, two Warwickshire schools chose to take up the new academy status in 2019/20 and a further 6 Warwickshire schools are anticipated to also convert to academy status in 2020/21 and beyond. The significance of the conversion of these schools to academy is that the value of the land, buildings and any vehicles, plant and equipment will be removed from our Balance Sheet at the date of conversion. The value of the derecognition of the current schools looking to convert to academy status after 31 March 2020 will be in the region of £34.3 million.

Coronavirus Pandemic

In March 2020 it was announced that coronavirus was a global pandemic. This was swiftly followed by Government instituting a lockdown on 23 March 2020. As a result, the Council's staff and services changed overnight. Core services continue to be delivered with staff primarily working from home. Some functions, such as libraries, are restricting their services due to social distancing rules, a small number of internal support services have been paused to free up resources to the Covid-19 response efforts and a number of income generating schemes and investments paused.

The financial position of the Council/Local Government has changed significantly. In the longer term there is likely to be a further squeeze on public spending and there are anticipated risks around tax bases for business rates and Council Tax; increased costs for services we purchase, especially in the care sector, and the impacts of the delays to delivery of internal efficiency and development savings.

Although the Government has announced, and continues to announce, financial support packages these are unlikely to be sufficient to cover all of the expected Covid-related pressures. Despite this uncertain position, the Council is considering strategies for managing these potential pressures including the implementation of further savings and investing in recovery, utilising reserves to pump-prime the activity. However, due to the level of uncertainty concerning the virus, and the absence of a firm future funding commitments from Government it is not possible to make a reliable estimate of the impact this may have on the Council at this time.

Note 30: External audit costs

We have incurred costs of £0.097 million (£0.073 million in 2018/19) in the year in relation to the audit of the Statement of Accounts and £0.006 million (£0.049 million in 2018/19 (restated)) in respect of certification of grant claims and other services provided by our external auditors.

Note 31: Leases

Authority as lessee

- Finance leases
  We have acquired some equipment under finance leases. The assets acquired under these leases are carried as property, plant and equipment in the Balance Sheet. These amounts are not material to the financial statements.
- Operating leases
  We have acquired a number of buildings, vehicles and items of equipment by entering into operating leases. These amounts are not material to the financial statements.

Authority as lessor

- Finance leases
  We do not have any finance leases as lessor.
- Operating leases
  We lease out property under operating leases for the following purposes:

- For the provision of community services, such as community centres, homes for the elderly and disabled nurseries;
- For economic development purposes to provide accommodation for local businesses;
- For the support of rural businesses to support smallholdings and farming; and
- To individuals for personal and business use.

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2019 £ m	Operating lease period	31 March 2020 £ m
1.6	Not later than 1 year	1.5
4.3	Later than 1 year and not later than 5 years	3.9
10.8	Later than 5 years	10.3
16.7	**Total**	**15.7**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The contingent rent is not material to the financial statements.

Note 32: Contingent assets

We currently have no contingent assets.

Note 33: Contingent liabilities

A further legal ruling relating to Firefighter Additional Duties received in April 2019 charges Fire Authorities to ensure all allowances related to any regular additional duty are treated as pensionable. The appropriate changes have been made to the payroll system but backpay will be due once further advice is received concerning how far back we are required to consider recompense for. Until this advice is available, we are unable to calculate an appropriate provision amount, but our view is that for Warwickshire FRS this only relates to Training Allowance which is only paid to a small number of individuals and therefore should not be a material amount.

Note 34: Members' allowances

Elected members were paid a total of £0.802 million (£0.790 million in 2018/19) in allowances and expenses. In addition, we paid independent and co-opted members allowances and expenses of £0.014 million (£0.020 million in 2018/19). No single member was paid more than £50,000 during the year. Further details of allowances and expenses payments made to Elected Members in 2019/20 are available on our website https://www.warwickshire.gov.uk. Payments to Elected Members include expenses for the Police and Crime Panel which are reimbursed by the Home Office.

Note 35: Nature and extent of risk arising from financial instruments

Our activities expose us to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to us;
- Liquidity risk – the possibility that we might not have funds available to meet our commitments to make payments; and
- Market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements.

Our overall financial 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 carried out by a central treasury management team, under policies approved by the Council annually in the Treasury Management Strategy, available via https://www.warwickshire.gov.uk. We have written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk
Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to our customers. Our Accounting Policies note describes our overall approach to evaluating impairments to be reflected in the carrying value of our financial assets.

Many of the invoices we raise are the result of statutory obligations. However, where we are providing non statutory goods or services to customers, we consider their ability to pay. A number of checks are available to managers as outlined in our Corporate Debt Recovery Policy. Our current debtors, including trade debtors, are assessed at each year end for impairment. This is assessed using aged debt analysis and past experience of bad debt profiles. The change in the bad debt provision during the year and any amounts found to be irrecoverable are charged against services in the Net Cost of Services in the CIES. The amount of our bad debt provision is shown in Note 14.

We have assessed our potential maximum exposure to credit risk, based on experience of default and collectability over the last five financial years. This has been adjusted to reflect current market conditions. However, there is no effect as there is no instance of institutions that meet our credit ratings defaulting in the last five years. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum score as laid out in the Treasury Management Strategy.

Liquidity risk
As we have ready access to borrowings from the Public Works Loan Board, there is no significant risk that we will be unable to raise finance to meet our future commitments under financial instruments. Instead the risk is that we will be bound to replenish a significant proportion of our borrowings at a time of unfavourable interest rates. To mitigate this, our strategy is to ensure that not more than 20% of loans are due to mature within any rolling three-year period.
The maturity analysis of financial liabilities is as follows:

2018/19 £ m	Loans we have not yet repaid	2019/20 £ m
	We owe money to:	
351.4	~ Public Works Loans Board	341.4
8.5	~ Public Works Loans Board - Accrued Interest	0.0
359.9	**Total**	**341.4**
	When we will pay the money back:	
18.5	Less than 1 year	20.0
20.0	Between 1 and 2 years	0.0
0.0	Between 2 and 5 years	0.0
0.0	Between 5 and 10 years	18.0
321.4	More than 10 years	303.4
359.9	**Total**	**341.4**

Our level of borrowing is due to paying for capital spending in previous years. We have not borrowed any money from external sources in 2019/20 to pay for new capital spending.

We use cash reserves which we have set aside to support future years’ revenue budgets to invest in the short term. We have included these as short-term investments on the Balance Sheet.

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

Market risk

Interest Rate Risk

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowings 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.

As part of our strategy for managing interest rate risk we aim to keep a maximum of 25% of our borrowing in variable rate loans.

We have an active strategy for assessing interest rates exposure that allows for any adverse changes to be incorporated into the budget on a quarterly basis. According to this assessment strategy, at 31 March 2019, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

- No change in the fair value of fixed rate investment assets; and
- A decrease in fair value of fixed borrowing of £79.9 million (£82.1 million in 2018/19).

Changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement.

Price risk

We have some shareholdings in specific interests and we are not in a position to diversify our portfolio. The current value of the shareholding is £2.0 million. For these equity instrument holdings, we have irrevocably elected to recognise any movements in price as gains and losses recognised in Other Comprehensive Income in the CIES. In 2019/20 this amounted to a gain of £0.046 million. They will not be credited or charged to the General Fund until such times as they are either impaired, sold or derecognised. We also have some investments held as Fair Value through Profit and Loss. All profits and losses on sales and impairments as well as in-year valuation movements on these assets must be recognised immediately in the CIES. We have not disposed of any of these holdings this year. At 31 March 2020 we recognised a total net loss of £1.1 million in the CIES. One of these investments has been classified as a pooled investment vehicle which allows us to apply a statutory override which means that any changes in fair value do not hit the General Fund but are reversed in the Movement in Reserves Statement and placed in the unusable Financial Instruments Revaluation Reserve until the investment is either sold or de-recognised. The other is not classed as a pooled investment vehicle so the statutory override does not apply and changes in fair value are reflected in the General Fund in the year.

Treasury management

We comply with CIPFA's Treasury Management in Public Services Code of Practice and the Ministry for Housing, Communities and Local Government guidance on local government investments issued in March 2004. An updated version of the latter was released in February 2018 to apply to accounting periods from 1 April 2018 onwards.

We aim to achieve the optimum return on our investments commensurate with proper levels of security and liquidity. The borrowing of monies purely to invest and make a return is unlawful and we do not engage in such activity. Our external fund managers comply with the Annual Investment Strategy, approved by Elected Members on an annual basis. The agreement between us and the fund managers additionally stipulates additional guidelines and limits in order to manage risk.

Note 36: Officers' remuneration and termination benefits

We are required to show the number of our staff who are paid more than £50,000 a year. This is shown in the table below. Pay includes salary, redundancy, taxable travel and other taxable costs. These figures do not include employer's pension contribution and exclude remuneration for senior staff who are shown separately.

2018/19		Remuneration Band	2019/20	
Number of Staff	Number Left in the Year		Number of Staff	Number Left in the Year
128	2	£50,000 - £54,999	138	0
73	1	£55,000 - £59,999	78	1
72	1	£60,000 - £64,999	71	3
40	3	£65,000 - £69,999	39	3
24	2	£70,000 - £74,999	27	2
21	2	£75,000 - £79,999	19	3
5	2	£80,000 - £84,999	14	3
2	0	£85,000 - £89,999	4	1
1	1	£90,000 - £94,999	4	1
5	0	£95,000 - £99,999	6	2
1	0	£100,000 - £104,999	2	0
2	1	£105,000 - £109,999	1	0
0	0	£110,000 - £114,999	1	1
1	0	£115,000 - £119,999	2	1
2	1	£120,000 - £124,999	0	0
0	0	£125,000 - £129,999	0	0
0	0	£130,000 - £134,999	0	0
1	1	£165,000 - £169,999	0	0
1	1	£170,000 - £174,999	0	0
379	**18**		**406**	**21**

We are required to disclose the remuneration of senior employees, as defined by regulation, by post for salaries under £150,000 and by name for those whose salary is over £150,000. Remuneration for senior staff includes the employer's contribution to the appropriate pension fund.

Post holder information (post title and name)		Salaries (including fees and Allowances) £	Taxable Expense Allowances £	Compensation for loss of office £	Benefits in Kind £	Total excluding pension contributions £	Employer's Pension Contributions £	Total including pension contributions £
N/A - Note 1	2018/19							
Chief Executive - Monica Fogarty (Head of Paid Service)	2019/20	179,500				179,500	35,002	214,502
Joint Managing Director, Communities - Monica Fogarty	2018/19	166,876	967			167,843	32,541	200,384
N/A - Note 1	2019/20							
Joint Managing Director, Resources - David Carter (Head of Paid Service)	2018/19	166,050				166,050	32,380	198,430
N/A - Note 1	2019/20							
N/A - Note 2	2018/19					0		0
Strategic Director for Resources (Section 151 Officer)	2019/20	135,644				135,644	26,451	162,095
Assistant Director Finance (Section 151 Officer)	2018/19	92,854	0	0		92,854	18,106	110,960
N/a - Note 2	2019/20		0	0		0		0
Strategic Director, People Group	2018/19	134,284				134,284	26,185	160,469
Note 3	2019/20	139,250				139,250	27,154	166,404
Strategic Director, Communities Group	2018/19	22,007	0	0		22,007	4,291	26,298
Note 4	2019/20	132,038		0		132,038	25,747	157,785
Chief Fire Officer	2018/19	127,415	0	0		127,415	23,712	151,127
Note 5	2019/20	133,532	0	0		133,532	36,200	169,732
Assistant Director - People (Head of Public Health - Dr John Linnane)	2018/19	164,702	271	0		164,973	23,167	188,140
N/A - Note 6	2019/20	0		0		0	0	0
Assistant Director Children & Families (Chief Education Officer) - Note 7	2018/19	59,938	0	0		59,938	11,688	71,626
Assistant Director Education Services (Chief Education Officer) - Note 7	2019/20	108,273	0	0		108,273	21,113	129,386
Assistant Director Governance and Policy (Monitoring Officer)	2018/19	110,434	0	0		110,434	21,535	131,969
	2019/20	111,555	0	0		111,555	21,753	133,308
Total 2018/19		**1,044,560**	**1,238**	**0**	**0**	**1,045,798**	**193,605**	**1,239,403**
Total 2019/20		**939,792**	**0**	**0**	**0**	**939,792**	**193,420**	**1,133,212**

Note 1: The Chief Executive (Head of Paid Services) was appointed from 1 April 2019. Previously this the post was held by the Managing Director, Resources. On 31 March 2019 both Joint Managing Director roles ceased.

Note 2: The Section 151 role passed to the Strategic Director for Resources from 1 April 2019. Previously the role was held by the Assistant Director for Finance who left on 31 January 2019. Their annualised salary was £111,555. The role was covered by an Interim from 1 February 2019 and paid via an agency. Payments for the period 1 February 2019 to 31 March 2019 were £39,960.

Note 3: The Strategic Director for People holds the posts of Director of Children's Services and Director of Adult Social Services.

Note 4: The Interim Strategic Director, Communities started on 1 February 2019. The annualised salary for the post in 2018/19 was £132,038. Prior to this, the role was included in the post of Joint Managing Director, Communities.

Note 5: The new Chief Fire Officer took up the post from 18 March 2019 and his annualised salary was £128,689. Amounts paid in relation to the period to 31 March 2019 were paid in 2019/20 and are included above.

Note 6: The standard salary for the Assistant Director People was £101,451 in 2018/19. In 2018/19 additional payments for Clinical Excellence Award, Additional Programme Activity and the Director of Public Heath role result in the total salary in the table. We are required to disclose by name this non-statutory post as the salary paid is over £150,000. The post-holder in 2019/20, whose salary was not over £150,000 is included in the staff paid over £50,000 in the previous table.

Note 7: The Assistant Director for Children and Families left on 7 December 2018. The annualised salary for this post is £86,838. The role was covered from December 2018 to March 2019 by an interim. Payments via an agency were £51,942. The Assistant Director, Education held the role of Chief Education Officer during 2019/20.

The Director of Transformation, reporting directly to the Head of Paid Service, was paid via an Agency. Payments for 2019/20 were £142,500 (£222,000 in 2018/19). This post ceased when they left in October 2019.

A number of employees left during 2019/20, incurring costs of £2.8 million (£2.3 million in 2018/19). None of this relates to senior staff. This cost includes officers who have left as part of ongoing savings and efficiency plans. See table below for details of total exit costs, which also includes the pensions costs funded by the authority not shown in the table above.

Exit Package Cost Band (including Special Payments)	Number of compulsory redundancies		Number of other departures agreed		Total Number of packages by cost band		Total cost of packages in each band £ m	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0 - £20,000	9	7	57	73	66	80	0.453	0.491
£20,001 - £40,000	0	1	12	8	12	9	0.339	0.235
£40,001 - £60,000	0	5	7	5	7	10	0.311	0.507
£60,001 - £80,000	3	4	2	0	5	4	0.353	0.274
£80,001 - £100,000	2	4	2	0	4	4	0.346	0.356
£100,001 - £150,000	0	0	3	0	3	0	0.359	0.000
£150,001 - £200,000	1	3	0	1	1	4	0.183	0.721
£200,001 - £250,000	0	1	0	0	0	1	0.000	0.243
	15	**25**	**83**	**87**	**98**	**112**	**2.344**	**2.828**

This is staff that have left the authority in the year. In addition, we are required to account for the termination costs for staff that have signed an agreement to leave the authority which cannot be cancelled but who do not leave until after the 31 March, as a provision charged in the CIES. These staff will be included in the note in the year in which they leave the authority.

Note 37: Pension schemes

As part of the terms and conditions of employment, we offer retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement.

Pension Schemes operated by the Council

Teachers

We operate a pension scheme for our teaching staff, under the Superannuation Act 1972. The scheme provides teachers with a defined benefit when they retire. The Teachers' Pensions Agency manages the scheme under the Teachers' Pensions Regulations 1997, as amended. The Government sets teachers' and employers' contribution rates on the basis of an assumed fund. The scheme has a large number of participating employers and so we are not able to identify our share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of our Statement of Accounts, the scheme is therefore accounted for on the same basis as a defined contribution scheme.

We may be required to make two kinds of contributions to the scheme – 'normal' and 'supplementary'. The normal contribution is the percentage of a newly recruited teacher's salary that is needed to meet the cost of the pension liability. We would pay a supplementary contribution if the Government found that future liabilities would not be met by the normal contributions. A supplementary contribution is not needed at present. Our total employer's contribution cost was £14.7 million in 2019/20 (£12.2 million in 2018/19).

We are also responsible for paying any extra added years of benefits and early retirement costs to pensioners. These extra costs are classed as defined benefits. As a result, in our accounts we show the extra cost of pensions decisions we made in the current year, no matter when we will actually pay these financial costs. There is no fund for these discretionary benefits and so there are no assets. In 2019/20 the payments relating to added pensionable years came to £3.2 million (£3.2 million in 2018/19). We made no payments relating to early retirement in 2019/20 or 2018/19.

Firefighters

There is a defined benefit pension scheme for our firefighters, under the Superannuation Act 1972. The Firefighters' Pension Scheme in England is an unfunded scheme where we promise to provide employees with benefits under the scheme but make no advance funding in the scheme for those benefits. Benefits are paid directly when they become due.

We pay an employer's pension contribution, based on a percentage of pay, into the pension fund. The pension fund will be balanced to nil at the end of the year by either paying over to the government any excess, or by receiving cash in the form of pension top-up grant. This grant is paid to the Firefighters' Pension Fund and not the County Council. The Government sets the employees' and employer's contribution rates by regulation.

In 2019/20, pension payments totalled £6.8 million (£6.4 million in 2018/19). Costs relating to early retirement totalled £2.1 million in 2019/20 (£1.3 million in 2018/19).

The estimated employer's contributions for Fire Fighters pension for the period to 31st March 2021 will be approximately £2.6 million.

Firefighters' Injury Awards Scheme

Firefighters' injury awards are financed from our revenue account. An ongoing liability to pay injury awards is included in our Balance Sheet. This liability is subject to the same actuarial assumptions as the main firefighters' scheme, though it is not a separate pension scheme as there is a benefit paid whether the recipient of the injury award is a member of the scheme or not. However, the liability forms part of our overall pensions' liability.

National Health Service
During 2013/14 some NHS staff transferred to us. These staff have maintained their membership in the NHS Pension Scheme. The scheme provides these staff with specified benefits upon their retirement and we contribute towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However, we are not able to identify our share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

In 2019/20 we paid £0.098 million (£0.164 million in 2018/19) to the NHS Pension Scheme in respect of former NHS staff retirement benefits, including employees' contributions.

Local Government Pension Scheme – all other Council employees
We operate a funded, defined benefit pension scheme for staff, under the Local Government Pensions Scheme Regulations 2013. We manage the scheme for ourselves, the five district councils and a number of other organisations. We prepare the accounts, but they are separate from our financial statements. The Council and employees pay contributions into the fund calculated at a level intended to balance pension liabilities with investment assets.

An actuarial valuation is carried out every three years to assess the difference between the fund's projected assets and liabilities and the amount employers will have to contribute for the next three years. The valuation on 31 March 2019 set the rates for 2020/21, 2021/22 and 2022/23.

In the valuation carried out as at 31 March 2016 the funding level increased from 77% to 82%. As a result, the employer's rate is expected to increase by 0.75% per annum until 2019/20. In 2019/20, we made normal employer's contributions totalling £26.6 million (£26.0 million in 2018/19).

We are also responsible for all pension payments relating to benefits we have awarded for added years, together with related increases. In 2019/20, these came to £2.8 million (£1.7 million in 2018/19). The estimated employer's contribution for the period to 31st March 2021 is £28.3 million.

The value of our LGPS assets at 31 March 2020 is based on the market value at 31 December 2019. The actuary has made an assumption about the movement in the investment market to arrive at the valuation at the Balance Sheet date. There were re-measurements as a result of a difference between expected and actual returns on assets which amounted to 0.25% of the value of assets at 31 March 2020. The movement in our LGPS assets in the year is as shown below:

31 March 2019 £ m	Change in Fair Value of WCC Share of LGPS Assets	31 March 2020 £ m
1,047.4	Fair value of assets at the beginning of the year	1,117.0
-2.8	Effect of settlements	0.0
28.2	Interest Income on plan assets	26.8
46.7	Remeasurements on assets	-118.3
28.1	Employers' contributions (including receipts covering early retirements)	30.4
8.5	Member contributions	8.7
-39.0	Benefits/transfers paid	-45.4
1,117.0	**Fair value of assets at the end of the year**	**1,019.2**

A breakdown of the nature of those assets is as follows:

31 March 2019			31 March 2020	
Quoted prices in active markets £ m	Quoted prices not in active markets £ m	LGPS Assets	Quoted prices in active markets £ m	Quoted prices not in active markets £ m
		Equity securities:		
53.8	0.0	Consumer	0.0	0.0
22.2	0.0	Manufacturing	0.0	0.0
1.3	0.0	Energy and utilities	0.0	0.0
24.4	0.0	Financial institutions	0.0	0.0
26.5	0.0	Health and care	0.0	0.0
27.4	0.0	Information technology	0.0	0.0
34.8	0.0	Other	0.0	0.0
		Debt Securites:		
0.0	31.8	Other	0.0	32.4
		Private equity:		
0.0	56.9	All	0.0	48.8
		Real estate:		
121.9	0.0	UK property	99.6	0.0
0.2	0.0	Overseas property	0.1	0.0
		Investment funds and unit trusts:		
420.8	0.0	Equities	584.2	0.0
183.9	0.0	Bonds	156.6	0.0
0.0	0.0	Hedge funds	0.0	0.0
0.0	25.8	Infrastructure	0.0	26.8
69.4	0.0	Other	56.5	0.0
15.8	0.0	**Cash and cash equivalents**	14.2	0.0
1,002.5	**114.5**	**Totals**	**911.2**	**108.0**

The expected return on scheme assets does not affect the Balance Sheet position as at 31 March 2020 but will affect the reported pension cost for the following year. It is based on market expectations at the beginning of the financial period for returns over the life of the obligation. This requires the consideration of the composition of the Scheme's assets and the potential returns of different asset classes. The assumption used is the average of the assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

The Impact of Pensions in our Accounts

We show the cost of retirements benefits in 'Money spent on services' in the Comprehensive Income and Expenditure Statement when employees earn them. We have made adjustments in the Movement in Reserves Statement so that the charge made against the council tax reflects the actual cash we have paid relating to the year.

31 March 2019					Pension scheme accounting	31 March 2020				
LGPS £m	Teachers £m	Fire fighters £m	Fire fighter Injury £m	Total £m		LGPS £m	Teachers £m	Fire fighters £m	Fire fighter Injury £m	Total £m
					Spending:					
52.0	0.0	4.3	0.5	56.8	Current service cost	62.1	0.0	4.2	0.5	66.8
0.2	0.0	11.0	0.0	11.2	Past service cost and curtailments	0.8	0.0	0.0	0.0	0.8
-2.6	0.0	0.0	0.0	-2.6	Effects of Settlement	0.0	0.0	0.0	0.0	0.0
40.5	1.2	7.3	0.7	49.7	Interest cost	40.7	1.2	6.8	0.6	49.3
-28.2	0.0	0.0	0.0	-28.2	Interest income on plan assets	-26.8	0.0	0.0	0.0	-26.8
62.0	**1.2**	**22.6**	**1.2**	**87.0**	**Net charge to CIES**	**76.7**	**1.2**	**11.0**	**1.1**	**90.0**
					Contribution from Pensions Reserve:					
-116.0	-4.0	-16.1	-1.7	-137.8	Movement on the Pensions Reserve	76.0	6.7	26.7	2.8	112.2
82.2	6.2	-0.5	1.0	88.8	Re-measurements recognised in CIES	-122.3	-4.6	-30.6	-3.2	-160.7
n/a	n/a	-5.4	n/a	-5.4	Funded by Government top up grant	n/a	n/a	-5.1	n/a	-5.1
-33.8	**2.2**	**-22.0**	**-0.7**	**-54.4**	**Contribution (from) Pensions Reserve**	**-46.3**	**2.1**	**-9.0**	**-0.4**	**-53.6**
					Actual amount charged against council tax:					
28.1	n/a	1.3	n/a	29.4	Employer's contributions & ill-health contributions	30.4	n/a	2.6	n/a	33.0
28.1	**n/a**	**1.3**	**n/a**	**29.4**	**Amount charged against council tax**	**30.4**	**0.0**	**2.6**	**0.0**	**33.0**
					Amount funded by government top up grant					
n/a	n/a	7.1	n/a	7.1	Retirement benefits paid and due to be paid to pensioners and transfers out	n/a	n/a	8.2	n/a	8.2
n/a	n/a	-0.6	n/a	-0.6	Retirement Benefits paid directly by Government Top Up Grant	n/a	n/a	-0.7	n/a	-0.7
n/a	n/a	-1.1	n/a	-1.1	Employee contributions	n/a	n/a	-1.1	n/a	-1.1
n/a	n/a	-1.3	n/a	-1.3	Employer's contributions & ill-health contributions	n/a	n/a	-2.6	n/a	-2.6
n/a	**n/a**	**4.1**	**n/a**	**4.1**	**Government top up grant receivable**	**0.0**	**0.0**	**3.8**	**0.0**	**3.8**
					Movement in Reserves Statement					
-61.9	-1.2	-30.4	-1.2	-94.7	Reversal of net charges made for retirement benefits	-76.7	-1.2	-19.8	-1.1	-98.8
28.1	n/a	1.3	n/a	29.4	Employer's contributions & ill-health contributions	30.4	n/a	2.6	n/a	33.0
n/a	3.4	7.1	0.5	11.0	Retirement benefits paid or due to be paid to pensioners and transfers out	n/a	3.3	8.2	0.7	12.2
-33.8	**2.1**	**-22.0**	**-0.7**	**-54.3**	**Movement in Reserves Statement**	**-46.3**	**2.1**	**-9.0**	**-0.4**	**-53.6**

The key assumptions used by our actuary to determine valuations are as laid out in the table below:

31 March 2019				Pension scheme assumptions	31 March 2020			
LGPS	Teachers	Firefighters	Firefighter Injury Award		LGPS	Teachers	New Firefighters	Firefighter and Injury Award
				Financial assumptions:				
2.5%	2.5%	2.5%	2.5%	Rate of Inflation CPI	1.9%	1.9%	1.9%	1.9%
3.1%	3.1%	3.5%	3.5%	Salary Increase	2.7%	2.7%	2.8%	2.8%
2.5%	2.5%	2.5%	2.5%	Pensions increases	1.9%	1.9%	1.9%	1.9%
2.4%	2.4%	2.4%	2.4%	Rate of discount	2.3%	2.3%	2.3%	2.3%
				Life expectancy assumptions:				
22.5 (24.7)	22.5 (24.7)	27.3 (29.4)	27.3 (29.4)	A male (female) current pensioner aged 65	21.6 (23.8)	21.6 (23.8)	26.4 (28.5)	26.4 (28.5)
24.3 (26.7)	24.3 (26.7)	28.4 (30.6)	28.4 (30.6)	A male (female) future pensioner aged 65 in 20 years	22.5 (25.4)	22.5 (25.4)	27.5 (29.7)	27.5 (29.7)
				Commutation of pension for lump sum at retirement:				
75.0%	n/a	90.0%	90.0%	~ Taking maximum cash	75.0%	n/a	90.0%	90.0%
50.0%	n/a	n/a	n/a	~ Taking 3/80th cash	50.0%	n/a	n/a	n/a

The sensitivity regarding the principal assumptions used to measure the LGPS scheme liabilities are set out below.

Change in assumptions as at 31 March 2020	Approximate increase to Employer Liability %	Approximate monetary amount £ m
0.5% decrease in real discount rate	10%	145.6
1 year increase in member life expectancy	3%	45.2
0.5% increase in the salary increase rate	1%	13.8
0.5% increase in the pension increase rate	9%	130.5

The liabilities associated with each scheme are as shown in the table below:

31 March 2019				Change in present value of pension scheme liabilities during the year	31 March 2020			
LGPS £m	**Teachers £m**	**Firefighters £m**	**Firefighter Injury Award £m**		**LGPS £m**	**Teachers £m**	**Firefighters £m**	**Firefighter Injury Award £m**
1,494.4	47.4	267.2	25.4	Benefit obligation at the beginning of the year	1,680.0	51.4	283.3	27.1
52.0	0.0	4.3	0.5	Current service costs	62.1	0.0	4.2	0.5
-5.5	0.0	0.0	0.0	Effect of Settlements	0.0	0.0	0.0	0.0
40.5	1.2	7.3	0.7	Interest on pensions liabilities	40.7	1.2	6.8	0.6
8.5	0.0	1.1	0.0	Member contributions	8.7	0.0	1.1	0.0
0.2	0.0	11.0	0.0	Past service costs	0.8	0.0	0.0	0.0
0.0	0.0	0.0	0.0	Curtailments	0.0	0.0	0.0	0.0
-39.0	-3.4	-7.1	-0.5	Benefits/transfers paid	-45.5	-3.3	-8.2	-0.7
128.8	6.2	-0.5	1.0	Remeasurements on liabilities	-240.6	-4.6	-30.6	-3.2
0.0	0.0	0.0	0.0	Changes in assumptions	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	Liabilities extinguished	0.0	0.0	0.0	0.0
1,680.0	**51.4**	**283.3**	**27.1**	**Present value of liabilities at the end of the year**	**1,506.2**	**44.7**	**256.6**	**24.3**

This leaves each scheme with a net liability as shown below:

31 March 2019					Pension assets and liabilities recognised in the Balance Sheet	31 March 2020				
LGPS £m	Teachers £m	Fire fighters £m	Fire fighter Injury Award £m	Total £m		LGPS £m	Teachers £m	Fire fighters £m	Fire fighter Injury Award £m	Total £m
1,680.0	51.4	283.3	27.1	2,041.8	Present value of the defined benefit oblicgation	1,506.2	44.7	256.6	24.3	1,831.8
1,117.0	0.0	0.0	0.0	1,117.0	Less: Fair value of plan assets	1,019.2	0.0	0.0	0.0	1,019.2
563.0	**51.4**	**283.3**	**27.1**	**924.8**	**Net Liability arising from defined benefit obligation charge to CIES**	**487.0**	**44.7**	**256.6**	**24.3**	**812.6**
116.0	**4.0**	**16.1**	**1.7**	**137.8**	**Increase/decrease (-) in net liability from previous year**	**-76.0**	**-6.7**	**-26.7**	**-2.8**	**-112.2**

The liabilities show the underlying commitments that we have in the long run to pay retirement benefits. However, statutory arrangements for funding the deficit mean that our financial position remains healthy:

- LGPS - the deficit will be recovered by increased contributions over the remaining working life of employees, as assessed by the scheme actuary;
- Firefighters Pension Scheme - the deficit is paid by Central Government;
- Teachers' Pension Scheme - finance is provided by the Teachers Pensions Agency; and
- Firefighters' Injury Awards – these are financed through revenue budgets.

Note 38: Pooled budgets with health

Section 75 of the National Health Service Act 2006 allowed joint-working arrangements between NHS organisations and local authorities. Pooled funds allow these health organisations and local authorities to work together to tackle specific health issues. An important feature of the pool is that the way resources are used will depend on the needs of the clients who meet the conditions set for the pooled budget, rather than the contributions of the partners.

Warwickshire County Council is the host authority for the Section 75 Pooled budget arrangement via the Better Care Fund. The strategic aims of the programme are:

- People are helped to remain healthy and independent;
- People are empowered to play an active role in managing their own care and the care they receive; and
- People get the right service at the right time and in the right place – which means services will envelop individuals close to their home.

Agreements for the financial years since 1 April 2015 have been agreed by us and the three Clinical Commissioning Groups (CCGs) in Warwickshire. Annual contributions are agreed by the Better Together Programme Board before the commencement of each financial year thereafter. The agreement sets out the basis of the governance arrangements and reporting requirements to both the Better Together Programme Board and the Health and Wellbeing Board.

The total pooled budget arrangement for 2019/20 is £61.6 million (£49.8 million in 2018/19) of which £4.5 million (£4.2 million in 2018/19) is capital funding for Disabled Facilities. Of the revenue element £27.1 million (£22.2 million in 2018/19) is held by the CCGs for them to commission services and of that £3.7 million (£3.9 million in 2018/19 (restated) has been passed back to the authority as part of a separate S75 Integrated Community Equipment Service agreement. A total of £30.0 million (£23.4 million in 2018/19) revenue funding was allocated to the council for commissioning services in accordance with the agreement.

The surplus and deficit at the end of the year on the Integrated Community Equipment Service and Better Care Fund Revenue respectively belong to the CCGs. The surplus at the end of the year on Disabled Facilities belongs to the District and Borough Councils of Warwickshire.

The S75 agreement for the Commissioning of Mental Health Services was agreed in 2018/19. The pooled resources total £5.4 million (£5.4 million in 2018/19) with any surplus or deficits remaining within the pool, to be allocated by agreement with the Partnership Board.

The table below summarises the financial transactions of the pooled budgets.

2018/19	Pooled budgets with health	2019/20			
Surplus(-)/ Deficit £ m		Our contribution £ m	Total pool £ m	Total spend £ m	Surplus(-)/ Deficit £ m
	Better Care Fund Pooled Budget - S75				
-0.5	~ Integrated community equipment service	2.3	5.9	5.7	-0.2
0.5	~ Better Care Fund - Revenue other	27.7	51.2	51.2	0.0
-1.3	~ Disabled Facilities Capital Grant	0.0	4.5	3.4	-1.1
-1.3	**Total Better Care Fund**	30.0	61.6	60.3	-1.3
0.0	**Commissioning of Mental Health Services for Children & Young People**	0.9	5.4	5.4	0.0
-1.3	**Total**	**30.9**	**67.0**	**65.7**	**-1.3**

Note 39: Coventry and Warwickshire Business Rates Pool

The Coventry and Warwickshire Business Rates Pool was created on 1 April 2013 with seven member authorities: Warwickshire County Council, the five District and Borough Councils within Warwickshire and Coventry City Council. Warwickshire County Council is the lead authority for the pool and there is an agreed memorandum of understanding in place that determines how the Pool's resources are allocated. Under the agreement any surplus generated by the pool, will be shared between pool members. We have accounted for our share of the current surplus in the Comprehensive Income and Expenditure Account and the full pool surplus is held in our reserves until such times as it is distributed (see note 19).

Note 40: Related parties and associated parties

Central Government
Central Government has effective control over our general duties – it is responsible for providing the legal framework within which we work, provides funding in the form of grants and sets the terms of many of the relationships that we have with other organisations. Details of the grants we receive from government departments are set out in note 23. Details of the balances with central government departments are shown in notes 14 and 16. Pooled budget arrangements with the Department of Health via Clinical Commissioning Groups are disclosed in note 38.

Elected Members
Elected Members of the council have direct control over our financial and operating policies. The total of Elected Members' allowances paid in 2019/20 is shown in note 34. During 2019/20 works and services to the value of £29.7 million (£32.3 million in 2018/19) was paid to companies in which elected members had an interest (this includes £14.2 million (£11.5 million in 2018/19) paid to District and Borough Councils in Warwickshire where they are also elected members). Contracts were entered into in full compliance with our contract standing orders. The above figure includes any grants paid to voluntary groups in which elected members had positions on the governing body, including any made to organisations whose senior management included close members of the families of elected members. In all instances, grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussions or decisions relating to the grants. Details of all these transactions are recorded in the Register of Members' Interests, open to public inspection at Shire Hall. Details of the Members and the Committees and organisations for which they represent the authority are also available on the authority's web-site www.warwickshire.gov.uk.

Senior Officers
During 2019/20 £2.7 million (2018/19 – nil) were made to organisations in which senior officers or members of their families had declared an interest.

A number of senior officers and elected members represent us on the board of related companies (such as Warwick Technology Park Management Limited, Warwick Technology Park Management No 2 Limited, SCAPE Group Limited, and University of Warwick Science Park Innovation Centre Limited). In addition, a number of officers within the authority are directors of our two wholly owned Local Authority Trading Companies. You can see registers of members' and officers' interests at Shire Hall, Warwick or at the registered office of the company in question if this is not Shire Hall, Warwick.

Other Public Bodies

At the end of the year we owed £22.4 million (£20.2 million in 2018/19) to other local authorities, central government and public bodies including £5.2 million (£5.0 million in 2018/19) to Her Majesty's Revenue and Customs, and they owed us £27.8 million (£25.2 million in 2018/19), including £4.8 million (£3.7 million in 2018/19) from Her Majesty's Revenue and Customs.

We charged the Warwickshire County Council Pension Fund £1.2 million (£0.9 million in 2018/19) for carrying out the administration work for the fund (not including payroll-processing costs).

Other Entities

We hold shares in the following companies as at 31 March 2020:

Company	WCC Share holding	Directors
Warwickshire Legal Services Trading Ltd	Wholly owned LATC - £1 ordinary share capital	Two officers appointed as directors
Educaterers Ltd	Wholly owned LATC - £1 ordinary share capital + working capital loan interest at	Three officers appointed as directors
University of Warwick Science Park Innovation Centre Limited	19.9% of ordinary share capital. 1/6 voting rights £1,502,500 preference shares	One of six directors is appointed by us
Warwick Technology Park Management Company Limited	4.8% of called up share capital	One officer and one elected member as directors
Warwick Technology Park Management Company (No 2) Limited	0.2% of called up Share capital	One officer and one elected member as directors.
Eastern Shire Purchasing Organisation (ESPO)	n/a	Two elected members from each authority on Management Committee
ESPO Trading Ltd - also owns 100% share capital in Eduzone Ltd	16.67% of called up share capital	No Directors appointed by WCC
SCAPE Group Limited	16.7% of the called up share capital	One of the six directors is appointed by us
Coventry and Warwickshire Local Enterprise Partnership Limited	No share capital and liability limited to £1.	Two type 'B' (public sector) directors to be appointed by us
Coventry and Solihull Waste Disposal Company	10,000 ordinary 'C' shares I representative on shareholder panel with 1% voting rights and 24% voting rights for matters relating to WCC SLA agreement	No right to appoint to board of Directors. 1% proxy vote unless WCC SLA related.
UK Municipal Bond Agency Plc	120,000 fully paid B shares of £0.01 each 180,000 ordinary shares of £0.01 each	No Directors appointed by WCC

We have two wholly owned local authority trading companies which started trading in 2017/18.

Warwickshire Legal Services Trading Ltd started trading on 1 October 2017. It provides legal services to other entities outside the Council and pays the authority for the services of our staff to carry out that work. This company has negligible assets.

Educaterers Ltd, providing meals services to schools, started trading on 1 September 2017. Its accounts for the year to 30 August 2019 showed net liabilities of £2.7 million (£0.1 million for the year to 30 August 2018). This is mainly as a result of an increased pensions liability. Most of the company's trading is with maintained schools in Warwickshire so that expenditure is already included in our Comprehensive Income and Expenditure Statement. Some authority staff transferred to the trading company and we have given a guarantee to pay any amount or employer's contributions due to the Warwickshire Pension Fund in respect of their pension liability if the company ever becomes insolvent and ceases trading. We have also agreed a working capital loan of up to £1.5 million as required for the three years to 31 August 2020. Interest is charged at a market rate of 6% per annum charged periodically with interest changes mirroring that of the Bank of England Base Rate. At 31 March 2020 the balance on the loan was £1.5 million (£0.8 million at 31 March 2019). No dividends or profit distributions have yet been agreed for the trading periods up to 31 March 2020.

We have assessed these two companies, having due regard to the non-material external turnover of both entities and the potential effect of consolidating them into our financial statements both quantitatively and qualitatively. We have concluded there is no current need to consolidate them into our accounts.

We are part of a purchasing partnership, Eastern Shires Purchasing Organisation (ESPO), with five other local authorities. Each authority is represented on the management committee by two elected members. There are controls in place so that none of our elected members are involved in letting our contracts. We received £0.5 million in dividends from ESPO in 2019/20 (£0.5 million in 2018/19). As part of ESPO's strategic growth plan, ESPO Trading Limited was incorporated on 27 February 2018. We own 100 of the 600 shares for which we paid £100. The company has been set up to be able to trade with organisations outside the public sector customer base. It has also purchased Eduzone Ltd in June 2018 (100 shares) since its incorporation, a company with a strong base in the providing products to the early years sector. We have not received any income in respect of these new holdings in the year.

We also received dividends from SCAPE Group Limited and University of Warwick Science Park companies in the year totalling £0.5 million (£0.3 million in 2018/19). All dividend income received is shown as investment income in note 5.

We are part of the Coventry and Warwickshire Local Enterprise Partnership Limited (the LEP). This company is limited by guarantee and aims to co-ordinate public and private sector partners to develop the economy and increase prosperity. The LEP's four objectives are:

- To drive economic growth;
- To help remove barriers to economic growth;
- To help create high value jobs; and
- To co-ordinate local government co-operation and support.

The LEP also has a role in coordinating elements of government funding for growth, for example the Growing Places Fund.

The Gateway Alliance is a strategic partnership of primary schools in Warwickshire. It was created to provide professional development and school to school support following the reduction of Local Authority improvement services in 2011. The company is limited by guarantee and the members have confirmed that the governing documentation of the company contains the necessary provisions which are required pursuant to the School Company Regulations 2002. Under the regulations, all school companies are required to have a local authority as a supervising authority. Warwickshire is the supervising authority for the Gateway Alliance School Company and also processes the payroll for the Company staff, all costs of which are reimbursed in full.

West Midland Rail Ltd is a company limited by guarantee with a Board of Directors appointed from each of the 14 constituent member authorities and 2 affiliate member authorities for the purpose of providing local democratic strategic guidance for the specification of the new West Midlands rail franchise being let by the Department of Transport during 2017.

We are also a partner in a special company, Pride in Camp Hill Ltd. The company was set up in 2002/03 in partnership with the Homes and Communities Agency and Nuneaton and Bedworth Borough Council to carry out a redevelopment project in Camp Hill. Our initial share was £0.720 million and each partner is committed to funding the running costs of the company in equal shares until it completes its work, which is currently expected to be in 2023.

We are part of the Regional Adoption Agency via a shared service arrangement with Solihull Metropolitan Borough Council, Coventry City Council, Worcestershire County Council and Herefordshire Council. The Regional Adoption Agency is known as Adoption Central England. We have become the host authority to facilitate the operational delivery of the shared service, however governance arrangements ensure that all five authorities retain strategic responsibility for performance delivery and outcomes.

For 2019/20 our contribution was £1.046 million (£0.950 million in 2018/19) and we received £4.155 million (£3.566 million 2018/19) from the other local authorities and fees and charges. The total spend was £4.463 million (£4.144 million in 2018/19). The underspend belonging to the Agency for 2019/20 is £0.738 million (£0.372 million in 2018/19).

When the agency was created staff were seconded from partner authorities. On 1 October 2019 the staff were TUPEd (see glossary) across to the County Council and are now our employees.

The County Council, as administering authority on behalf of the Warwickshire Pension Fund is a shareholder in Borders to Coast Pension Partnership Limited. Borders to Coast is a wholly owned private limited company registered in England and Wales founded to carry out pension fund asset pooling obligations set out by the Government. The company provides the facility to pool the pension fund investments of twelve local authorities in order to gain the benefits of economies of scale: the concentration of expertise, improved ability to manage down investment costs and the benefits of investing on a larger scale. Each of the twelve local authorities is an equal joint owner of the company through purchase of a £1 class A ordinary share. The authority also owns £833,333 class B ordinary shares but these are not voting shares and do not give entitlement to dividends or other distributions of income.

Note 41: Trading accounts

Our trading activities are expected to break even after taking account of charges for the assets they use to provide their services. These charges are worked out in line with the accounting rules we use when we prepare our accounts. Any surplus or loss these trading activities make is transferred to, or met from, directorate risk reserves.

The spending in the table below is included in our main accounts. However, we have adjusted these surpluses to reflect the effects of the required accounting treatment of pension costs (to reflect the actual costs of pensions decisions they have taken in the current year). The total value of this adjustment is £1.9 million (£1.4 million in 2018/19).

2018/19		Trading activity	2019/20				
Net Expenditure £ m	Memo Net Expenditure before technical adjustments £ m		Turnover £ m	Spend after internal income £ m	External income £ m	Net expenditure £ m	Memo Net Expenditure before technical adjustments £ m
-0.1	-0.1	Schools finance	0.9	0.0	-0.1	-0.1	-0.2
-0.2	-0.3	Construction services	5.0	0.7	-0.8	0.0	-0.1
0.3	0.2	County fleet maintenance	0.0	0.5	-0.5	0.0	0.0
-0.3	-0.7	Legal services	6.3	1.6	-2.3	-0.7	-1.3
0.2	0.0	ICT services	4.3	1.6	-1.7	0.0	-0.2
0.2	0.1	Warwickshire Music	2.6	1.6	-1.5	0.1	0.0
-0.1	-0.1	Specialist Teaching Services	1.0	0.3	-0.4	-0.1	-0.1
-0.1	-0.1	School absence (sickness scheme)	2.2	0.9	-0.4	0.5	0.5
0.0	0.1	Schools Insurance	3.3	-0.1	0.0	-0.1	-0.2
0.0	0.0	Archeology	1.2	1.2	-1.2	0.0	-0.1
0.1	0.1	Education Psychology Service	1.0	0.5	-0.5	0.0	-0.1
0.0	-0.5	Other trading accounts (turnover of less than £1m each)	5.7	3.2	-3.5	-0.3	-0.8
0.0	**-1.3**	**Total**	**33.4**	**12.0**	**-12.8**	**-0.8**	**-2.6**

Negative figures show we have more income than our spending (surplus).

Other trading accounts with a turnover of less than £1 million include Internal Audit and Risk Management, School Governance, County Print Unit, HR support and Payroll, Pension Services, and County Cleaning.

The Firefighters' Pension Fund

2018/19 £m	Fund account	2019/20 £m
	Income to the fund	
	Contributions receivable (funds due to us during the year):	
	- from employer: Warwickshire County Council	
-1.3	- normal contributions in relation to pensionable pay	-2.7
0.0	- early retirements	0.0
0.0	- other contributions	0.0
-1.1	- from members (firefighters' contributions)	-1.1
	Transfers in:	
0.0	- individual transfers in from other authorities	0.0
-2.4	**Income to the fund**	**-3.8**
	Spending by the fund	
	Benefits payable:	
6.4	- Pension payments	6.8
1.3	- Commutation of pensions and lump-sum retirement benefits	2.1
0.0	- Lump sum death benefits	0.0
	Payments to and on account of leavers	
0.0	- Refund of Contributions to people who leave the scheme	0.0
0.0	- Individual transfers out of the scheme to other authorities	0.0
7.7	**Spending by the fund**	**8.9**
5.4	**Net amount payable for the year (before top-up grant receivable from Government)**	**5.1**
-5.4	Top-up grant payable by the Government	-5.1
0.0	**Net amount payable or receivable (-) for the year**	**0.0**

31 March 2019 £m	Firefighters' Pension Fund net assets statement	31 March 2020 £m
	Current assets:	
2.0	- Top-up grant receivable from Government	1.6
0.0	- other current assets (other than assets in the future) ~ debtor	0.1
	Current liabilities:	
-2.0	- other current liabilities (other than liabilities in the future)	-1.7
0.0	**Net assets or liabilities (-) at the end of the year**	**0.0**

Notes to the Firefighters' Pension Fund statements

Note 1: Fund operations

The Firefighters' Pension Scheme in England is an unfunded scheme. The employer promises to provide employees with benefits under the scheme but makes no advance funding in the scheme for those benefits. Benefits are paid directly by the employer when they become due. We are required to pay an employer's pension contribution based on a percentage of pay into the pension fund. Each Fire and Rescue authority must run a pension fund and the amounts that must be paid into and out of the pension fund are set by regulation. The legislation that controls its operation is the Firefighters' Pension Scheme (Amendment) (England) Order 2006. The benefits payable are pensions to retired firefighters and/or widows/widowers of retired firefighters. The benefits paid and employee and employers contributions are administered through our human resources management system. The scheme has no investment assets.

The pension fund is balanced to nil at the end of the year by either paying over to the sponsoring government department the amount by which the amount receivable by (due to) the fund is more than the amount payable, or by receiving cash in the form of pension top-up grant from the sponsoring department equal to the amount by which the amount payable from (owed by) the pension fund for the year is more than the amount receivable. An amount of 80% of the estimated grant needed each year is paid to the fund by the Government during the year. The balance is only paid once the Pensions statement has been audited by our external auditors and a claim, certified by the authority's S151 officer, is submitted to the Government.

Note 2: Accounting policies
The financial statements are accounted for on an accruals basis. We did not use any estimation techniques in preparing the statements.

For assets and liabilities in the net asset statement the fair value is deemed to be the carrying value as they are both due within one year.

Note 3: Liabilities
The statements do not take account of any liabilities to pay pensions and other benefits after the period end i.e. 31 March 2020. Details of the long-term pension obligations, employees and employer's contribution rates and actuarial assumptions used in the required disclosures in accounts for the Firefighters' Pension Fund are found in note 37 to the accounts.

Note 4: Contribution levels
Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office (previously dealt with by the Department for Communities and Local Government) and are subject to triennial revaluation by the Actuary.

Note 5: AVCs and added years
Additional voluntary contributions are excluded from the accounts of the Pension Fund. However, where members of the scheme have brought added years within the scheme, these will be included in the Fund contributions.

Note 6: Debtors and creditors
The debtors and creditors for both years are amounts due to/from central government (balance of grant due to balance the account to nil). Other debtors and creditors for both years are the amounts due to or from Warwickshire County Council, the administering authority or tax not yet paid to HMRC. This year we have had less grant from the Home Office than we have needed, so they owe us more money. As the Firefighters' Pension Fund does not have its own separate bank account this additional payment has been made by the County fund and is therefore owed to the Warwickshire County Council when this money comes in from the Home Office. All amounts are due within 1 year.

Glossary

This section explains some of the more complicated terms that have been used in this document.

Accruals
Cost of goods and services received in the year but not yet paid for, or income earned but not yet received.

Actuarial gain (loss)
For pension assets, actuarial gains or losses happen when the actual return on investments in the pension fund is different from the expected return. For pension liabilities, actuarial gains and losses happen when the actual liability is different from the expected liability. For assumptions, actuarial gains or losses happen as a result of changes to the population or financial assumptions the actuary uses to work out the liability. Liabilities are valued in terms of 'today's money'.

Amortisation
The drop-in value of intangible assets as they are used or become out of date.

Asset
An item which is purchased or created to be used by the Council.

Benefits we have awarded for added years
When a member of staff retires early because they are made redundant, we can give added years of scheme membership. We meet the costs of giving these added years, usually from the savings that will be made.

Budget
A statement of our spending plans for a financial year, which starts on 1 April and ends on 31 March.

Business rates (National Non-Domestic Rates)
Businesses pay these rates, set annually by government, to billing authorities instead of council tax. Business rates are shared between local authorities partly on the basis of need and partly on the basis of increased business rates generated locally. The amount each business is charged is based on multiplying the rateable value of each business property by the national rate in the pound.

Capital Adjustment Account
This account includes the value of capital charges to the Comprehensive Income and Expenditure Statement that do not directly affect the level of council tax.

Capital programme
Our plan of capital projects and future spending on buying land, buildings, vehicles and equipment.

Capital receipts
Income from selling assets that we would consider capital expenditure if we were the purchaser.

Capital spending
Spending on assets that have a lasting value, for example, land, buildings and large items of equipment such as computers or vehicles.

CIPFA
Chartered Institute of Public Finance and Accountancy

Contingent asset
A possible asset which may arise pending decisions that are not under our control.

Contingent liability
A possible liability which may arise when we know the outcome of outstanding claims made against us.

Council tax
A tax based on property which is retained by local authorities to fund their expenditure. In Warwickshire, the district or borough councils issue council tax bills and collect the council tax.

Creditors
People or organisations we owe money to for work, goods or services which have not been paid for by the end of the financial year.

Current assets
Short-term assets which constantly change in value such as stocks, debtors and bank balances.

Current liabilities
Short-term liabilities which are due to be paid in less than one year such as bank overdrafts and money owed to suppliers.

Current service cost
Officers employed during the year will have earned a year of pensionable service. The current service cost is the increase in the value of the pension scheme's liabilities arising from the employee service during the period.

Debtors
People who owe us money that is not paid by the end of the financial year.

Depreciation
The drop in the value of assets, for example, through wear and tear, age and becoming out of date.

Disclosure
Information we must show in the accounts under the Code.

Earmarked reserves
Money set aside for a specific purpose.

Fair value
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.

General reserves
Money set aside to be used in the future.

Historic cost
The cost of initial acquisition of an asset.

International Financial Reporting Standard (IFRS)
Standards on the way we need to treat certain items in our accounts.

Liabilities
Money we will have to pay to people or organisations in the future.

Material related-party transactions
Two or more organisations are 'related parties' if, during the year, one of them has some form of control over the other. By ‘material’ we mean of ‘significant value’.

Minimum revenue provision (MRP)
The amount we must set aside to repay loans.
Net book value
The value of an asset after depreciation.

Non-current asset
An asset which is expected to be used for more than 12 months.

Non-distributed costs
Costs which are not allocated to specific services, according to the Service Expenditure Reporting Code of Practice.

Past service costs
The past service cost is the extra liability that arises when we grant extra retirement benefits that did not exist before, such as when we agree early retirement or extra years of service.

Pensions interest cost and expected return on assets
The pensions interest cost is the increase in the value of the liabilities that arise because those liabilities are one year closer to being paid. The return on assets is the value of the return expected to be achieved on the fund's investments in the long term.

Provisions
Money set aside to meet specific service liabilities and to meet spending.

Reserves
Savings we have built up from surpluses or by not spending income which has conditions on its use.

Return on assets
The return on assets is the value of the return we expect to achieve on the Pension Fund's investments in the long term.

Revaluation Reserve
This account contains the difference between the amount paid for assets and the amount that they are currently worth.

Revenue spending
Spending on the day-to-day running of services - mainly wages, running expenses of buildings and equipment, and debt charges. These costs are met from council tax, business rates, government grants and fees and charges.

Revenue expenditure funded by capital under statute (REFCUS)
Spending on assets that have a lasting value, for example land and buildings, but which we do not own.

Revenue Support Grant
The main government grant to support local authority services.

Settlement costs
Settlement costs arise when we make a lump-sum payment to a scheme member in exchange for their rights to receive certain pension benefits.

Specific grants
Payments from external bodies to cover local authority spending on a particular service or project.

TUPE - Transfer of Undertakings (Protection of Employment)
Regulations to protect employees if the business in which they are employed changes hands. Its effect is to move employees and any liabilities associated with them from the old employer to the new employer by operation of law.

Unrealised
A change in the market value which does not actually take place until an asset is sold.