

DRAFT STATEMENT OF ACCOUNTS 2018 – 2019



Derby City Council



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Narrative Statement

Introduction

I am pleased to present you with Derby City Council's Statement of Accounts for 2018/19. This brief introduction to the financial statements provides a summary of the financial position of the Council, key events and an explanation of the contents of the accounts.



The accounting treatments applied are in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The information contained within these accounts is presented as simply and clearly as possible. However, the accounts of a large and diverse organisation such as Derby City Council are by their nature both technical and complex, so this narrative aims to explain some of the statements and provides a summary of the Council's financial performance for 2018/19 and its financial prospects. Where necessary, estimates and judgements have been made in preparing these accounts which comply with the Code. Further details of these estimates and judgements are included in the supporting notes.

In order to provide all stakeholders in the city with the confidence that public money has been properly accounted for, effective internal controls to detect and prevent any irregularities have been enforced. Details of the systems of internal control are included within the Council's Annual Governance Statement, which is publically available on the Derby City Council web-site.

Should you have any questions or queries about any of the content included in this statement, please let me know and I will get back to you.

A handwritten signature in dark ink, appearing to read 'Don McLure'. The signature is fluid and cursive, written on a light-colored background.

Don McLure CPFA

Organisational Overview

Derby City Council is a Unitary Council comprising 51 elected members across 17 wards. As a unitary authority, the Council is responsible for all local government services within the City. The Council is structured with 3 operational directorates providing customer facing services as well as support services to the organisation together with a Corporate Core Section providing support to the Chief Executive. In addition, the Council also wholly owns an Arms Length Management Organisation (ALMO) - Derby Homes Ltd. Derby Homes Ltd manages and maintains the Council's Housing stock as well as providing other Housing related services.

The Council is also part of strategic partnerships with other Council's including Nottingham City and Derbyshire and Nottinghamshire counties, such as D2N2 and the Local Enterprise Partnership. These partnerships are aimed at boosting the local economies in the East Midlands and helping to create jobs.

The Council's core objectives focus on creating:

Safe - a place where people are safe and the vulnerable are put first and supported.

Strong - a place where people work together, can enjoy good health and wellbeing throughout their life and feel that they belong to a thriving community.

Ambitious - a place where we support our children and young people to achieve their full potential, skills are valued, jobs and businesses are growing and we have the infrastructure to create a city for the future.

Operational Model

The Council has 3 operational directorates, Corporate Resources, People Services and Communities and Place. In addition there is a Corporate Core section that reports directly to the Chief Executive and supports key strategic work across the Council.

Corporate Resources provides primarily the support services to the organisation such as Finance, HR, Legal, ICT and Property. In addition, it also provides 'customer facing services' such as Revenues and Benefits, Electoral Services and Land Charges.

People Services provide customer facing services such as Schools, Adult Learning and Adult Social Care. It is the largest of the 3 directorates both in terms of staff and budget.

Communities and Place provides customer facing services such as Libraries, Leisure Centres, Grass Cutting, Street Cleansing and Waste Collection.

Financial Resources are allocated to each directorate through the Council's Medium Term Financial Planning process.

During 2019/20 there are some significant changes in the Senior Management Structure planned where:

- Strategic Director of Corporate Resources due to leave on 31 July 2019
- Strategic Director of Corporate Resources due to commence 1 August 2019
- Strategic Director of Communities and Place due to leave on 30 June 2019
- Strategic Director of Communities and Place to be recruited
- Director of Finance due to commence 27 August 2019

Risk

We are committed to an effective, systematic and proportionate approach that will minimise risk and enable us to optimise its contribution to the achievement of our priority outcomes for Derby. Our Risk Management Strategy sets out the roles and responsibilities which underpin risk management and the handbook explains the Council's approach to risk management, and the framework that will operate to manage those risks effectively. During the year, the following improvements have been made:

- A Corporate Risk Management Group was established to oversee risk management, chaired by the Strategic Director of Corporate Resources, which is now well-embedded with risk champions from key service areas.
- Quarterly reporting of both strategic and directorate risk registers has become business as usual; with regular reporting to senior leaders and Audit and Accounts Committee.
- Analysis of key themes and issues from department risk registers was completed for both 2017/18 and 2018/19; to inform a wider understanding of current risks and identify any areas for strategic consideration.
- Risk Surgery guidance was approved and two Risk Surgeries took place in 2018/19 (SR4 - Delivering Financial Plans and SR7 – Procurement and Contract Management).
- The Risk Analyst post was successfully recruited to, and joined the team in September 2018.

Training was commissioned from Zurich and delivered to colleagues across the Council:

- Project and contract management training delivered to project managers in December 2018.
- Audit and Accounts training completed in February 2019.
- Cabinet training completed in April 2019.
- Training for senior leaders and managers completed in March and April 2019, with nearly 300 colleagues attending the four sessions.

As at 31 March 2019, **the strategic risk register currently contains 13 risks** with mitigating actions in place:

- SR1 Staffing – capacity, knowledge and skills
- SR3 Cyber Security
- SR4 Delivering financial plans
- SR5 Statutory Compliance and Property Health & Safety
- SR6 Delivering major capital projects
- SR7 Procurement and contract management
- SR8 Data and records management

- SR9 Staff health and well-being
- SR10 Managing demands in statutory social care services
- SR11 Impact of No-Deal BREXIT at a local level
- SR12 Waste Plant
- SR13 Delivery of A52 Highway scheme

We recognise that effective risk management helps us to maximise our opportunities and minimise the impact of the risks we face, thereby improving our ability to manage business and deliver against priorities contained in our Council Plan

Our Performance

The Council Plan 2016-19 had a vision for a ‘Derby 2030: a safe strong and ambitious city’, supported by eight cross-cutting priority outcomes that reflect both statutory requirements and key ‘risk / demand’ areas.

At 31 March 2019, **75% of actions from the 2018/19 Delivery Plan had been completed, or were ‘on track’ for completion**, in line with the milestones set.

We delivered against **61% of all our Business Plan measure targets, with 43% of priority measures in the Council Scorecard** having met or exceeded their year-end target (in some cases this is based on provisional data). Performance has **improved in 2018/19 across 50% of our priority measures**, when compared with performance in 2017/18. This is better than the position of 33% reported at the end of last year (March 2018).

Areas of strong performance included:

Delayed Transfers of Care from hospital – Derby continues to lead the way, with highly effective partnerships between NHS and social care getting more people out of hospital as soon as they’re well enough. Provisional figures show there was only 86 delayed days attributable to social care in 2018/19; a significant reduction from 438 last year, and likely to make Derby one of the leading performers nationally.

Child Protection Plans – the number of children and young people with a plan was 426 at year end (71.4 per 10,000 population under 18). This is down from 519 a year ago, and around early 2017 levels. Effective Early Help and work with Children in Need, combined with robust and safe application of the thresholds, means fewer children and young people are being escalated to this high level of intervention.

Supporting residents to remain safe and independent in their own homes, reducing pressure on health and social care services - both the Healthy Housing Hub and the Disabled Facilities Grants services have exceeded their targets for providing support to vulnerable people in their own homes.

Prepare for the implementation of a Clean Air Zone project in Derby in the shortest possible time – our feasibility plans were completed on time, with an advanced grant made by government.

We delivered Corporate Improvement Plan (CIP) actions to embed meaningful change and risk management in the governance and culture of the Council and a follow-up visit in November 2018 recognised the progress made in responding to previous recommendations for improvement.

There has been considerable improvement activity throughout 2018/19 as part of the Executive Scrutiny Performance Forward Plan and three Performance Surgeries have taken place focussed on key challenges in children's services and sickness absence. In September 2018, the Chief Executive created a Corporate Performance Board to establish corporate grip and oversight of Council performance.

Performance against the outcomes in the Council Plan will be published in the Annual Report in August 2019 following approval by Cabinet, Executive Scrutiny Board and Audit and Accounts Committee.

<https://www.derby.gov.uk/council-and-democracy/vision-derby/annual-report/>

a) Financial Performance against Budget

In March 2018, the Council agreed a net revenue budget for 2018/19 of £217.782m.

The following table shows that the Council's actual spending was £225.464m. The final overspend of £5.434m represents 2.5% of the Council's 2018/19 budget requirement. This balance will be funded from the Council's revenue reserves. These figures are based on directorate responsibilities, rather than the total cost of providing services (including charges for support services, using assets, and adjustments to show the true cost of providing pensions to employees), which is used in the Comprehensive Income and Expenditure Statement.

Actual Net Spending against Budget for 2018/19 (per Revenue Outturn report):

	Final Approved Budget £000	Actual £000	Final (Under) / Overspend £000
People Services	139,097	146,134	7,037
Communities and Place	40,127	39,907	(220)
Corporate Resources	33,536	32,791	(745)
Corporate	7,270	6,632	(638)
Budget Requirement	220,030	225,464	5,434

Summary of key General Fund variances:**£000****Peoples Services**

Looked after children excluding school placements	6,500
Agency social workers	900
Children deemed in need	400
Legal costs relating to Children's care proceedings	400
Home to school transport	750
Other net pressures across the directorate	(530)
Improved income collection in Adult Social Care	(1,383)
	7,037

Communities and Place

Waste Disposal	(1,079)
Concessionary Fares	(421)
Depot & Fleet	312
Income shortfalls	506
Broadband Connectivity	204
Parking Services	232
Other net variances	26
	(220)

Corporate Resources

Housing Benefits	(960)
Counsel fees	122
Coroner fees	256
Electoral services	252
Unanticipated income	(221)
Vacancies	(217)
Other net variances	23
	(745)

Corporate

Apprenticeship levy	(325)
Corporate Contingency underspend	(158)
Senior Management	(119)
Other net variances	(36)
	(638)

Total General Fund Variances**5,434****Summary of HRA Variances**

Increase in rents and service	(1,359)
Depreciation & Impairment	863
Other net variances	235
	(261)

The Council will publish its final out-turn report in June 2019, further details and explanations of the year end variances are included in this report. The key highlights included in the report are:

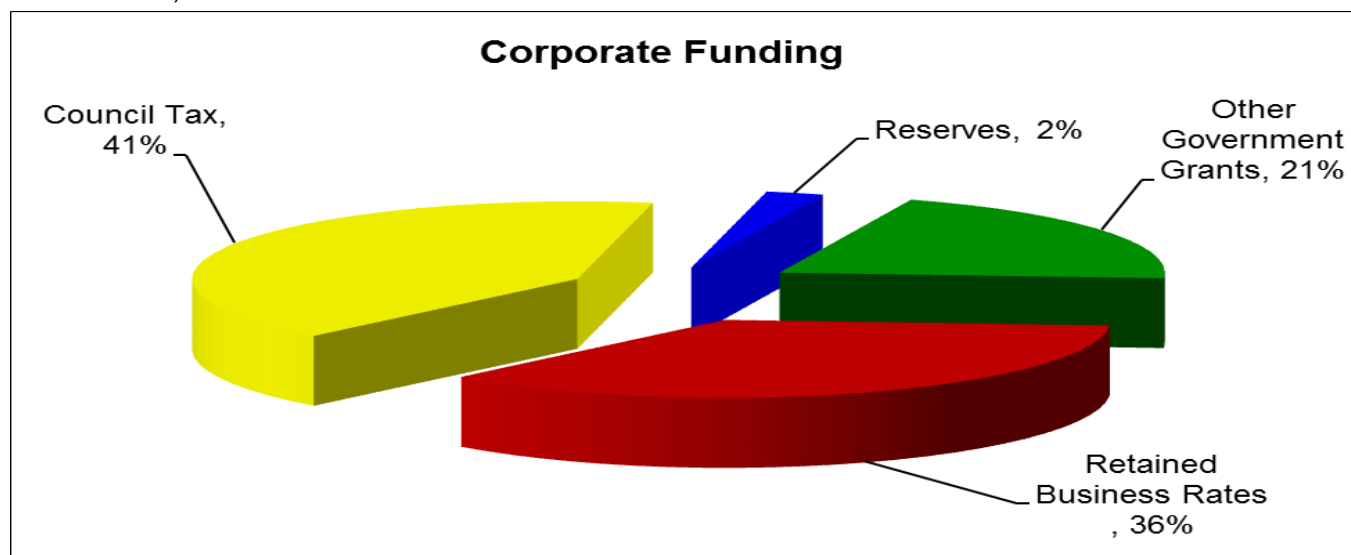
- Revenue and Capital budget
- Reserves
- Treasury Management
- Housing revenue Account
- Dedicated Schools Grant
- Collection Fund

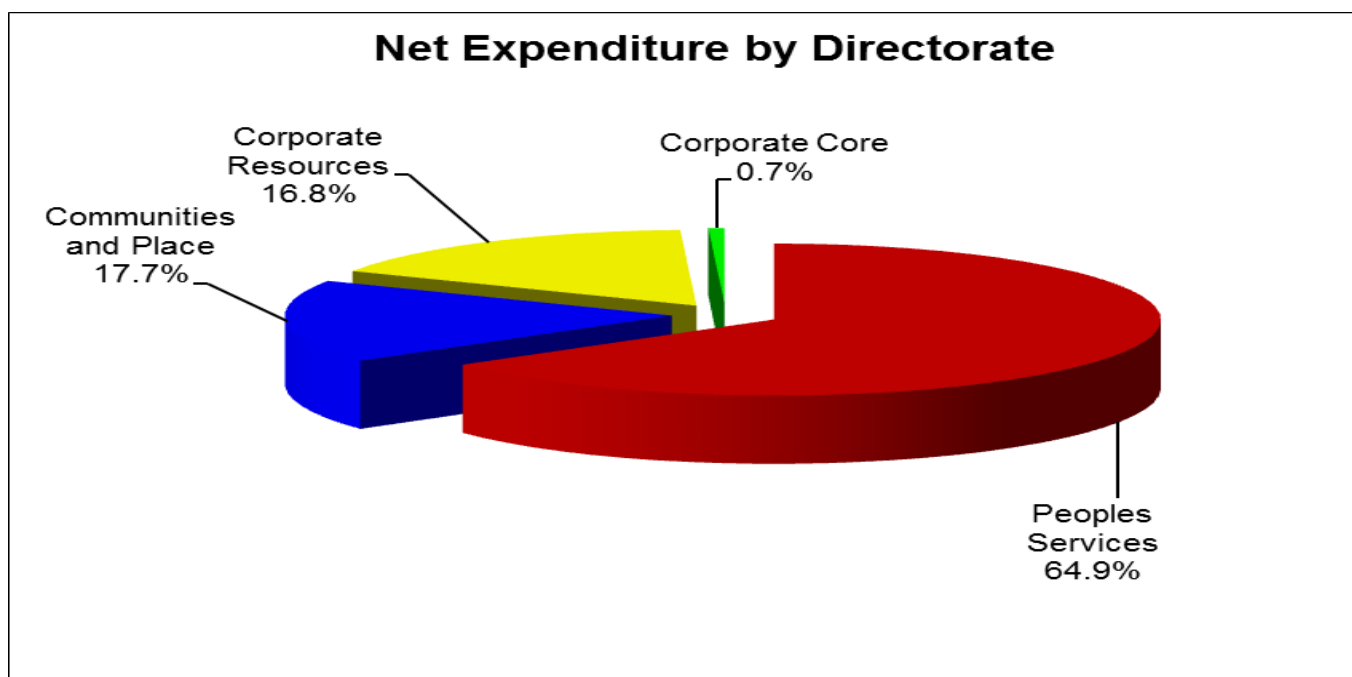
Reconciliation of Final (Under)/Overspend to Total Comprehensive Income and Expenditure for 2018/19:

	£000
Breakdown of (Under)/Overspend:	
General Fund (Under)/Overspend	5,434
HRA (Under)/Overspend	(261)
Overall (Under)/Overspend	5,173
Less: Appropriations to General Fund reserves	(7,483)
Plus: Movements in schools balances	2,237
Plus: Adjustment between GF and HRA accounting basis and funding basis	63,344
Plus: Remeasurement of the net defined benefit	84,183
Plus: Unrealised gain on investments available for sale	9
Less: Surplus or deficit on revaluation of Property, Plant and Equipment assets	(17,606)
Total Comprehensive (Income) and Expenditure	129,857

b) Analysis of Revenue Spending

During the year the City Council manages and controls spending on services such as schools, social services and leisure facilities through its General Fund. This spending is financed from Council Tax, Retained Business Rates and Government Grants as shown below:





c) Housing Revenue Account

The HRA has made a net surplus of £0.261m (£2.465m in 2017/18), against a forecasted budget shortfall of £1.895m (£2.138m in 2017/18).

d) Revenue Reserves

The Council holds a number of Revenue Reserves to fund projects and unbudgeted costs. These reserves are one off funding and so cannot be used to permanently support Council services.

The Council's main revenue reserve is the Unallocated General Fund Balance. This is set aside to support the management of risks in the Revenue Budget and could be used for any purpose if required. The Unallocated General Fund Balance represents the minimum level of reserves that the Council should hold and will therefore only be used as a last resort.

In January 2019, the Council reviewed its target range for the Unallocated General Fund Balance as being between 3 - 5% of the net budget requirement. This target level was set by the Chief Finance Officer after consideration of the Council's strategic and operational risks. At 31 March 2019 the Unallocated General Fund Balance stands at £10.933m.

Earmarked Reserves at 31st March 2019

Reserve	Balance at 31 March 2018 £000	In year movement £000	Balance at 31 March 2019 £000
Unallocated General Fund Balance	(10,933)	0	(10,933)
Balances held by schools under a scheme of delegation	(10,286)	2,237	(8,049)
Budget Risk Reserve	(35,909)	4,805	(31,104)
PFI Reserves	(26,047)	(1,669)	(27,716)
Other Revenue Earmarked	(37,902)	(5,185)	(43,087)
Capital Reserves	(70,476)	2,367	(68,109)
HRA Reserves	(47,732)	(261)	(47,993)
TOTAL	(239,285)	2,294	(236,991)

For more details on the reserves held by the Council see note 30.

The Council also holds a number of revenue earmarked reserves to fund specific projects included within the Council's budget and priorities, such as the Council's regeneration programme. As at 31 March 2019 revenue earmarked reserves held by the Council total £101.907m. A review of all revenue earmarked reserves is carried out on an annual basis as part of the Medium Term Financial Strategy planning process. This aims to ensure the correct level of reserves are maintained and identify any earmarked reserves which could be redistributed to better support the Council's priorities.

Included within corporate earmarked reserves is a budget risk reserve of £23.904m at 31 March 2019. This reserve is not allocated to any specific risk areas and is held to support future budget planning risks and general unforeseen in-year budget pressures.

In addition to the general fund reserves a number of ring fenced HRA reserves are also held by the Council. These include £47.993m HRA general balances and £6.589m Major Repairs Reserves which is used to fund HRA capital expenditure.

The Council considers the current and future projected levels of reserves and balances held by the Council to be both prudent and adequate to meet estimated future commitments and address on-going risks and uncertainties.

Capital Income and Expenditure

Alongside our day-to-day costs, the Council spends money on capital assets such as buildings, roads, major maintenance, vehicles and ICT. During 2018/19 the Council spent £74.138m on capital schemes.

Major Areas of Capital Spend in 2018/19:

Section	£000
Children & Young People - New build, extensions and modernisation of schools and education centres. Devolved capital school grants	12,787
Highways & Transport - Highways and transportation.	14,535
Property Improvements - improvements to council buildings including the council house, museums, libraries and cemeteries	4,165
Regeneration - Regeneration of the public realm areas of the city, regeneration of buildings to create managed workspace and jobs	19,037
Housing General Fund - Grant aid for private sector tenants for disabled adaptations and improvements	3,461
HRA - Maintenance to the decent homes standard on all council dwelling stock as well as new build sites	16,910
Vehicles Plant and Equipment - Refuse vehicles, street cleaning and grounds plant.	753
Flood Defence - Improvements to the Councils flood defences and	646
ICT - Information and communication technology.	1,844
Total	74,138

Future investment

Over the next 3 years the Council will continue to invest in the major projects above. In addition to these the Council will also assess future major projects.

Financing

Capital expenditure is financed from the following sources:

- Supported borrowing (where the interest costs for the debt are funded by central government grant)
- Unsupported borrowing (where the interest costs for the debt are funded from the Council's revenue budget)
- Grants or contributions from the Government, the European Union or other third parties
- Proceeds from the sale of capital assets (capital receipts)
- Contributions from the Revenue Budget

Unapplied capital resources, excluding capital receipts, stand at £36.265m at 31 March 2019. These consist of £32.091m unapplied capital grants and £4.174m earmarked capital reserves. The unapplied capital receipts reserve stands at £29.429m at 31 March 2019.

These resources are earmarked and planned to be used over the next five years to fund the Council's capital programme.

Borrowing Facilities

In 2018/19 the Council had an authorised limit for external debt of £868m that compares to the actual level of debts outstanding at 31 March 2019 of £447m.

Breakdown of Borrowing Figures:

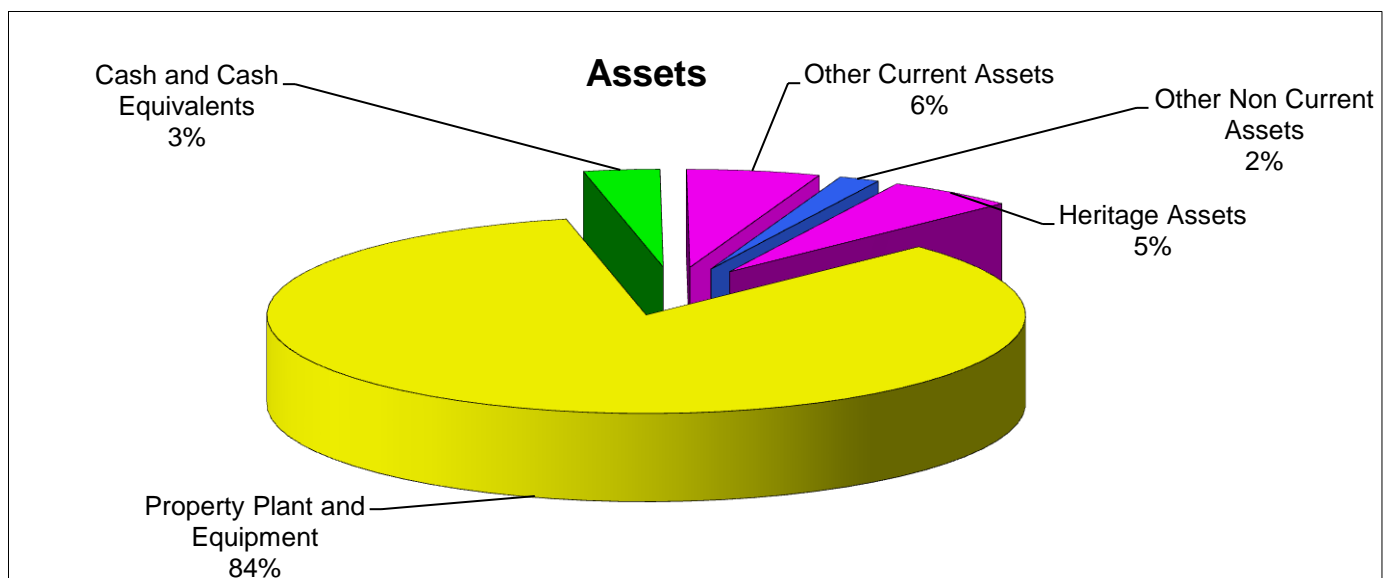
	2017/18	2018/19
	£m	£m
Short-Term Borrowing (i.e. due within 1 year)	15.0	15.2
Long-Term Borrowing	351.6	340.1
Long-Term PFI and finance leases	91.4	87.4
Short-Term PFI and finance leases	4.0	4.0
Debt managed by Erewash Borough Council	0.4	0.3
Total	462.4	447.0

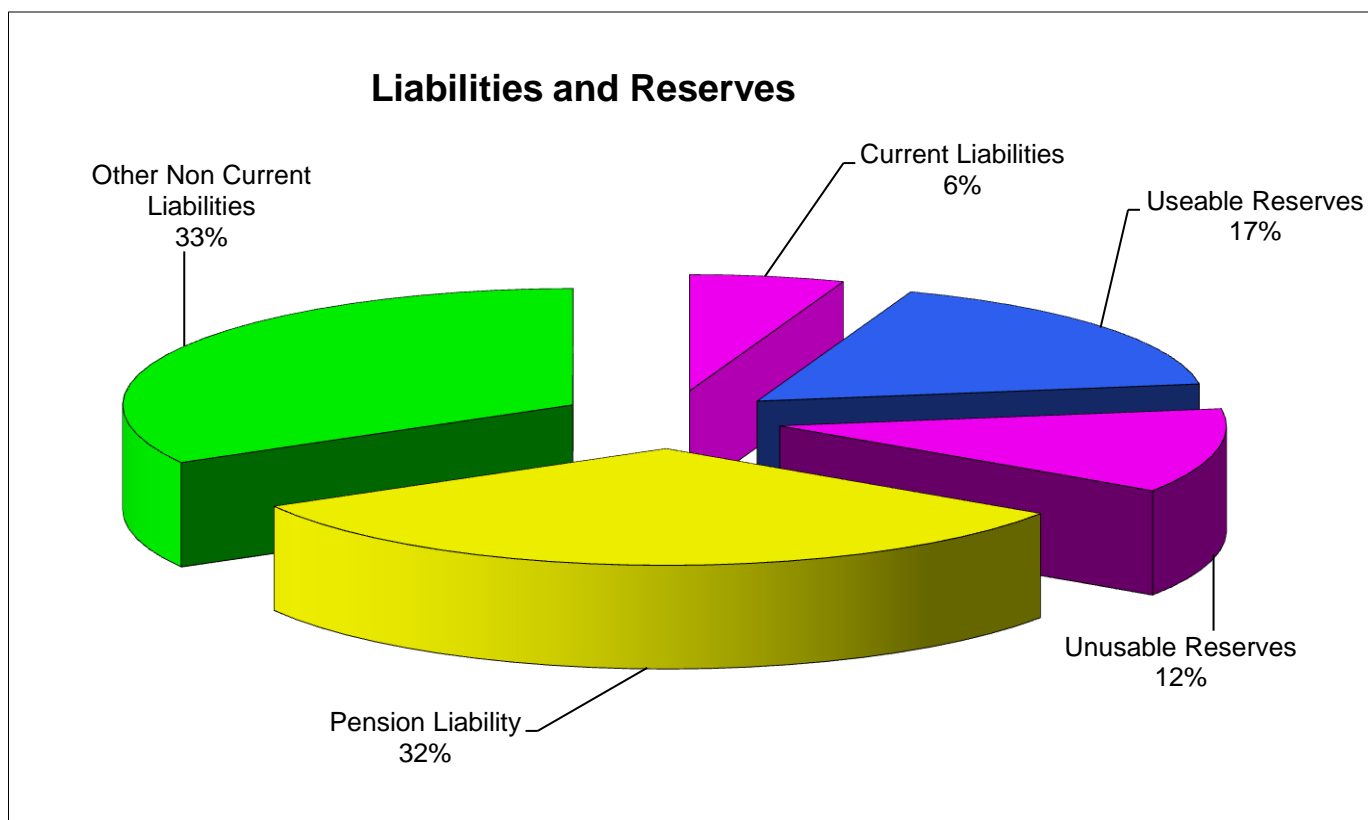
Explanation of the Statements

The following core financial statements summarise the Council's finances for 2018/19 (1 April 2018 to 31 March 2019) alongside the Expenditure and Funding Analysis note:

a) Balance Sheet

The Balance Sheet is a snap shot of the value of the assets (what the Council owns) and the liabilities (what the Council owes) at 31 March. Assets and liabilities are categorised between non current (having a life of more than one year) and current (to be settled or realised within the year). The difference between the total assets and liabilities (total net assets) is the value of the Council's reserves. Reserves are reported in two categories. Usable reserve can be used by the authority to fund services. Unusable reserves cannot be used to provide services. These include unrealised gains and losses (for example the Revaluation Reserve) and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.





b) Comprehensive Income and Expenditure Statement (CIES)

The CIES shows the total cost of providing services in accordance with accounting standards, rather than the amount funded from taxation. The reconciliation on page 6 of the narrative statement shows the main changes between the Revenue Out-turn and the overall (surplus)/deficit in the CIES.

c) Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be used to fund expenditure or reduce local taxation) and other unusable reserves. Unusable reserves largely accrue from the differences in transactions required by accounting standards and those required by statute. The Net Increase/Decrease lines shows the statutory General Fund and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

d) Cash Flow Statement

The Cash Flow Statement shows the total movements in cash and cash equivalents of the Council during 2018/19. Cash flows are related to income and expenditure but not equivalent due to the accruals concept applied in the CIES. The statement shows how the council uses cash by classifying cash flows as operating, investing and financing activities.

e) Housing Revenue Account

This is a separate statutory account which summarises all income and expenditure arising from the provision, management and maintenance of Council housing. This is a ring fenced account and so cannot subsidise or be subsidised by other activities.

f) Collection Fund

The Collection Fund statement reflects the Council's statutory requirement to maintain a separate account showing all transactions relating to National Non-Domestic Rates and Council Tax.

g) Statement of Accounting Policies

The Council produces figures in the accounts using the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. They ensure accounts from different public sector organisations are consistent and comparable. This section explains the main policies which the Council has adopted.

h) Notes to the Core Financial Statements

These notes aim to assist in understanding by breaking down balances shown in the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement.

i) Group Accounts

To provide a full picture of the activities of the Council, Group Accounts have been prepared. The accounts of Derby Homes Ltd, a wholly owned subsidiary, have been combined with the Council's single entity accounts on a line by line basis.

j) Expenditure and Funding Analysis

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

Significant items within the accounts

The Council is carrying a significant provision of £7.616m (£2.247m in 2017/18) for the repayment of any successful NDR appeals upheld by the Government's Valuation Office Agency. Prior to the introduction of the Retained Business Rate Scheme the cost of these appeals were met by the national pool administered by central government, but now the council is liable for 99% of the cost of appeals (for 2018/19 only as the Council is participating in 100% retention business rates pilot with 1% going to Fire and Rescue).

The Council's accounts include material figures for both the revaluation of property and the remeasurement of the pension liability. Property revaluations have resulted in a gain of £17.6m (which has affected the revaluation reserve) on a total Long Term Asset base of £1.3bn. Impairments and revaluation movements of £14m have been charged to the CIES in 2018/19. A loss of £84.183m has been recognised on the net pension liability of £461.506m from the movement in investment values and forecasts of future investment growth. Although these amounts are significant in size and impact on the accounts, due to statutory requirements they do not effect the usable resources the Council controls.

Private Finance Initiatives

Private Finance Initiative (PFI) schemes are agreements to receive services where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. Payments made by the Council under a contract are mainly split between capital financing liability, interest and service charges, all of which are charged to revenue to reflect the value of services received in each financial year.

Derby City Council has five operational PFI projects as follows:

Operational: Assets included within Council accounts

Grouped Schools

A 27-year PFI contract with Derby School Solutions (DSS), a private sector consortium, to build, maintain and operate 5 new schools and a Children's Centre including 2 support units in the City. This initiative is funded by a combination of special grant from Central Government, contributions from each school's delegated budget over the life of the contract and Early Years service.

Street Lighting Columns

A 25-year PFI contract was signed in April 2007 with Connecting roads (Derby), to replace all the life expired lighting units within the city, and to maintain the whole of the lighting of stock for the period of the contract. This initiative is funded by a contribution from the Council's revenue budget and a special grant from Central Government.

Building Schools for the Future

A 25 year PFI contract was signed in December 2010 with Balfour Beatty to build, maintain and operate two new schools in the city. This initiative is funded by contributions from each school's delegated budget over the life of the contract and a special grant from Central Government.

Housing PFI

A 30-year PFI contract was signed in September 2012 to provide a minimum of 170 affordable houses in the City. This initiative is funded by a special grant from Central Government.

Operational: Assets not included within the accounts

Housing Inner City Regeneration

A 30 year contract with Home Housing Association to acquire and refurbish 150 housing properties, which commenced in January 2001. This initiative is funded by a contribution from the Council's revenue budget and a special grant from Central Government. Although the annual running costs of this scheme are included in the accounts the value of the scheme assets are not recognised on the Council balance sheet. This is because the Council does not control a significant residual interest in the assets, have the option to purchase the assets or to receive the assets for nil consideration at the conclusion of the contract.

Net Pensions Liability

The Council participates in the Derbyshire County Council defined benefit (open) pension fund and the Teachers' Pension Fund. The forecast pension payments will be paid out over a period of many years during which time the assets will continue to generate returns towards funding them.

In calculating the scheme assets and liabilities the fund's actuaries make a number of assumptions about events and circumstances in the future. The resulting actuarial calculations are subject to uncertainties on the outcome of future events and include assumptions on the income and valuation of investments held by the fund. The principal actuarial assumptions made in relation to these accounts are disclosed in the supporting note. This discloses the actuarial gains and losses in the year which reflects where actual outcomes differ from actuarial assumptions made last year together with the effect of consequent revision of the estimates moving forward.

Trade Union Facility Time

Local authorities must publish annually information on trade union facility time, this can be found on the Derby City Council website - www.derby.gov.uk/council-and-democracy/open-data-transparency/trade-union.

Strategy and Resource Allocation

The Medium Term Financial Strategy (MTFS) sets out the Council's strategic approach to the management of its finances reflecting the funding and expenditure forecasts for the coming years, the continued financial challenges that the Council faces and the approach planned to meet the priorities identified by the Council.

The MTFS is a strategic plan to assess the revenue, capital and treasury management impact on the Council for the medium term setting out an approach to the management of its finances. It summarises the resource projections and the financial challenges from cost and service demand rises, inflationary pressures and funding risks to assess the impact and actions to deliver the priorities of the Council. It also outlines significant risks facing the council and considers actions to mitigate these risks.

Each year the Council has to comply with its statutory obligation to prepare and approve an annual budget and set the Council's Council Tax. These cannot be effectively agreed without considering the longer term objectives, resource issues and demographic trends. The MTFS takes into account the medium term implications of the key issues facing the Council and also examines longer-term considerations and provides context to the Council's Budget setting process. Based on a longer term view the Council is more able to consider the role it can play in the development and growth of the City and consider the strategic investment required to promote economic growth and social development in a financially balanced manner.

Future Prospects for the Council

The financial landscape facing the Council continues to be challenging due to the forecast cuts in Government funding and increasing local demographic pressures. In addition, the continued uncertainty surrounding any potential deal enabling the UK to exit the EU, also makes any significant change to the financial landscape seem unlikely, at least in the short term. As a result the Council will continue to endeavour to balance its revenue budget by delivering existing savings and continuing to identify new efficiencies. Where additional savings and reductions are required the Council will continue to look for ways to protect the statutory services it delivers to the most vulnerable members of the community.

Don McLure
Strategic Director of Corporate
Resources
Date: 31 May 2019

Statement of Responsibilities

The Authority's Responsibilities:

The Authority is required:

- (1) To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. At Derby City Council that officer is the Strategic Director of Corporate Resources.
- (2) To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (3) To approve the Statement of Accounts.

The Accounts were approved by the Audit and Accounts Committee on x

Signed:

The Strategic Director of Corporate Resources Responsibilities

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

In preparing this Statement of Accounts, the Strategic Director of Corporate Resources has ensured that:

- (1) Suitable accounting policies have been selected and then applied consistently
- (2) Judgements and estimates have been made that were reasonable and prudent
- (3) Accounts comply substantially with the Local Authority Code of Practice
- (4) The financial statements give a true and fair view of the financial position of the Local Authority and it's group at 31st March 2019.

The Strategic Director of Corporate Resources has also ensured that:

- (1) Proper accounting records have been kept which were up to date
- (2) Reasonable steps have been taken for the prevention and detection of fraud and other irregularities

Signed:  _____

Don McLure

Date: 31st May 2019

Balance Sheet

This statement shows the value of what the Council owns (assets) and owes (liabilities), together with reserves.

31 March 2018 restated £000		Notes	31 March 2019 £000
1,207,706	Property, Plant & Equipment	16	1,162,717
76,169	Heritage Assets	17	76,200
1,336	Investment Property	18	4,140
195	Intangible Assets	48	2,116
325	Long Term Investments	22	325
15,477	Long Term Debtors	25	14,898
1,301,208	Long Term Assets		1,260,396
1,364	Assets Held for Sale	24	2,525
34,247	Short Term Investments	22	20,070
1,082	Inventories		1,297
40,815	Short Term Debtors	25	58,034
65,206	Cash and Cash Equivalents	26	45,038
142,714	Current Assets		126,964
(15,036)	Short Term Borrowing	22	(15,232)
(3,969)	Short Term Finance Lease Liabilities	22	(3,899)
(56,068)	Short Term Creditors	27	(50,336)
(2,084)	Provisions	29	(8,000)
(77,157)	Current Liabilities		(77,467)
(91,416)	Long Term Finance Lease Liabilities	22	(87,436)
(1,106)	Provisions	29	(1,609)
(351,622)	Long Term Borrowing	22	(340,070)
(377,341)	Other Long Term Liabilities	28	(461,865)
(28,049)	Capital Grants Receipts in Advance	14	(31,537)
(849,534)	Long Term Liabilities		(922,517)
517,231	Net Assets		387,376
(239,284)	Usable Reserves	30	(236,991)
(277,947)	Unusable Reserves	32	(150,385)
(517,231)	Total Reserves		(387,376)

The balance sheet has been restated to correct an incorrect split between long term and short term debtors

The final financial statements were approved for issue on 31st May 2019 by the Strategic Director of Corporate Resources.

Comprehensive Income and Expenditure Statement

This statement shows the total amounts of income and expenditure chargeable in each year.

2017/18				2018/19		
Gross Exp restated £000	Gross Inc restated £000	Net £000		Gross Exp £000	Gross Inc £000	Net £000
			Directorate			
358,161	(229,726)	128,435	People Services	357,117	(218,693)	138,424
101,127	(38,005)	63,122	Communities and Place	101,095	(35,750)	65,345
127,525	(98,553)	28,972	Corporate Resources	125,433	(97,194)	28,239
137	(1,545)	(1,408)	Corporate	987	(908)	79
46,676	(59,436)	(12,760)	Local authority housing (HRA)	53,484	(58,654)	(5,170)
633,626	(427,265)	206,361	Cost of Services	638,116	(411,199)	226,917
59,835	(19,103)	40,732	Other operating expenditure (Note 9)	75,225	(10,078)	65,147
55,609	(20,406)	35,203	Financing and investment income and expenditure (Note 10)	54,136	(23,494)	30,642
0	(264,412)	(264,412)	Taxation and non-specific grant income (Note 11)	0	(259,437)	(259,437)
749,070	(731,186)	17,884	(Surplus) or Deficit on Provision of Services	767,477	(704,208)	63,269
		(4,489)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 32)			(17,855)
		101	Impairment losses on non-current assets charged to the Revaluation Reserve			249
		(9)	(Surplus) or deficit on revaluation of available-for-sale financial assets			9
		(32,446)	Remeasurement of the net defined benefit liability (Note 38)			84,183
		(36,843)	* Other Comprehensive (Income) and Expenditure			66,586
		(18,959)	Total Comprehensive (Income) & Expenditure			129,855

This statement has been restated to remove Internal Trading to reflect the requirements of the 2018/19 Code of Practice.

* The Council does not have any material items of Other Comprehensive Income and Expenditure which would subsequently be reclassified to the Surplus or Deficit on the Provision of Services when specific conditions are met.

Movement in Reserves Statement

This statement shows the in-year movement of reserves, for a breakdown of the movement in Earmarked Reserves see note 30.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2017 brought forward	(118,297)	(45,269)	(17,534)	(3,145)	(17,888)	(202,133)	(296,139)	(498,272)
Movement in Reserves during 2017/18								
Total Comprehensive Income and Expenditure	21,512	(3,628)	0	0	0	17,884	(36,843)	(18,959)
Adjustments between accounting basis & funding basis under regulations (Note 7)	(24,290)	1,163	(13,454)	(3,134)	(15,320)	(55,035)	55,035	0
(Increase)/ Decrease in 2017/18	(2,778)	(2,465)	(13,454)	(3,134)	(15,320)	(37,151)	18,192	(18,959)
Balance at 31 March 2018 carried forward	(121,075)	(47,734)	(30,988)	(6,279)	(33,208)	(239,284)	(277,947)	(517,231)
2018/19								
Movement in Reserves during 2018/19								
Total Comprehensive Income and Expenditure	59,419	3,850	0	0	0	63,269	66,586	129,855
Adjustments between accounting basis & funding basis under regulations (Note 7)	(59,227)	(4,117)	1,560	(309)	1,117	(60,976)	60,976	0
(Increase)/ Decrease in 2018/19	192	(267)	1,560	(309)	1,117	2,293	127,562	129,855
Balance at 31 March 2019 carried forward	(120,883)	(48,001)	(29,428)	(6,588)	(32,091)	(236,991)	(150,385)	(387,376)

Cash Flow Statement

A detailed explanation of the purpose of this statement is included in the Narrative Statement.

2017/18 £000		2018/19 £000
17,884	Net (surplus) or deficit on the provision of services	63,269
(92,388)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 41)	(71,261)
48,890	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 42)	23,733
(25,614)	Net cash flows from Operating Activities	15,741
(13,310)	Investing Activities (Note 44)	(10,912)
6,805	Financing Activities (Note 45)	15,339
(32,119)	Net (increase) or decrease in cash and cash equivalents	20,168
33,087	Cash and cash equivalents at the beginning of the reporting period	65,206
65,206	Cash and cash equivalents at the end of the reporting period (Note 26)	45,038

1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices.

	2017/18				
	Net expenditure Chargeable to the General Fund and HRA Balances - reported (note 1b)	Net expenditure Chargeable to the General Fund and HRA Balances - not reported	Total net expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis (note 1a)	Net Expenditure in the CI&ES
	£000	£000	£000	£000	£000
Directorate					
People Services	137,752	(17,877)	119,875	8,561	128,436
Communities and Place	46,089	80	46,169	16,952	63,121
Corporate Resources	27,648	2	27,650	1,322	28,972
Corporate	6,364	(4,269)	2,095	(3,503)	(1,408)
Local authority housing (HRA)	(13,334)	0	(13,334)	574	(12,760)
Cost of Services	204,519	(22,064)	182,455	23,906	206,361
Other income and expenditure	(187,698)	0	(187,698)	(779)	(188,477)
(Surplus) or Deficit on Provision of Services	16,821	(22,064)	(5,243)	23,127	17,884
Opening General Fund and HRA Balance			(163,566)		
Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year			(5,243)		
Closing General Fund and HRA Balance at 31 March*			(168,809)		

	2018/19				
	Net expenditure Chargeable to the General Fund and HRA Balances - reported (note 1b)	Net expenditure Chargeable to the General Fund and HRA Balances - not reported	Total net expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis (note 1a)	Net Expenditure in the CI&ES
	£000	£000	£000	£000	£000
Directorate					
People Services	152,529	(16,797)	135,732	2,692	138,424
Communities and Place	39,907	1,509	41,416	23,929	65,345
Corporate Resources	32,791	(54)	32,737	(4,498)	28,239
Corporate	6,632	(3,747)	2,885	(2,806)	79
Local authority housing (HRA)	(11,117)	0	(11,117)	5,947	(5,170)
Cost of Services	220,742	(19,089)	201,653	25,264	226,917
Other income and expenditure	(201,729)	0	(201,729)	38,081	(163,648)
(Surplus) or Deficit on Provision of Services	19,013	(19,089)	(76)	63,345	63,269
Opening General Fund and HRA Balance			(168,809)		
Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year			(76)		
Closing General Fund and HRA Balance at 31 March*			(168,885)		

* For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement.

1a. Note to the Expenditure and Funding Analysis - adjustments between funding and accounting basis.

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

2017/18				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes (note 1)	Adjustments for the Net change for Pensions	Other Differences (note 3)	Total Adjustments
	£000	£000	£000	£000
People Services	(2,401)	12,193	(1,231)	8,561
Communities and Place	13,114	3,850	(11)	16,953
Corporate Resources	2,344	(1,076)	54	1,322
Corporate	(3,503)	0	0	(3,503)
Local authority housing (HRA)	269	192	113	574
Net Cost of Services	9,823	15,159	(1,075)	23,907
Other income and expenditure	(9,721)	10,137	(1,196)	(780)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Service	102	25,296	(2,271)	23,127
2018/19				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes (note 1)	Adjustments for the Net change for Pensions	Other Differences (note 3)	Total Adjustments
	£000	£000	£000	£000
People Services	4,680	(2,314)	326	2,692
Communities and Place	24,789	(812)	(48)	23,929
Corporate Resources	1,861	(6,441)	82	(4,498)
Corporate	(2,806)	0	0	(2,806)
Local authority housing (HRA)	5,882	(9)	74	5,947
Net Cost of Services	34,406	(9,576)	434	25,264
Other income and expenditure	23,594	9,964	4,523	38,081
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Service	58,000	388	4,957	63,345

Note 1 - Adjustments for Capital Fund and Expenditure Purposes

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

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. This also includes adjustments for the use of capital receipts towards administrative costs of non-current capital receipts pool.

Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2 - Net change for the removal of pension contributions and the addition of pension IAS19 related expenditure and income

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

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

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

Note 3 - Other Differences

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

For services this represents the removal of the equal pay provision which had been supported by unusable reserves and the amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year.

The charge under Taxation and non-specific grant income and expenditure includes the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

1b. Note to the Expenditure and Funding Analysis - segmental analysis of Net Cost of Service reported

2017/18	Recharge Income	Interest Revenue	External Income	Total Income	Interest Expense	Other Expenditure	Total Expenditure	Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000
People Services	(17,386)	0	(202,067)	(219,453)	0	357,205	357,205	137,752
Communities and Place	(5,778)	0	(36,789)	(42,567)	0	88,656	88,656	46,089
Corporate Resources	(2,294)	171	(99,182)	(101,305)	22,349	106,604	128,953	27,648
Corporate	0	0	(13,228)	(13,228)	0	19,592	19,592	6,364
Local authority housing (HRA)	0	0	(59,436)	(59,436)	0	46,102	46,102	(13,334)
Reported net cost of Services	(25,458)	171	(410,702)	(435,989)	22,349	618,159	640,508	204,519

2018/19	Recharge Income	Interest Revenue	External Income	Total Income	Interest Expense	Other Expenditure	Total Expenditure	Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000
People Services	(2,445)	0	(199,975)	(202,420)	0	354,949	354,949	152,529
Communities and Place	(7,084)	0	(34,961)	(42,045)	0	81,952	81,952	39,907
Corporate Resources	(2,550)	(1,376)	(95,818)	(99,744)	21,806	110,729	132,535	32,791
Corporate	0	0	(2,007)	(2,007)	0	8,639	8,639	6,632
Local authority housing (HRA)	0	0	(58,655)	(58,655)	0	47,538	47,538	(11,117)
Reported net cost of Services	(12,079)	(1,376)	(391,416)	(404,871)	21,806	603,807	625,613	220,742

2. Accounting Policies 2018/19

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, these Regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a going concern basis.

ii. Accruals of Income and Expenditure

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

- 1) Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, it is probable that economic benefits or service potential associated with the transaction will flow to the Council; and the amount of revenue can be measured reliably.
- 2) Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- 3) Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- 4) Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- 5) Interest receivable on investments and payable on borrowing 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.
- 6) Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

7) Collection Fund

Retained Business Rate and Council Tax income is included in the Comprehensive Income & Expenditure Statement for the year and treated as accrued income. This is measured at the full amount receivable.

Both NDR, Top Up Income and Council Tax support are recognised in the Comprehensive Income & Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement.

While the Council Tax and NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund, or paid out from the Collection Fund to the major preceptors. The amount credited to the General Fund under statute is the Council's demand on the Fund for that year, plus/(less) the Council's share of any surplus/(deficit) on the Collection Fund for the previous year. This amount may be more or less than the accrued income for the year in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Revenue from non-exchange transactions shall be recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably.

iii. Cash and Cash Equivalents

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

In the Balance Sheet, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

v. Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non current assets during the year:

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision - MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

For capital expenditure incurred before 1st April 2008 and for supported capital expenditure incurred on or after that date, MRP will be determined by charging the expenditure on an appropriate annuity rate over the remaining life in respect of that expenditure.

For unsupported capital expenditure incurred after 31st March 2008 MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments or as the principal repayment on an annuity basis, starting in the year after the asset becomes operational. For annuity basis the interest rate charged is 4.3% for unsupported capital expenditure incurred after 31st March 2018. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over the number of years specified in the CLG Guidance.

For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability. For the transferred debt from other Authorities an appropriate annuity basis will be used over 50 years.

No MRP will be charged in respect of assets held within the Housing Revenue Account.

Capital expenditure incurred during 2018/19 will not be subject to a MRP charge until 2019/20.

vi. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. untaken flexi leave) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefits. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

Employees of the Council are members of three separate pension schemes:

- 1) The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- 2) The NHS' Pension Scheme, administered by NHS Pensions for Public Health employees who transferred to Derby City Council.
- 3) The Local Government Pensions Scheme, administered by Derbyshire County Council.

All of the above schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the Teachers' scheme and NHS Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These scheme's are therefore accounted for as if they were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. Within the Comprehensive Income and Expenditure Statement the People's Services line is charged with the employer's contributions payable to Teachers' Pensions and NHS Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Derbyshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate. The details of these rates are included in the Defined Benefit Pension Schemes note.

The assets of Derbyshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities - current bid price
- Unquoted securities - professional estimate
- Unitised securities - current bid price
- Property - market value.

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

1) Service costs comprising:

a) current service cost - the increases in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

b) past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

c) net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

2) Remeasurements comprising:

- a) the return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - b) actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- 3) Contributions paid to the Derbyshire County Council pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

vii. Events After the Balance Sheet Date

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

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

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

viii. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustments Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) .

The Council's business model is to hold investments to collect contractual cash flows. Most Financial assets are therefore classified as amortised cost. Except for Money Market Funds and those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, 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.

Should a soft loan be made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. The Council does not currently have any soft loans.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant Fair Value at Amortised Cost), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council 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.

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

instruments with quoted market prices - the market price

other instruments with fixed and determinable payments - discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs - unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

ix. Government Grants and Contributions

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

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

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

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

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

Business Improvement Districts (BID)

The Council acts as an agent for the Cathedral Quarter Business Improvement District Company and the St Peter's Quarter Business Improvement District Company. The only amounts recognised in the Council's Comprehensive Income and Expenditure Statement for the BID schemes are contributions made by the Council and BID levy collection costs and are shown within the relevant service line(s) of the Cost of Services section.

x. Heritage Assets

Tangible and Intangible Heritage Assets (described in this summary of significant accounting policies as heritage assets)

Heritage assets are assets that are held by the Council principally for their contribution to knowledge or culture. Most of the heritage assets held by the Council are included in the collections of assets and artefacts either exhibited or stored in the Council's Museums and Art Galleries.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. Smaller individual items with a value of less than £10,000 are not recognised unless they form part of a significant collection. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below.

The Council's heritage asset collections are relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at valuation, using the appropriate methodology for the specific collection. The Council's materiality is consistent with the policy for Property, Plant and Equipment.

Unless otherwise detailed below for a specific collection, all heritage assets are reported in the Balance Sheet at insurance valuation. These insurance valuations are reviewed by internal subject experts on an annual basis to reflect any changes for damage, authenticity or deterioration in condition.

Where valuations are not available and the cost of obtaining valuations would be disproportionate to the benefits to the users of the Statement of Accounts, the assets are not recognised on the Balance sheet.

Where the Council's heritage assets are recognised on the balance sheet, they are deemed to have indeterminate lives and a high residual value and therefore the Council does not consider it appropriate to charge depreciation.

The Council's most significant collections of heritage assets are accounted for as follows:

Art Collection

The art collection includes paintings, drawings and sculptures and is reported in the Balance Sheet at insurance valuations. The most significant element of the Council's art collection is its collection of Joseph Wright oil paintings.

Decorative Art Collection

The Council's collection of decorative art includes a wide range of pieces such as textiles, ceramics and porcelain works. These items are reported in the Balance Sheet at insurance valuation.

Industrial Collection

The Council has a collection of industrial heritage artefacts, most notably to do with the city's aeronautical and engineering history. These items are included in the Balance Sheet at insurance valuation.

Natural History Collection

The natural history collection includes a range of flora and fauna artefacts and a biological records database. The collection is included on the Balance Sheet at insurance valuation.

Military Collection

The Council also has a collection of historic military artefacts, including a collection of 9th and 12th Century Lances. These items are reported in the Balance Sheet at insurance valuation.

Civic Regalia

The Council owns a collection of civic regalia, including items such as the Mayor's chain and mace, as well as dinner services and other decorative items. These items are included in the Balance Sheet using insurance valuations and are revalued on a periodic basis.

Sculptures/Monuments

The Council's Sculptures/Monuments collection includes items from various locations across the city, such as parks and public areas. The Council does not consider that reliable cost or valuation information can be obtained for the items held in its sculptures/monuments collection. This is because of the diverse nature of the assets held and lack of comparable market values. Consequently, the Council does not recognise these assets on the balance sheet.

Other Collections

The Council has a number of other minor collections of heritage artefacts, including archaeological artefacts, historic coinage and costumes. Where reliable information is available, these items are reported in the Balance Sheet at insurance valuation.

Heritage Assets - General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment - see note xv in this summary of significant accounting policies.

The trustees of the Council's Museums and Art Galleries will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see note xv in this summary of significant accounting policies).

xi. Leases

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

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

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

xii. The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

Property, Plant and Equipment assets recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

xiii. The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by Statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

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

xiv. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Single item acquisitions below £10,000 are not recognised on the Council's Balance Sheet in line with the Council's de minimus threshold for capitalisation, however these items are financed as capital. Expenditure that maintains, but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The Code of Practice on Local Authority Accounting 2018/19 requires that the Council depreciates separately any part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item.

In order to identify any such significant components, the Council has made a number of assumptions with regards to materiality and the proportion of the cost of the overall asset made up by the individual components. For all relevant asset categories, excluding Council Dwellings, the Council reviews material components whereby the main property asset has a gross book value of £2m or greater. Individual components are only recognised where they represent a significant proportion (20% or greater) of the main asset. A further review is then undertaken to determine the depreciation charge variance between componentising the asset and not componentising the asset. If this variance is deemed to be less than 20% the asset is not componentised. For Council Dwellings, the Council has applied the componentisation requirements under HRA Self-Financing regulations introduced for 2013/14. The Council applies 10 component categories to Council Dwellings with a range of Useful Economic Lives (UEL) between 12 and 60 years.

In accordance with the Code of Practice 2018/19, PPE assets are only recognised if it is probable that future economic benefits or service potential associated with the item will flow to the Council. The PPE assets of the Council's Community, Voluntary Controlled, Voluntary Aided (excluding land) and Foundation schools are considered to meet the IFRS definition for recognition and are included in the Council's balance sheet. Land at Voluntary Aided school sites does not meet this criteria and so is excluded. In addition as Academy schools are not owned or fully funded by the Council, they are also not considered to meet the recognition criteria and are therefore not included in the Council's Balance Sheet.

Derecognition

As components are added, any component being replaced is derecognised. On derecognising components where the component is within a non separated component bundle, the depreciation is apportioned on a straight line basis and derecognised accordingly. In addition, where the historic cost of the old component is not readily determinable, it has been estimated by comparing the remaining useful economic life of the component to the original useful economic life and the cost of the replacement component. A pro rata of both the depreciation and any applicable Revaluation Reserve is also derecognised.

Measurement

Assets are initially measured at cost, comprising:

- 1) The purchase price
- 2) Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- 3) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

- Assets under construction - cost
- Infrastructure assets - depreciated historical cost
- Community assets - these assets are held in perpetuity, have no determinable useful life and may have restrictions upon their disposal. Generally a nil value has been adopted against these assets with the exception of allotments (where the value is based upon income generated) and parks/play equipment which is held at depreciated historical cost.
- Dwellings - current value, determined using the basis of existing use value for social housing (EUVSH)
- Surplus assets – fair value, estimated at highest and best use from a market participant's perspective.
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

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

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

Property assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

Vehicle, Plant, Equipment and Intangible fixed assets are not valued, they are held at depreciated historic cost.

Impairment

Where indications of impairment exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

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

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

Depreciation

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

Depreciation is calculated on the following bases, on unadjusted asset values and remaining useful life balances held as at the beginning of the Financial Year (1st April), with the exception of Council Dwellings which are valued annually on the 1st April :

- Dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the Valuer (usually 60 years)
- Vehicles, plant, furniture and equipment - straight-line allocation over the useful life of the asset (usually between 3 and 20 years).
- Infrastructure - straight-line allocation over 40 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xv. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. Where the Council is deemed to control the services that are provided under its PFI schemes, and controls a significant residual interest of the asset, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. Where either of these criteria are not met the assets are not included in the Council's balance sheet.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

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

- Fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost - an interest charge of 2.61% - 7.53% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent - increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs - proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xvi. Provisions, Contingent Liabilities and Contingents Assets

Provisions

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

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

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

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

The Council currently hold a number of provisions on the Balance Sheet, further details of these provisions can be found in note 29.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

The Council currently has two material contingent liabilities, details of these can be found in note 39.

xvii. Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits, and do not represent usable resources for the Council - these unusable reserves are explained in the relevant policies.

Further details of the Council's reserves can be found in notes 30, 31 and 32.

xviii. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions, but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund or HRA Balance to the Capital Adjustment Account, then reverses out the amounts charged, so that there is no impact on the level of council tax.

xix. Accounting for Local Government Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore schools' transactions, cash flow and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

The treatment of land and buildings for each type of school is based on the legal framework underlying each type of school. The Council controls the management and running of community, special, voluntary aided and voluntary controlled schools and therefore the land (excluding voluntary aided schools) and buildings of those schools are included on the Council's balance sheet.

All activities of community, special, foundation, voluntary aided and voluntary controlled schools are accounted for by the Council. For example, capital expenditure is added to the balances for those schools.

The Dedicated Schools Grant is allocated between central Council Budget and budgets allocated to individual schools ("delegated school budgets"). Expenditure from central Council budgets and delegated schools budgets is charged to the Comprehensive Income and Expenditure Statement under People's services.

Individual schools' balances at 31st March 2019 are included in the balance sheet of the Council as any unspent delegated schools budgets remain the property of the Council.

PFI Schemes

The Council has a number of schools subject to PFI contracts. The PFI buildings for community, foundation and voluntary controlled schools are shown on the Council's balance sheet.

The PFI liabilities in respect of all PFI schools remain on the Council's balance sheet as the Council is the party to the contract with the PFI Operator.

xx. VAT

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

xxi. Interests in Companies and Other Entities

An assessment of the Council's interests in other entities has been carried out to establish the group boundary. Inclusion in the group is dependant upon the extent of the Council's control over the entity, demonstrated through ownership or influence by representation on the board of directors of the entity.

The Council has a number of interests in other companies but the majority are considered immaterial or do not meet the required level of control to be consolidated into the Council's accounts.

The Council's main interest relates to Derby Homes Ltd which is a wholly owned subsidiary of the Council. Derby Homes produce financial statements to 31st March in line with the Council's own financial reporting; there are no material differences in accounting policies between the two entities. In line with the code of practice for local authority accounting these accounts are consolidated into the group accounts on a line by line basis. This is the only entity consolidated into the Council's group accounts.

xxii. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either;

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

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

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

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

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

xxiii. Investment Property

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

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

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

xxiv. Overheads and Support Services

The costs of overheads and support services are included in the CIES within the Directorate which reports on the service, for example Payroll is included within the Corporate Resources directorate.

3. Accounting Standards that have been issued but have not yet been adopted

The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. There are 5 Accounting Standards that have been issued and not yet applied in the preparation of the accounts these are:

Amendments to IAS40 Investment Property: Transfer of Investment Property

The International Accounting Standards Board (IASB) has published 'Transfers of Investment Property (Amendments to IAS 40)' to clarify transfers of property to, or from, investment property. The amendments are :

Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

Annual Improvements to IFRS Standards 2014 - 2016 Cycle

The International Accounting Standards Board has an annual process for reviewing and improving its standards. There have been amendments to standards that have not yet been incorporated into the Code of Practice. These affect IFRS 1 First Time Adoption of International Financial Reporting Standards, IFRS 12 Disclosure of Interest in Other Entities and IAS 28 Investments in Associates and Joint Ventures.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for uncertainties in income taxes.

Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

In October 2017, the International Accounting Standards Board (Board) issued Prepayment Features with Negative Compensation (Amendments to IFRS 9). These amendments enable entities to measure at amortised cost some prepayable financial assets with so-called negative compensation.

The Council does not believe the above standards will have a material impact and therefore have not been adopted for the 2018/19 financial statements.

4. Events after the reporting period

The Statement of Accounts was authorised for issue by the Strategic Director of Corporate Resources on 31st May 2019. Events taking place after this date are not reflected in the financial statements or notes.

Events after 31 March 2019:

The Council and Derbyshire County Council are engaged in a project to build a New Waste Treatment Facility (NWTF) in Sinfin, to deal with waste that residents in Derby and Derbyshire do not recycle. The facility, which was due to open in 2017, is being built on the councils' behalf by Resource Recovery Solutions (Derbyshire) Ltd (RRS), which is a partnership between national construction firm Interserve, which is also building the plant and waste management company Renewi. However, RRS has not to date been able to resolve ongoing issues at the plant to allow it to pass the certified performance tests needed to bring it into full service.

On 10 April 2019 the councils issued a formal notice to the NWTF project's funders, to take action under the contract, to secure the future of the facility.

Funding for the facility is being loaned to RRS by the UK Green Infrastructure Platform and three international banks: Sumitomo Mitsui Banking Corporation and Shinsei Bank, from Japan and Bayerische Landesbank, from Germany.

In light of the significant uncertainty regarding the likely actions of all the parties involved with the project, the councils are planning on the basis of all scenarios.

There were no other significant events between the balance sheet date and the approval of these financial statements which would require disclosure or adjustment of the statements.

5. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the Accounting Policies note, the Council has made certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

1) Government Funding:

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

2) PFI Schemes:

The Council has five PFI schemes in operation which are included within the Statement of Accounts. In all cases, judgements have been made about the nature and timing of future project expenditure given the complexity of projects. The actual profiling of future project costs may be subject to change due to unforeseen circumstances. The Council has judged that 1 of these schemes does not meet the recognition criteria and is therefore not included on the balance sheet. Further details of the Council's PFI schemes are included in the relevant notes to the accounts.

3) Componentisation of Property, Plant and Equipment:

The Code of Practice on Local Authority Accounting 2018/19 requires that the Council depreciates separately any part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item.

In order to identify any such significant components, the Council has made a number of assumptions with regards to materiality and the proportion of the cost of the overall asset made up by the individual components. For all relevant asset categories, excluding Council Dwellings, a materiality threshold of £2m for individual property assets, and 20% for significant components were established based on the materiality of potential movement in depreciation. For Council Dwellings, the Council has applied the componentisation breakdown required under HRA Self-Financing regulations introduced for 2013/14. The Council applies multiple component categories to Council Dwellings with a range of Useful Economic Lives (UEL) between 12 and 60 years.

Council Property Officers have applied professional judgement in determining the components which need to be separated, based on estimated cost and asset lives. Where historic component information is not available, professional judgement has also been applied in forming reasonable assumptions for significance and estimated cost.

4) Heritage Assets:

The Code of Practice on Local Authority Accounting 2018/19 requires that the Council accounts for its tangible and intangible heritage assets. As a result, values for these assets are now recognised in the Council's balance sheet position, except where valuations are not available and the cost of obtaining valuations would be disproportionate to the benefits to the users of the Statement of Accounts.

The Council has identified a number of heritage asset collections where valuations are not available and it is considered the cost of obtaining valuations would be disproportionate. Further details of these collections are provided in the relevant notes to the accounts.

5) Group Accounts

An assessment of the Council's interests in other entities has been carried out to establish the group boundary. Inclusion in the group is dependant upon the judgement of the extent of the Council's control over the entity, demonstrated through ownership or influence by representation on the board of directors of the entity.

6) Pooled Budgets

The Council has entered into a pooled budget arrangement with the Southern Derbyshire CCG (SDCCG) for the provision of health and social care services. This agreement has been made under section 75 of the National Health Services Act 2006. Within the pooled budget the Council has assessed that it operates as both the host partner and as the lead commissioner. In line with this assessment the Council's accounts include income from the SDCCG and expenditure to providers on a gross basis. Further details of the pool arrangement are included in the Pooled Budget note.

7) Reporting Segments

Due to the changes in reporting requirements in the 2018 Code of Practice the CIES is now presented based on how the authority is organised and funded. The Council has presented its CIES on the basis of how it reports its management accounts during the financial year which is by service directorate. The Council has three service directorates; People's Services, Communities & Place and Corporate Resources along with a separate Housing Revenue Account. The Council also report separately on Corporate services.

8) IFRS 15 - Revenue Recognition

Having reviewed the income sources for the Council we have concluded that the majority of this income falls outside the scope of IFRS 15. In addition we consider that amounts remaining, that may fall under IFRS15, are not material enough to warrant any specific disclosure or accounting treatment.

9) New Waste Treatment Facility

The Council and Derbyshire County Council entered into an Inter Authority Agreement (IAA) on 20 August 2014 in relation to the operation and management of a Public Private Partnership (PPP) contract with Resource Recovery Solutions (Derbyshire) Limited (RRS) for the construction of the long term New Waste Treatment Facility (NWTF) in Sinfen and the provision of associated services. The facility was due to open in 2017, however, RRS has not to date been able to resolve ongoing issues at the plant to allow it to pass the certified performance tests needed to bring it into full operation.

As the IAA establishes that each council is represented on the board set up to oversee and implement the delivery of the project and has 50:50 voting rights, the councils collectively are considered to have power over the relevant activities and hence have control collectively. The relevant activities are the long term running of waste disposal for the councils. As decisions about the relevant activities require the unanimous consent of both parties, the arrangement is considered to meet the definition of a joint arrangement. As the arrangement is not structured as a separate entity it is classified as a joint operation and each council will recognise its share of the arrangement's assets, liabilities, income and expenditure.

The Council has considered whether the NWTF meets the definition of a service concession asset; this is an asset which a public sector entity, in this case the councils, has control over, which is operated on their behalf by a private sector operator, in this case RRS. Whilst it is determined that the NWTF fulfils this definition, the Council does not consider that the fair value of the plant nor the likelihood of future service potential can be established with sufficient reliability in order for its share of the assets and liabilities to be recognised on the balance sheet at 31 March 2019. Therefore, it is the Council's judgement that the whole unitary charge paid to RRS is, in substance, consideration for waste disposal services and this has therefore been expensed to the CIES.

6. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions on amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying of assets and liabilities within the next financial year are:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment - Valuation	The Council's portfolio of Other Land and Buildings is revalued as part of a 5 year rolling programme. The value of those assets is based upon calculations and estimation techniques employed by the Council's Valuers following the Royal Institute of Chartered Surveyors (RICS) guidance. Changes in asset values are largely influenced by market forces which can be volatile. Therefore it is uncertain that the Council's assets will not see a significant change in value	Any revaluation of assets either upward or downward would be reflected in the Council's asset base. It is estimated that a 1% change in asset values would result in a change of £3.881 million.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	Details of the effect of changes in the key actuarial assumptions are included in the Defined Benefit Pension Schemes note (note 38).
Arrears	At 31 March 2019, the Council had a balance of gross short-term debtors of £84.368 million. The Council has applied an impairment of doubtful debts of £26.335 million based on age of debt and historic experience of rates of recovery. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate a 10% increase in the number of bad and doubtful debts would require an additional £2.634 million to be set aside as an allowance. The Council's impairment of doubtful debts include £9.216m in relation to Council Tax and NDR based on assumed collection rates. A 1% reduction in these rates would require an additional impairment of £0.092m to be put aside.

7. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by the statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2017/18 Comparative Figures	Usable					Unusable
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves restated £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(21,087)	(14,823)	0	0	0	35,910
Revaluation losses on Property Plant and Equipment	(14,930)	(13,720)	0	0	0	28,650
Revaluation gains matched to prior years impairments	20,078	13,333	0	0	0	(33,411)
Movements in the market value of Investment Properties	(6)	0	0	0	0	6
Impairment charges for Assets Held for Sale	(418)	0	0	0	0	418
Amortisation of intangible assets	(287)	0	0	0	0	287
Capital grants and contributions applied	15,679	0	0	0	0	(15,679)
Revenue expenditure funded from capital under statute	(2,972)	0	0	0	0	2,972
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(50,095)	(8,499)	0	0	0	58,594
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	7,421	52	0	0	0	(7,473)
Capital expenditure charged against the General Fund and HRA balances	1,438	68	0	0	0	(1,506)

2017/18 Comparative Figures	Usable					Unusable
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	35,981	0	0	0	(35,981)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	20,661	(20,661)
Adjustment primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	8,867	10,236	(19,103)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	8,047	0	0	(8,047)
Use of Capital Receipts Reserve towards administrative costs of non-current capital receipts pool	(1,240)	0	1,240	0	0	0
Receipt of Capital loan repayments	0	0	(3,589)	0	0	3,589
Transfer from deferred capital receipts reserve upon receipt of cash	0	0	(49)	0	0	49
Adjustment primarily involving the Major Repair Reserve:						
Posting of revenue resource to/(from) HRA for Major Repairs Reserve	0	14,821	0	(14,821)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	11,687	0	(11,687)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(53)	(119)	0	0	0	172

2017/18 Comparative Figures	Usable					Unusable
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(49,183)	(432)	0	0	0	49,615
Employers pensions contributions and direct payments to pensioners payable in the year	24,079	240	0	0	0	(24,319)
Adjustable primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from council tax and NNDR income calculated for the year in accordance with statutory requirements	1,196	0	0	0	0	(1,196)
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,242	6	0	0	0	(1,248)
Total Adjustments	(24,290)	1,163	(13,454)	(3,134)	(15,320)	55,035

2018/19	Usable					Unusable
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(18,138)	(14,766)	0	0	0	32,904
Revaluation losses on Property Plant and Equipment	(12,261)	(7,123)	0	0	0	19,384
Revaluation gains matched to prior years impairments	4,857	1,194	0	0	0	(6,051)
Movements in the market value of Investment Properties	11	0	0	0	0	(11)
Amortisation of intangible assets	(158)	0	0	0	0	158
Capital grants and contributions applied	16,495	0	0	0	0	(16,495)
Revenue expenditure funded from capital under statute	(9,937)	0	0	0	0	9,937
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(66,268)	(7,615)	0	0	0	73,883
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	6,856	47	0	0	0	(6,903)
Capital expenditure charged against the General Fund and HRA balances	451	0	0	0	0	(451)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	24,845	0	0	0	(24,845)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	25,962	(25,962)

2018/19	Usable					Unusable
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustment primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	633	9,445	(10,078)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	10,952	0	0	(10,952)
Use of Capital Receipts Reserve towards administrative costs of non-current capital receipts pool	(1,333)	0	1,333	0	0	0
Receipt of capital loan repayments	0	0	(626)	0	0	626
Transfer from deferred capital receipts reserve upon receipt of cash	0	0	(21)	0	0	21
Adjustment primarily involving the Major Repair Reserve:						
Posting of revenue resource to/(from) HRA for Major Repairs Reserve	0	14,766	0	(14,766)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	14,457	0	(14,457)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(49)	(81)	0	0	0	130
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(44,723)	(100)	0	0	0	44,823

2018/19	Usable					Unusable
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Employers pensions contributions and direct payments to pensioners payable in the year	44,327	109	0	0	0	(44,436)
Adjustable primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from council tax and NNDR income calculated for the year in accordance with statutory requirements	(4,523)	0	0	0	0	4,523
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(312)	7	0	0	0	305
Total Adjustments	(59,227)	(4,117)	1,560	(309)	1,117	60,976

8. Expenditure and Income Analysed by Nature

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

	People Services	Communities & Place	Corporate Resources	Corporate	Local Authority Housing (HRA)	Other Income and Expenditure	TOTAL
	£000	£000	£000	£000	£000	£000	£000
2017/18							
Expenditure							
Employee expenses	162,519	39,375	22,601	905	1,173	0	226,573
Employee expenses for Voluntary Aided and Foundation Schools	22,578	0	0	0	0	0	22,578
Other service expenses	191,134	55,239	104,822	(768)	30,293	0	380,720
Depreciation, amortisation and impairment	(684)	12,291	2,396	0	15,210	2,646	31,859
Interest payments	0	0	0	0	0	22,349	22,349
Payments to Housing Capital Receipts Pool	0	0	0	0	0	1,240	1,240
Gain or Loss on Disposal of non current assets	0	0	0	0	0	58,595	58,595
Internal Trading	(17,386)	(5,778)	(2,294)	0	0	0	(25,458)
Pension Interest Cost	0	0	0	0	0	30,614	30,614
Total expenditure	358,161	101,127	127,525	137	46,676	115,444	749,070
Income							
Fees, charges & other service income	(46,636)	(38,702)	(16,483)	(1,236)	(59,432)	0	(162,489)
Interest and Investment Income	0	0	0	0	0	72	72
Income from council tax, non-domestic rates	0	0	0	0	0	(174,458)	(174,458)
Government Grants and Contributions	(200,476)	(5,081)	(84,364)	(309)	(4)	(89,557)	(379,791)
PFI Deferred Income	0	0	0	0	0	(398)	(398)
Internal Trading	17,386	5,778	2,294	0	0	0	25,458
Gain or Loss on Disposal of non current assets	0	0	0	0	0	(19,103)	(19,103)
Pension interest income	0	0	0	0	0	(20,477)	(20,477)
Total income	(229,726)	(38,005)	(98,553)	(1,545)	(59,436)	(303,921)	(731,186)
Surplus or deficit on the provision of services	128,435	63,122	28,972	(1,408)	(12,760)	(188,477)	17,884

	People Services	Communities & Place	Corporate Resources	Corporate	Local Authority Housing (HRA)	Other Income and Expenditure	TOTAL
	£000	£000	£000	£000	£000	£000	£000
2018/19	£000	£000	£000	£000	£000	£000	£000
Expenditure							
Employee expenses	136,377	32,969	21,724	741	454	0	192,265
Employee expenses for Voluntary Aided and Foundation Schools	17,385	0	0	0	0	0	17,385
Other service expenses	200,950	56,487	104,391	246	32,334	0	394,408
Depreciation, amortisation and impairment	4,850	18,723	1,868	0	20,696	248	46,385
Interest payments	0	0	0	0	0	21,806	21,806
Payments to Housing Capital Receipts Pool	0	0	0	0	0	1,333	1,333
Gain or Loss on Disposal of non current assets	0	0	0	0	0	73,892	73,892
Internal Trading	(2,445)	(7,084)	(2,550)	0	0	0	(12,079)
Pension Interest Cost	0	0	0	0	0	32,082	32,082
Total expenditure	357,117	101,095	125,433	987	53,484	129,361	767,477
Income							
Fees, charges & other service income	(32,334)	(37,072)	(20,209)	(599)	(58,653)	0	(148,867)
Interest and Investment Income	0	0	0	0	0	(1,376)	(1,376)
Income from council tax, non-domestic rates	0	0	0	0	0	(173,633)	(173,633)
Government Grants and Contributions	(188,803)	(5,761)	(79,536)	(309)	(2)	(85,406)	(359,817)
PFI Deferred Income	0	0	0	0	0	(398)	(398)
Internal Trading	2,445	7,084	2,550	0	0	0	12,079
Gain or Loss on Disposal of non current assets	0	0	0	0	0	(10,078)	(10,078)
Pension interest income	0	0	0	0	0	(22,118)	(22,118)
Total income	(218,692)	(35,749)	(97,195)	(908)	(58,655)	(293,009)	(704,208)
Surplus or deficit on the provision of services	138,425	65,346	28,238	79	(5,171)	(163,648)	63,269

9. Other operating expenditure

2017/18 £000		2018/19 £000
1,240	Payments to the Government Housing Capital Receipts Pool	1,333
39,492	(Gains)/losses on the disposal of non-current assets	63,814
40,732	Total	65,147

10. Financing and investment income and expenditure

2017/18 £000		2018/19 £000
22,349	Interest payable and similar charges	21,806
10,137	Net interest on the net defined benefit liability	9,964
171	Interest receivable and similar income	(1,033)
(100)	Income and expenditure in relation to investment properties and changes in their fair value	(343)
2,646	Financial Instrument Impairments	248
35,203	Total	30,642

11. Taxation and Non-Specific Grant Income

2017/18 £000		2018/19 £000
(398)	PFI Deferred rental income	(398)
(86,424)	Council tax income	(93,027)
(1,311)	Share of prior year Collection Fund Surplus	6,430
(25,203)	Revenue Support Grant	0
(44,592)	Retained Business Rates	(87,037)
(15,291)	Business Rates Retention (Top Up)	0
(1,636)	Other Retained Business Rates related funding	0
(37,898)	Non-ring-fenced government grants	(44,066)
(51,659)	Capital grants and contributions	(41,339)
(264,412)	Total	(259,437)

12. Accounting for Local Government Schools

The Council has the following maintained schools:

2017/18	Community	Voluntary Controlled	Voluntary Aided	Foundation	Special	Total
Number of schools, (including nursery schools and excluding PFI schools)	54	1	7	4	5	71
Value of land and buildings at 31st March 2018	£161.5m	£1.3m	£12.7m	£44.4m	£18.1m	£238.0m
Number of schools subject to PFI contracts	2	0	0	0	1	3
Value of land and buildings at 31st March 2018	£9.5m	0	0	0	£3.8m	£13.3m

2018/19	Community	Voluntary Controlled	Voluntary Aided	Foundation	Special	Total
Number of schools, (including nursery schools and excluding PFI schools)	43	0	4	4	5	56
Value of land and buildings at 31st March 2019	£117.5m	0	£4.8m	£44.7m	£18.5m	£185.5m
Number of schools subject to PFI contracts	0	0	0	0	1	1
Value of land and buildings at 31st March 2019	0	0	0	0	£6.4m	£6.4m

The treatment of land and buildings for each type of school is based on the legal framework underlying each type of school. The Council controls the management and running of community, special and voluntary controlled schools and therefore the land and buildings of those schools are shown on the Council's balance sheet. The land and buildings of foundation schools and buildings of voluntary aided (VA) schools are also shown on the balance sheet as the Council funds the school and is responsible for financial reporting. The land of voluntary aided schools are owned and controlled by the trustees of the schools and are therefore not shown on the Council's balance sheet.

The buildings of VA schools with a carrying value of £6.4m (£12.7m in 2017/18), while included in the Council's financial statements due to the control arrangements, are owned by individual diocese. The Council would be unable to use these assets to settle future liabilities.

Capital expenditure on community, special, foundation, voluntary aided and voluntary controlled schools is added to the balances for those schools as reported in Note 16. Academy schools are separate entities not controlled by the Council and so are not included in the financial statements.

Where a school proposes to transfer to Academy Status, the Council will continue to retain any asset subject to transfer on the basis of its last revaluation and maintains both the asset value and the anticipated useful life until the date of transfer. The Council has taken the view that any asset transferring will continue to be used for the provision of education services thus supporting the Council's statutory obligation for the provision of education. On transfer to an Academy, assets are derecognised in the Council's financial statements for nil consideration. During 2018/19 seventeen Derby City Council school's converted to academy status (eight in 2017/18). The Council receives Dedicated Schools Grant (DSG) for all its maintained schools and therefore includes both income and expenditure items within the accounts for all schools.

DSG is credited to the Comprehensive Income and Expenditure Statement within Peoples Services based on amounts due from the Department for Education for 2018/19

The DSG is allocated between central Council Budget and budgets allocated to individual schools (delegated school budgets). Expenditure from central Council budgets and delegated schools budgets is charged to the Comprehensive Income and Expenditure Statement under Peoples Services - Children and Young People. Further details regarding the Council's DSG allocation are provided in the Dedicated Schools Grant note.

Individual schools' balances at 31st March 2019 are included in the balance sheet of the Council under the heading Usable Reserves.

PFI Schemes

The Council has 2 schools as part of its Grouped Schools PFI contract which have both converted to Academy Status during 2018/19.

The Council previously had 5 schools under this contract, but one of these converted to Academy status in 2011/12 and two converted during 2017/18. The building assets for the school were transferred to the Academy and treated as a disposal within the Council's Statement of Accounts. The Council now have none of the Grouped School PFI assets on its balance sheet.

The PFI liabilities in respect of all 5 PFI Grouped Schools remains on the Council's balance sheet as the Council is the party to the contract with the PFI Operator.

The Council also has one school which is subject to its BSF PFI contract. This schools, and the associated PFI liabilities, is also shown on the Council's Balance Sheet. The Council previously had 2 schools under this contract, but one of these converted to Academy status in 2016/17. The building assets for the school were transferred to the Academy and treated as a disposal within the Council's Statement of Accounts. The PFI liabilities in respect of both BSF PFI schools remains on the Council's balance sheet as the Council is the party to the contract with the PFI Operator.

13. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. 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.

Schools Budget Funded by Dedicated Schools Grant 2017/18			
	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2017/18 before Academy recoupment			(216,681)
Academy figure recouped for 2017/18			68,571
Total DSG after Academy recoupment for 2017/18			(148,110)
plus: brought forward from 2016/17			(6,955)
Agreed initial budgeted distribution in 2017/18	(29,075)	(125,990)	(155,065)
In year adjustments	621	(621)	0
Final budget distribution for 2017/18	(28,454)	(126,611)	(155,065)
Actual central expenditure	21,460		21,460
Actual ISB deployed to schools		126,611	126,611
Carried forward to 2018/19	(6,994)	0	(6,994)

Schools Budget Funded by Dedicated Schools Grant 2018/19			
	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2018/19 before Academy recoupment			(227,142)
Academy figure recouped for 2018/19			94,085
Total DSG after Academy recoupment for 2018/19			(133,057)
plus: brought forward from 2017/18			(6,994)
Agreed initial budgeted distribution in 2018/19	(28,871)	(111,180)	(140,051)
In year adjustments	704	(704)	0
Final budget distribution for 2018/19	(28,167)	(111,884)	(140,051)
Actual central expenditure	25,331		25,331
Actual ISB deployed to schools		111,884	111,884
Carried forward to 2019/20	(2,836)	0	(2,836)

14. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/19.

	2017/18 restated £000	2018/19 £000
Credited to Taxation and Non Specific Grant Income		
Non Specific Grants	27,996	34,255
PFI Grant	9,902	9,811
Capital Grants	51,659	41,339
Total	89,557	85,405
Credited to Services		
Housing Benefit Subsidy	51,190	48,085
Rent Rebate - Housing Benefit	32,758	30,937
Public Health Grant	19,766	19,258
Housing Benefit Administration	1,299	1,193
DfE -ESFA	3,419	3,752
Schools Improvement	15,907	16,492
6th form funding	3,026	2,336
Dedicated Schools Grant	147,509	132,630
PFI Grants Credited to Service	2,872	2,962
Other Communities and Place	3,942	4,683
Other People's Service - Children and Young People	4,565	6,570
Other People's Service - Adults	3,565	5,004
Other Corporate Resources	416	513
Total	290,234	274,415

The layout of this note has been restated to ensure the current schools funding arrangements are being reflected.

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that had not been met at the Balance Sheet date which may require the monies or property to be returned to the giver. The balances at the year-end are:

	2017/18 £000	2018/19 £000
Capital Grants Receipts in Advance		
Children & Young People (CYP) Grants	293	643
CYP Primary Capital Programme Grant	1,863	1,863
Housing General Fund (HGF) Grants	500	582
D2N2 - A52	1,800	1,800
D2N2 - Other	1,418	827
HGF Housing Intelligence 4 East Midlands - CLG Grant	33	33
Communities and Place Grants	1,835	2,600
Communities and Place Contributions	7	7
Environment Agency - Our City Our River	6,180	6,180
D2N2 Our City Our River	2,531	3,556
School's Devolved Contributions	303	340
Section 106 contributions	7,861	10,578
Capital Receipts - CPO	394	582
D2N2 - Infinity Park	3,031	1,946
Total	28,049	31,537

15. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by Ernst and Young, the Council's external auditors :

	2017/18 £000	2018/19 £000
Fees payable to Ernst and Young with regard to external audit services carried out by the appointed auditor for the year	143	216
Fees payable to Ernst and Young for the certification of grant claims and returns for the year	21	10
Total	164	226

16. Property, Plant and Equipment

a) Movements on Balances

Movements in 2017/18	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant & Equipment £000	PFI Assets Included in Property, Plant & Equipment £000
Cost of Valuation at 1 April 2017	498,108	491,454	41,390	234,254	6,150	13,056	15,757	1,300,169	62,402
Recategorisations	98	0	0	55	36	0	(189)	0	0
Additions	11,826	12,415	2,270	5,986	161	209	27,039	59,906	24
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(2,072)	(12,458)	0	0	0	495	0	(14,035)	2,152
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,287)	4,351	0	0	0	(2,215)	(164)	685	(672)
Derecognition - disposals	0	0	(2,322)	0	0	0	0	(2,322)	0
Derecognition - other	0	0	(13,866)	0	0	0	0	(13,866)	0
Assets reclassified (to)/from Held for Sale	(7,749)	(46,902)	0	0	0	3,095	0	(51,556)	(12,707)
Other reclassifications	853	(2,482)	0	0	0	4,994	150	3,515	0
At 31 March 2018	499,777	446,378	27,472	240,295	6,347	19,634	42,593	1,282,496	51,199

Movements in 2017/18	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant & Equipment £000	PFI Assets Included in Property, Plant & Equipment £000
Accumulated Depreciation and Impairment at 1 April 2017	0	(590)	(28,132)	(48,247)	(3,217)	0	0	(80,186)	(4,352)
Depreciation charge	(14,337)	(8,893)	(3,449)	(5,330)	(448)	0	0	(32,457)	(1,049)
Depreciation written out to the Revaluation Reserve	13,308	5,371	0	0	0	0	0	18,679	32
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,041	1,899	0	0	0	100	0	3,040	194
Derecognition - disposals	0	612	0	0	0	0	0	612	143
Derecognition - Other	0	0	2,081	0	0	0	0	2,081	0
Other reclassifications	0	0	13,441	0	0	0	0	13,441	0
Other movements	(12)	114	0	0	0	(100)	(2)	0	0
At 31 March 2018	0	(1,487)	(16,059)	(53,577)	(3,665)	0	(2)	(74,790)	(5,032)
Net Book Value									
At 31 March 2018	499,777	444,891	11,413	186,718	2,682	19,634	42,591	1,207,706	46,167
At 1 April 2017	498,108	490,864	13,258	186,007	2,933	13,056	15,757	1,219,983	58,050

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant & Equipment £000	PFI Assets Included in Property, Plant & Equipment £000
Movements in 2018/19:									
Cost of Valuation at 1 April 2018	499,777	446,378	27,472	240,295	6,347	19,634	42,593	1,282,496	51,199
Recategorisations	601	0	0	9,441	164	486	(12,771)	(2,079)	1,700
Additions	14,233	18,592	2,632	9,889	201	2,321	15,360	63,228	1,439
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(45)	(545)	0	0	0	21	0	(569)	1,242
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,897)	(5,790)	0	0	0	(3,780)	(5)	(16,472)	1,494
Derecognition - disposals	0	0	(956)	0	0	0	0	(956)	0
Derecognition - other	0	0	(1,132)	0	0	0	0	(1,132)	0
Assets reclassified (to)/from Held for Sale	(7,483)	(66,928)	0	0	0	(1,300)	0	(75,711)	(9,531)
Other reclassifications	136	(1,244)	0	0	60	(1,740)	0	(2,788)	0
At 31 March 2019	500,322	390,463	28,016	259,625	6,772	15,642	45,177	1,246,017	47,543

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant & Equipment £000	PFI Assets Included in Property, Plant & Equipment £000
Movements in 2018/19									
Accumulated Depreciation and Impairment at 1 April 2018	0	(1,487)	(16,059)	(53,577)	(3,665)	0	(2)	(74,790)	(5,032)
Depreciation charge	(14,303)	(8,491)	(3,506)	(5,481)	(476)	0	0	(32,257)	(984)
Depreciation written out to the Revaluation Reserve	13,287	4,853	0	0	0	0	0	18,140	30
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,016	1,757	0	0	0	0	0	2,773	120
Assets reclassified (to)/from Held for Sale	0	961	0	0	0	0	0	961	154
Derecognition - disposals	0	0	956	0	0	0	0	956	0
Derecognition - other	0	0	917	0	0	0	0	917	0
At 31 March 2019	0	(2,407)	(17,692)	(59,058)	(4,141)	0	(2)	(83,300)	(5,712)
Net Book Value									
At 31 March 2019	500,322	388,056	10,324	200,567	2,631	15,642	45,175	1,162,717	41,831
At 1 April 2018	499,777	444,891	11,413	186,718	2,682	19,634	42,591	1,207,706	46,167

b) Depreciation

	Council Dwellings	Council Dwellings - components	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure
Useful lives used in calculation of depreciation	60 years	12 - 60 years	5 years - perpetuity	3-20 years	40 years

c) Capital Commitments

As at 31 March 2019 the Council had entered into a number of contracts for the enhancement of property, plant and equipment with future costs estimated as £16.741 million. The equivalent figure as at 31 March 2018 was £17.368 million. The major commitments are summarised by directorate:

Strategy Area	Major Schemes	Scheme Commitment £000	Total Commitment £000
Schools	West Park Expansion	1,146	1,160
Highways & Transport	A52 Improvements	2,470	3,217
Housing	New Build & Acquisitions	1,151	3,030
Property			228
ICT	E Services	1,599	1,708
Regeneration	Our City Our River construction of improved flood defences for the city	4,846	7,270
Flood Defence			2
VPE			126
Total		11,212	16,741

d) Revaluation

The Council carries out a rolling programme for its Property, Plant and Equipment assets which are measured at current value and revalued at least every five years. The valuations have been carried out externally by District Valuer Services (DVS). Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost.

The significant assumptions applied in estimating the current values are:

- 1) All assets have been valued at Current Value as described in the RICS Guidance Notes. The Property Plant and Equipment assets have been valued at Current Value (Existing Use Value).
- 2) Housing Revenue Account - The assets held in the Housing Revenue Account have been valued using the guidance from DCLG as described in the Guidance for Valuers 2017. The adjustment factor applicable for the East Midlands as contained within this guidance is 42% and this has been applied to the relevant asset valuations.
- 3) De minimus - The de minimus level adopted for the 2018/19 revaluation is £10,000.

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant & Equipment £000	Heritage Assets £000
Carried at Historical Cost	0	0	10,324	200,567	2,557	0	45,175	258,623	76,200
Valued at Fair Value as at:									
31 March 2015	0	0	0	0	0	0	0	0	0
31 March 2016	0	0	0	0	0	0	0	0	0
31 March 2017	0	26,699	0	0	0	0	0	26,699	0
31 March 2018	0	73,270	0	0	0	0	0	73,270	0
31 March 2019	500,322	288,087	0	0	74	15,642	0	804,125	0
Total cost or Valuation	500,322	388,056	10,324	200,567	2,631	15,642	45,175	1,162,717	76,200

17. Heritage Assets

Heritage Assets consist of the Council's collections of art, decorative art, industrial heritage artefacts, natural history, military artefacts, civic regalia, sculptures/monuments and other minor collections. Smaller individual items with an insurance value of less than £10,000 are considered de minimis and not recognised unless they form part of a larger collection. For further information on Derby City Council's Heritage Assets please see Accounting Policies note.

	Civic Regalia £000	Art Collection £000	Decorative Art Collection £000	Industrial Collection £000	Natural History Collection £000	Other £000	Total £000
Cost or Valuation							
31 March 2017	608	64,869	3,992	1,127	1,237	4,336	76,169
Reserve	0	0	0	0	0	0	0
31 March 2018	608	64,869	3,992	1,127	1,237	4,336	76,169
Impairment Losses / (reversals) recognised in the Revaluation Reserve	(15)	0	0	0	0	0	(15)
Revaluations recognised in the Revaluation Reserve	141	0	0	(105)	0	10	46
31 March 2019	734	64,869	3,992	1,022	1,237	4,346	76,200

18. Investment Properties

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.

	2017/18 £000	2018/19 £000
Rental income from investment property	(100)	(343)
Net (gain)/loss	(100)	(343)

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

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

	2017/18 £000	2018/19 £000
Balance at start of the year	1,342	1,336
Additions: Subsequent expenditure	0	0
Asset acquired at nil cost	3,515	0
Movement to PPE	(3,515)	(65)
Net gain/losses from fair value adjustments	(6)	11
Revaluation recognised in revaluation reserve	0	5
other changes - movement from PPE	0	2,853
Balance at the end of the year	1,336	4,140

Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 (£4.140m) on the fair value hierarchy for valuation purposes (see Accounting Policies for an explanation of the fair value levels).

Highest and Best Use

In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 March 2019 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

19. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement in CFR is analysed in the second part of this note.

	2017/18 £000	2018/19 £000
Opening Capital Financing Requirement	(637,221)	(636,637)
Capital Investment:		
Property, Plant and Equipment	(59,906)	(63,228)
Assets Held for Sale	(330)	(114)
Revenue Expenditure Funded from Capital Under Statute	(2,972)	(9,937)
LAMS/Long Term Debtors	(1,187)	602
Non Cash Property Acquisition	3,515	0
Sources of finance:		
Capital Receipts	8,047	10,952
Receipt of capital loan repayments	(3,589)	(627)
Capital Reserves	11,687	14,457
Government grants and other contributions	36,340	42,457
Sums set aside from revenue:		
Direct revenue contributions	1,506	451
Minimum Revenue Provision	7,473	6,903
Closing capital financing requirement	(636,637)	(634,721)
Explanation of movements in year		
Increase/(decrease) in underlying need to borrow (supported by government financial assistance)	793	779
Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	6,286	5,168
HRA capital receipts set aside for redemption of debt	(3,748)	(3,814)
Assets acquired under finance leases	(162)	(163)
Assets acquired under PFI/PPP contracts	(3,753)	(3,886)
Increase/(decrease) in capital financing requirement	(584)	(1,916)

20. Leases

Authority as Lessee

Finance Leases

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet. The net book value (NBV) of these assets and depreciation (Depn) charged for each category of leased assets is shown in the table below.

	2017/18		2018/19	
	NBV £000	Depn £000	NBV £000	Depn £000
Other Land and Buildings	471	(22)	449	(22)
Vehicles, Plant, Furniture and Equipment	348	(152)	194	(154)
Total	819	(174)	643	(176)

Operating Leases

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

	31/03/2018 £000	31/03/2019 £000
No later than one year	577	577
Later than one year and not later than five years	1,750	1,928
Later than five years	2,576	2,195
Total	4,903	4,700

The expenditure charged to Cost of Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31/03/2018 £000	31/03/2019 £000
Minimum lease payments	577	609
Total	577	609

Authority as Lessor

Finance Leases

The Council has a gross investment in a number of finance leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the assets when the leases come to an end. The minimum lease payments comprise settlement of the long-term debtors for the interests in the assets acquired by the lessees and finance income that will be earned by the Council in future years whilst the debtors remain outstanding. The gross investment is made up of the following amounts:

	31/03/2018 £000	31/03/2019 £000
Finance lease debtors (net present value of minimum lease payments):		
Current	4	4
Non-current	1,325	1,320
Unearned finance income	2,010	1,981
Unguaranteed residual value of property	(22)	(22)
Gross investment in the lease	3,317	3,283

The gross investment in the leases and the minimum lease payments will be received over the following periods:

	Gross Investment		Minimum Lease	
	31/03/2018 £000	31/03/2019 £000	31/03/2018 £000	31/03/2019 £000
Not later than one year	33	33	4	4
Later than one year and not later	133	133	18	18
Later than five years	3,150	3,117	1,285	1,280
Total	3,316	3,283	1,307	1,302

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. These amounts have proven to be unquantifiable.

Operating Leases

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

	31/03/2018 £000	31/03/2019 £000
No later than one year	1,272	1,898
Later than one year and not later	2,808	4,181
Later than five years	20,674	22,870
Total	24,754	28,949

The minimum lease payments receivable do not include rents which are contingent on events taking place after the lease was entered into, such as adjustment following rent reviews. These amounts have proven to be unquantifiable.

21. Private Finance Initiatives and Similar Contracts

The Council has assessed the contractual arrangements of its PFI schemes and with the exception of the Housing Inner City Regeneration scheme has concluded all these assets should be included within the Council's accounts. The Housing Inner City Regeneration PFI has not been included as the Council does not control a significant residual interest in the asset or have the option to purchase or receive the asset for nil consideration.

Future PFI charges are subject to partial indexation using RPIx tables. This therefore leads potential uncertainties about future levels of payments.

Future performance related obligations under operational PFI contracts are as follows:

Street Lighting

A 25-year PFI contract was signed in April 2007 with Connect Roads (Derby), to replace all the life expired lighting units within the city, and to maintain the whole of the lighting stock for the period of the contract.

The rentals payable in 2018/19 were £4.863m (2017/18 £4.757m), of which £1.142m related to write down of obligations, £1.526m finance costs and the remainder to service charges/prepayments/contingent rent.

Outstanding obligations to make payments under the Street Lighting PFI finance lease at 31 March 2019, accounted for as part of long-term liabilities, are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2019/20	2,088	991	1,737	4,816
Payable within two to five years	10,097	5,097	4,071	19,265
Payable within six to ten years	9,611	8,559	5,910	24,080
Payable within eleven to fifteen years	5,943	7,070	2,601	15,614
Total	27,739	21,717	14,319	63,775

The above table reflects costs and income at 2018/19 levels. The amounts are partially subject to indexation (RPIx) and to date cumulative inflation applied to some elements of the scheme is 18%. A 1% variation in RPIx would result in a £0.027m change in payments for 2019/20.

Finance lease obligations are recognised on a stage of completion basis during the Core Investment Period (CIP - 2007/08-2012/13) and therefore there are no finance lease liability costs at 31 March 2019.

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

	2017/18	2018/19
Balance outstanding at start of year	23,920	22,859
Payments during the year	(1,061)	(1,142)
Balance outstanding at year end	22,859	21,717

At the end of the PFI contract the right to retain the Street Lighting assets will be held by the Council. The Council also has the right to terminate the contract if the contract conditions are not complied with.

Affordable Housing

A 30 year PFI contract, to provide a minimum of 170 affordable houses in the City was signed in September 2012 with The Riverside Group Ltd to provide 104 new build properties in Alvaston, Chaddesden & Spondon area of Derby and 66 refurbished and acquired properties across the City.

The construction of the first properties were completed in 2013/14 in July and payments commenced in August 2013. By 31st March 2016 the construction phase was complete.

Riverside Group Ltd receive both a unitary payment from Derby City Council and rental income from property tenants. Approximately 50% of capital expenditure is funded through the Derby City Council lease liability with the remaining 50% met through rental income.

The total unitary charge payable in 2018/19 was £1.222m (2017/18 £1.249m) of which £0.329m related to the write down of obligations (i.e. repayment of principal), £0.619m interest costs and the remainder to service charges/prepayments.

The total Derby City Council capital repayment to Riverside (to be met through the unitary charge) for the whole of the contract is £12.734m. The table below shows the outstanding obligations to make payments at 31 March 2019.

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2019/20	307	341	601	1,249
Payable within two to five years	1,299	1,487	2,214	5,000
Payable within six to ten years	2,015	1,942	2,291	6,248
Payable within eleven to fifteen years	2,286	2,228	1,735	6,249
Payable within sixteen to twenty years	2,382	2,783	1,085	6,250
Payable twenty one to twenty five years	2,636	2,275	296	5,207
Total	10,925	11,056	8,222	30,203

The above amounts are fixed costs and therefore are not subject to indexation.

Payments made to the contractor are described as unitary payments, they relate to capital expenditure incurred and interest payable. Lifecycle and on-going servicing of the houses and payment for services are made by the tenant direct to Riverside through the rental stream and do not form part of the outstanding obligations between the Council and the provider as part of the Housing PFI contract.

	2017/18 £000	2018/19 £000
Balance outstanding at start of year	11,707	11,385
Payments during the year	(322)	(329)
Balance outstanding at year end	11,385	11,056

At the end of the PFI contract the Council has the option to purchase the assets from Riverside. Although this option is not guaranteed there is a guaranteed option of control over the residual interests and control of the infrastructure. The Council also has the right to terminate the contract if the contract conditions are not complied with.

The housing rental deferred liability to meet the liability to the contractor for capital expenditure incurred is as follows:

Housing Rental Deferred Liability	2017/18 £000	2018/19 £000
Balance outstanding at start of year	11,298	10,900
Payments during the year	(398)	(398)
Balance outstanding at year end	10,900	10,502

At the end of the PFI contract the Council has the option to purchase the assets from Riverside. Although this option is not guaranteed there is a guaranteed option of control over the residual interests and control of the infrastructure. The Council also has the right to terminate the contract if the contract conditions are not complied with.

Housing Inner City Regeneration

There is a 30-year contract with Home Housing Association, which commenced in January 2001. Gross service charge payments of £0.5m have been made in 2018/19. Future cash payments between 2019/20 and the end of the contract are expected to be approximately £7.1m.

Grouped Schools

A 27-year PFI Contract was signed in November 2004 with Derby School Solutions (DSS), a private sector consortium, to build, maintain and operate 5 new schools and a Children's Centre with two support units in the City. The first new school became fully operational in October 2005. Ultimately, the value of contract payments depend on the level of performance of DSS, measured against predetermined standards. Amounts include a variation made to the contract in November 2007 to design, build, finance and operate two additional support units and a Children's Centre at Lakeside Primary School. Services commenced during September 2008. They also include a further variation made in April 2013 for additional classrooms at Lakeside Primary School. Services commenced in 2014. The contract end date for the variation finishes in line with the original grouped schools contract agreement.

The rentals payable were £5.166m in 2018/19 (£5.166m in 2017/18) of which £1.399m related to write down of obligations (i.e. repayment of principal), £1.152m interest costs and the remainder to service charges/prepayments/contingent rent.

Outstanding obligations to make payments under the Grouped Schools PFI finance lease at 31 March 2019, accounted for as part of long-term liabilities, are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2019/20	2,499	1,387	1,184	5,070
Payable within two to five years	9,995	5,484	3,926	19,405
Payable within six to ten years	12,494	6,949	3,089	22,532
Payable within eleven to fifteen years	6,228	4,425	1,039	11,692
Total	31,216	18,245	9,238	58,699

The above table reflects costs and income at 2018/19 levels. The amounts are partially subject to indexation (RPIx) and to date cumulative inflation applied to some elements of the scheme is 56%. A 1% variation in RPIx would result in a £0.027m change in payments for services in 2019/20.

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

	2017/18 £000	2018/19 £000
Balance outstanding at start of year	21,061	19,646
Payments during the year	(1,415)	(1,400)
Balance outstanding at year end	19,646	18,246

At the end of the PFI contract the right to retain the school building will be held by the Council, subject to resolution of the on-going discussions regarding the treatment of academy conversions. The Council also has the right to terminate the contract if the contract conditions are not complied with.

Building Schools for the Future (BSF)

A 25 year PFI Contract was signed in December 2010 with Balfour Beatty to build and maintain and operate two new schools in the City and the schools became fully operational in September 2012. Ultimately, the contract payments depend on the level of performance of Balfour Beatty, in relation to facilities management.

The rentals payable were £5.272m in 2018/19 (£5.166m in 2017/18) of which £0.617m related to write down of obligations (i.e. repayment of principal), £2.748m interest costs and the remainder to service charges/prepayments/contingent rent.

Outstanding obligations to make payments under the BSF Schools PFI finance lease at 31 March 2019, accounted for as part of long-term liabilities, are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2019/20	1,780	672	2,820	5,272
Payable within two to five years	7,086	3,396	10,608	21,090
Payable within six to ten years	8,876	6,309	11,177	26,362
Payable within eleven to fifteen years	9,196	9,496	7,670	26,362
Payable within sixteen to twenty years	6,257	9,407	2,353	18,017
Total	33,195	29,280	34,628	97,103

The above table reflects costs and income at 2018/19 levels. The amounts are partially subject to indexation (RPIx) and to date cumulative inflation applied to some elements of the scheme is 28%. A 1% variation in RPIx would result in a £0.024m change in payments for 2019/20.

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

	2017/18 £000	2018/19 £000
Balance outstanding at start of year	30,454	29,896
Payments during the year	(558)	(617)
Balance outstanding at year end	29,896	29,279

22. Financial Instruments

Categories of Financial Instruments

The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management. This code of practice advises local authorities to focus on security and liquidity rather than yield.

Financial instruments include both assets and liabilities. The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised cost, comprising: cash; fixed term deposits; loans provided for service purposes; trade and lease receivables
- Fair value through profit and loss, comprising of money market funds.

The financial liabilities held by the Council during the year are measured at amortised cost and comprise: long-term and short-term loans from the Public Works Loan Board, other local authorities and commercial lenders; lease payables; Private Finance Initiative contracts detailed in note 21 and trade payables for goods and services received.

The Financial assets disclosed in the Balance Sheet are analysed across the following categories:

	Long - term		Current	
	31/03/18 £000	31/03/19 £000	31/03/18 £000	31/03/19 £000
Financial Assets				
At amortised cost:				
Principal	325	325	30,201	20,000
Accrued Interest	0	0	37	70
Total investments	325	325	30,238	20,070
At amortised cost:				
Cash including bank	0	0	20,824	21,490
Accrued Interest	0	0	11	22
At fair value through profit &				
Fair value			48,380	23,526
Total Cash and Cash Equivalents			69,215	45,038
At amortised cost:				
Trade receivables	3,296	2,272	35,095	36,033
Lease receivables	1,302	1,298	0	0
Loans made for service purposes	3,397	3,219	971	627
Loans to subsidiary	3,079	3,027	0	0
PFI arrangements	5,539	5,840	0	0
Loss Allowance	(568)	(758)	(15,800)	(17,119)
Included in debtors	16,045	14,898	20,266	19,541
Total Financial Assets	16,370	15,223	119,719	84,649
Debtors that are not financial instruments	0	0	19,981	38,493
Total	16,370	15,223	139,700	123,142

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

	Long - term		Current	
	31/03/18 £000	31/03/19 £000	31/03/18 £000	31/03/19 £000
Financial Liabilities				
Loans at amortised cost:				
Principal	(351,622)	(340,070)	(11,582)	(11,901)
Accrued Interest	0	0	(3,454)	(3,331)
Loss Allowance	0	0	0	0
Total Borrowing	(351,622)	(340,070)	(15,036)	(15,232)
Liabilities at amortised cost:				
Finance Leases	(501)	(396)	(163)	(105)
PFI arrangements	(90,915)	(87,040)	(3,806)	(3,794)
Total Other Long-term	(91,416)	(87,436)	(3,969)	(3,899)
Liabilities at amortised cost:				
Trade payables	0	0	(44,380)	(39,933)
Pension Liability	(376,936)	(461,506)	0	0
Transferred Debt	(405)	(359)	0	0
Included in creditors	(377,341)	(461,865)	(44,380)	(39,933)
Total Financial Liabilities	(820,380)	(889,371)	(63,385)	(59,065)
Creditors that are not financial instruments	0	0	(11,688)	(10,403)
Total	(820,380)	(889,371)	(75,073)	(69,468)

Transition to IFRS 9 Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018. The main changes include the reclassification and remeasurement of financial assets and the earlier recognition of the impairment of financial assets.

The Council has made use of the transitional provisions in IFRS 9 to not restate the prior year's financial statements.

The changes made on transition to the balance sheet are summarised below:

	IAS 39 31/03/2018	Reclassification	Remeasurement	Impairment	IFRS 9 01/04/2018
FINANCIAL ASSETS					
Investments					
Loans & Receivables/Amortised cost	30,563	0	0	0	30,563
Available for sale/FVOCI	4,009	(4,009)	0	0	0
Total investments	34,572	(4,009)	0	0	30,563
Debtors					
Loans & Receivables/Amortised cost	36,311	0	0	0	36,311
Total debtors	36,311	0	0	0	36,311
Cash & cash equivalents					
Loans & Receivables/Amortised cost	65,206	(44,351)	0	0	20,855
FVPL	0	48,360	0	0	48,360
Total cash & cash equivalents	65,206	4,009	0	0	69,215
TOTAL FINANCIAL ASSETS	136,089	0	0	0	136,089
FINANCIAL LIABILITIES					
Borrowing					
Amortised cost	(366,658)	0	0	0	(366,658)
Creditors					
Amortised cost	(421,721)	0	0	0	(421,721)
Other long-term liabilities					
Amortised cost	(95,385)	0	0	0	(95,385)
TOTAL FINANCIAL LIABILITIES	(883,764)	0	0	0	(883,764)

*FVOCI: fair value through other comprehensive income; FVPL: fair value through profit and loss

Income, Expense, Gains and Losses

	2017/18			2018/19		
	Financial Liabilities measured at amortised £000	Financial Assets: Loans and receivables £000	Total £000	Financial Liabilities measured at amortised £000	Financial Assets: Loans and receivables £000	Total £000
Interest expense	(22,349)	0	(22,349)	(21,806)	0	(21,806)
Total expense	(22,349)	0	(22,349)	(21,806)	0	(21,806)
Interest Income	0	(171)	(171)	0	1,376	1,376
Total income	0	(171)	(171)	0	1,376	1,376
Net gain/(loss)	(22,349)	(171)	(22,520)	(21,806)	1,376	(20,430)

Fair Values of Assets and Liabilities

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value, which for most assets is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of “Lender’s Option Borrower’s Option” (LOBO) loans have been increased by the value of the embedded options. Lenders’ options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower’s contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are shown in the table below, split by their level in the fair value hierarchy:
The fair values calculated are as follows:

	31 March 2018			31 March 2019		
	Fair Value Level	Carrying amount	Fair value	Fair Value Level	Carrying amount	Fair value
		£000	£000		£000	£000
Financial Liabilities at amortised cost:						
Long Term loans from PWLB	2	(293,288)	(425,724)	2	(292,053)	(421,536)
Long Term LOBO	2	(20,000)	(33,109)	2	(20,000)	(32,214)
Other Long term loans	2	(38,334)	(42,754)	2	(28,017)	(32,729)
Short Term Loans	N/A	(15,036)	(15,036)	N/A	(15,232)	(15,232)
PFI	2	(95,384)	(121,994)	2	(91,198)	(119,658)
Short-term creditors	N/A	(44,380)	(44,380)	N/A	(39,933)	(39,933)
Total		(506,422)	(682,997)		(486,433)	(661,302)

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

	31 March 2018			31 March 2019		
	Fair Value Level	Carrying amount	Fair value	Fair Value Level	Carrying amount	Fair value
	£000	£000	£000	£000	£000	£000
Assets						
Financial Assets at amortised cost:						
Short Term Cash Deposits	N/A	51,073	51,073	N/A	41,582	41,582
Short Term Debtors	N/A	20,266	20,266	N/A	19,541	19,541
Financial Assets at fair value:						
Money Market Funds	N/A	48,380	48,380	N/A	23,526	23,526
Total		119,719	119,719		84,649	84,649

23. Nature and Extent of Risks arising from Financial Instruments

The Council has adopted CIPFA's Code of Practice on Treasury Management. As part of the adoption of the Treasury Management Code the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments.

The Council activities expose it to a variety of financial risks:

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public services Code of Practice and Investment Guidance issued through the Act. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk and the investment of surplus cash. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice
- its maximum and minimum exposures to fixed and variable rates
- its maximum and minimum exposures to maturity structure of its debt.
- its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government Guidance.

These are required to be reported and approved at or before the Council sets its annual Council Tax. These items are reported with the annual Treasury Management Strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented by the central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit Risk

Credit Risk: Treasury Management

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £10m was placed on the amount of money that can be invested with a single counterparty in 2018/19. A group of banks under the same ownership are treated as a single organisation for limit purposes. During 2018/19 no investments could be made for a period of more than one year.

The table below summaries the credit risk exposures of the Council's investment portfolio by credit rating and remaining time to maturity:

Deposits with money market funds, banks and institutions	Amount at 31 March 2019 £000	Amount at 31 March 2019 £000	Amount at 31 March 2018 £000	Amount at 31 March 2018 £000
	Long Term	Short Term	Long Term	Short Term
AAA rated	0	23,465	0	48,351
AA rated	0	235	0	235
A rated	0	1,139	0	654
Local Authorities	0	43,000	0	50,000
Total	0	67,839	0	99,240

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2018/19, approved by Council Cabinet on 24th January 2018.

The table below summarises the nominal value of the Council's investment portfolio at 31st March 2019, including cash equivalent and confirms that all investments were made in line with the Council's approved credit rating criteria:

Counterparty	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31 March 2019	Balance Invested as at 31 March 2019		Total £000
			Up to 1 month	Over 1 month	
			£000	£000	
Other Local Authorities and Public Sector Organisations	Yes	Yes	15,000	28,000	43,000
Money Market Funds	Yes	Yes	23,505	0	23,505
Call Accounts	Yes	Yes	1,373	0	1,373
Total			39,878	28,000	67,878

The Council does not generally allow credit for its trade debtors, such that £6.672m of the £24.274m balance, as at 31 March 2019, is past its due date for payment. The past due amount can be analysed by age as follows:

	2017/18 £000	2018/19 £000
Less than 3 months	2,318	1,612
Three to six months	741	896
Six months to one year	1,001	780
More than one year	2,974	3,384
	7,034	6,672

Credit Risk: Loans provided by the Council

In furtherance of its service objectives to support economic regeneration and new employment opportunity outcomes in the area, the Council has provided loans for capital purposes to a number of small and medium sized businesses, at commercial interest rates. The Council identifies and manages any credit risk inherent in these loans through the due diligence process prior to approval, and ongoing reviews to identify any significant increased credit risk or default for which a lifetime credit loss allowance is required, whilst steps are still being taken to collect sums owing.

The total loss allowance at 31 March 2018 was £568,000. This was increased by £274,000 to give an opening loss allowance of £842,000 above, after transition to IFRS9 on 1 April 2018. There has been no write-off of principal loan amounts in the year. A reconciliation of the movement on the loss allowance for these loans in 2018/19 is shown below.

Service Loans at amortised cost	Loss Allowance			
	12-month expected credit losses	Lifetime expected credit losses		Total loss allowance
		Credit risk has increased significantly	Credit Risk in default	
	£'000s	£'000s	£'000s	£'000s
Opening Balance 01/04/18	54.6	144.4	643	842
New loans made	0.5	0	0	0.5
+/- Change in expected risk in year	(6.5)	69.3	45.8	108.6
Closing balance 31/03/19	48.6	213.7	688.8	951.1

Credit Risk: Financial Guarantees

In furtherance of the Council's service objectives, it has irrevocably guaranteed to Nottingham City Council that if Compendium Regeneration Limited fails to repay its loan in full that the Council will make up any shortfall. The balance outstanding on the loan is £0.547m and the risk exposure is calculated as £328 based on the probability of default.

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from bank and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its own commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans.

The maturity analysis of financial liabilities is as follows:

	2017/18 £000	2018/19 £000
Less than one year	15,036	15,232
Between one and two years	10,850	425
Between two and five years	7,356	12,541
Between five and ten years	12,166	11,528
More than ten years	291,250	285,576
Uncertain maturity date*	30,000	30,000
	366,658	355,302

The Council has £20m (2018: £20m) of “Lender’s option, borrower’s option” (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely repay these loans. The Council also has a £10m (2018: £10m) loan with another Local Authority who have the option to ask for the loan to be repaid in 2019/20 if they do not exercise this option the loan will remain until maturity in 2024/25. The maturity dates of these loans are therefore uncertain.

All trade and other payables are due to be paid in less than one year; trade debtors are not shown in the table above.

Market Risk

Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing investment periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates, the interest expense charged to the Income and Expenditure Account will rise.
- borrowings at fixed rates, the fair value of the borrowing liability will fall.
- investments at variable rates, the interest income credited to the Income and Expenditure Account will rise.
- investments at fixed rates, the fair value of the assets will fall.

Investments classed as “loans and receivables” and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments classed as “available for sale” will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Council monitor market and forecast interest rates within the year to adjust exposures accordingly. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest receivable on variable rate investments	(436)
Impact on Surplus of Deficit on the Provision of Services	(436)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed, however given the fact that most investments are currently held at less than 1% this situation is unlikely to occur.

24. Assets Held for Sale

	Current	
	2017/18 £000	2018/19 £000
Balance outstanding at start of year	8,458	1,364
Assets newly classified as held for sale:		
Property, plant and equipment	50,944	74,749
Additions	330	114
Revaluation increases/(losses) recognised in the Revaluation Reserve	(256)	0
Revaluation gains recognised in the surplus/deficit on the provision of services	228	(35)
Impairment losses	(418)	0
Assets sold	(57,922)	(73,667)
Balance outstanding at year-end	1,364	2,525

25. Debtors

25a. Current Debtors

	31 March 2018 restated £000		31 March 2019 £000	
Central government bodies	8,084		6,360	
Central government bodies		8,084		6,360
Other local authorities	2,541		3,022	
Other local authorities		2,541		3,022
NHS Bodies	1,976		3,433	
NHS Bodies		1,976		3,433
Council Taxpayers	13,862		14,691	
Less Impairment Allowance	(6,483)		(6,873)	
Council Taxpayers		7,379		7,818
NNDR	2,335		4,224	
Less Impairment Allowance	(1,389)		(2,343)	
NNDR		946		1,881
Housing Rents	5,786		5,929	
Less Impairment Allowance	(5,240)		(5,654)	
Housing Rents		546		275
Sundry Debtors	26,330		24,275	
Prepayments	3,573		22,435	
Less Impairment Allowance	(10,560)		(11,465)	
Sundry Debtors		19,343		35,245
Total		40,815		58,034

This note has been restated to reclassify a previously misclassified long term loans bad debt provision to long term debtors.

25b. Non-Current Debtors

	31 March 2018 restated £000	31 March 2019 £000
Mortgages for sale of Council Housing	17	0
Derbyshire County Council 1974 Transferred Funds	43	43
Loans to Derby Homes	3,079	3,027
Regeneration Loans	3,397	3,219
Other Long Term Receivables	2,668	2,229
PFI Prepayments	5,539	5,840
Finance Lease Receivables	1,302	1,298
Less Impairment Allowance	(568)	(758)
Total	15,477	14,898

This note has been restated to reclassify a previously misclassified long term loans bad debt provision to long term debtors.

26. Cash and Cash Equivalents

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

	31 March 2018 £000	31 March 2019 £000
Cash held by the Council	40	33
Bank current accounts	(105)	(2,917)
Short-term deposits	65,271	47,922
Total	65,206	45,038

27. Creditors

	31 March 2018 £000	31 March 2019 £000
Central government bodies	(7,040)	(4,902)
Other local authorities	(6,602)	(5,989)
NHS Bodies	(288)	(1,120)
Council Taxpayers	(1,481)	(1,438)
Short-term Employee Benefits	(2,273)	(2,578)
Sundry Creditors	(38,384)	(34,309)
Total	(56,068)	(50,336)

28. Other Long Term Liabilities

	31-Mar-18 £000	31-Mar-19 £000
Share of liability for a proportion of the County Council's debt charges on becoming a Unitary Authority on 1 April 1997	(43)	(41)
Loans transferred from neighbouring authorities in 1968	(362)	(318)
Net Pensions Liability (Defined Benefit Pension Scheme Note)	(376,936)	(461,506)
Total Long Term Liabilities	(377,341)	(461,865)

29. Provisions

Non Domestic Rate Appeals

The Council is carrying a significant provision of £7.616m (£2.247m in 2017/18) for the repayment of any successful NDR appeals upheld by the VOA. Prior to the introduction of the Retained Business Rate Scheme the cost of these appeals were met by the national pool administered by central government, but now the council is liable for 99% of the cost of appeals (99% is only applicable in 2018/19 as we participated in the 100% retention pilot - the Council's normal liability is 49%). The timing of these appeals is uncertain and outside the control of the Council as they are dependant upon reviews of cases conducted by the VOA.

The Council also holds £1.993m of other provisions. Included in these provisions are a provision for historic pension liabilities with Derbyshire County Council and an insurance provision.

	Non Domestic Rates		Other		Total	
	Current £000	Non-Current £000	Current £000	Non-Current £000	Current £000	Non-Current £000
Balance at 1 April 2018	1,222	1,025	862	81	2,084	1,106
Additional provisions made in 2018/19	0	5,955	1,612	0	1,612	5,955
Transferred to Current Provisions	5,439	(5,439)	0	0	5,439	(5,439)
Amounts used in 2018/19	(586)	0	(549)	0	(1,135)	0
Provision written back in year	0	0	0	(13)	0	(13)
Balance at 31 March 2019	6,075	1,541	1,925	68	8,000	1,609

30. Transfers to/from earmarked reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2018/19

	Balance at 31 March 2017 restated £000	Transfers Out 2017/18 restated £000	Transfers In 2017/18 restated £000	Movement between earmarked reserves 2017/18 restated £000	Balance at 31 March 2018 restated £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Movement between earmarked reserves 2018/19 £000	Balance at 31 March 2019 £000
General Fund									
Unallocated General Fund Balance	(8,764)	0	(2,169)	0	(10,933)	0	0	0	(10,933)
Balances held by schools under a scheme of delegation	(10,525)	11,027	(10,788)	0	(10,286)	13,082	(10,845)	0	(8,049)
TOTAL	(19,289)	11,027	(12,957)	0	(21,219)	13,082	(10,845)	0	(18,982)
Revenue Earmarked Reserves									
Budget Risk Reserve	(34,680)	4,052	(5,281)	0	(35,909)	6,819	(2,014)	7,200	(23,904)
MTFP Specific Reserve	(5,981)	5,268	(2,846)	0	(3,559)	0	0	3,559	0
Reserve for Asbestos	(1,200)	0	0	1,200	0	0	0	0	0
Central Schools Budget Reserve	(6,347)	2,192	(768)	0	(4,923)	2,769	(682)	0	(2,836)
Insurance Savings Reserve	(890)	40	(361)	(1,200)	(2,411)	0	(168)	0	(2,579)
Trading Services Reserve	(1,134)	599	0	0	(535)	0	0	363	(172)
Year end grants with restrictions Reserve	(2,345)	440	(2,824)	0	(4,729)	1,181	(2,237)	0	(5,785)
Regeneration Fund Reserve	(3,138)	882	0	0	(2,256)	698	0	(430)	(1,988)
DEGF Interest	(1,718)	2,442	(724)	0	0	464	(1,958)	430	(1,064)
Adult Social Care Reserve	0	0	0	0	0	1,445	(1,866)	0	(421)
Assembly Rooms Reserve	(3,408)	155	0	1,750	(1,503)	428	0	(4,436)	(5,511)
Achieving Change Reserve	(5,361)	1,654	0	0	(3,707)	945	0	400	(2,362)
Public Health Reserve	(326)	0	(478)	0	(804)	300	(538)	0	(1,042)
Better Care Fund Reserve	(762)	1,308	(5,326)	0	(4,780)	2,358	0	0	(2,422)

	Balance at 31 March 2017 restated £000	Transfers Out 2017/18 restated £000	Transfers In 2017/18 restated £000	Movement between earmarked reserves 2017/18 restated £000	Balance at 31 March 2018 restated £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Movement between earmarked reserves 2018/19 £000	Balance at 31 March 2019 £000
PFI Reserves	(24,847)	9,534	(10,734)	0	(26,047)	186	(1,855)	0	(27,716)
Business Rates Pilot Reserve	0	0	0	0	0	2,873	(5,820)	0	(2,947)
Business Rates Smoothing Reserve	0	0	0	0	0	0	(6,995)	0	(6,995)
Other Service Reserves	(4,611)	2,048	(2,244)	(1,750)	(6,557)	3,397	(1,743)	(5,086)	(9,989)
Other Corporate Reserves	(119)	119	0	0	0	0	0	0	0
Earmarked reserves to support the capital programme	(2,141)	374	(371)	0	(2,138)	9	(45)	(2,000)	(4,174)
TOTAL	(99,008)	31,107	(31,957)	0	(99,858)	23,872	(25,921)	0	(101,907)
TOTAL GENERAL FUND RESERVES	(118,297)	42,134	(44,914)	0	(121,077)	36,954	(36,766)	0	(120,889)
Capital Reserves									
Usable Capital Receipts	(17,535)	9,288	(22,741)	0	(30,988)	12,285	(10,726)	0	(29,429)
Capital Grants Unapplied	(17,887)	20,883	(36,204)	0	(33,208)	25,962	(24,845)	0	(32,091)
Major Repairs Reserve (HRA)	(3,146)	11,687	(14,821)	0	(6,280)	14,457	(14,766)	0	(6,589)
TOTAL CAPITAL RESERVES	(38,568)	41,858	(73,766)	0	(70,476)	52,704	(50,337)	0	(68,109)
HRA									
Housing Revenue Account	(44,584)	(2,465)	0	0	(47,049)	(261)	0	0	(47,310)
Other Earmarked HRA Reserves	(683)	0	0	0	(683)	0	0	0	(683)
TOTAL HRA RESERVES	(45,267)	(2,465)	0	0	(47,732)	(261)	0	0	(47,993)
TOTAL USABLE RESERVES	(202,133)	81,529	(118,680)	0	(239,284)	89,397	(87,103)	0	(236,991)

This note has been restated to be consistent with the in-year monitoring of reserves

31. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 7.

Details of the major usable reserves are set out below:

Unallocated General Fund Balance - general contingency against adverse future events and emergencies.

Budget Risk Reserve - reserve held to support future budget planning and unforeseen in-year pressures.

Business Rates Reserves - reserves established to hold gains/losses relating to the business rates pilot and variations to the National Non-Domestic Rates forecast.

Achieving Change Reserve - reserve held to support the delivery of savings required in the Medium Term Financial Plan (MTFP).

PFI Reserves - accumulated government PFI credits held to support the PFI business models and contractual commitments over the next 24 years.

Other Ring-Fenced Reserves - reserves set aside to support future years service delivery. The reserves cover a wide range of areas including regeneration projects and priority families.

Housing Revenue Account - the HRA is a statutory account, ring-fenced from the rest of Council funds, so that rents charged to tenants in respect of dwellings cannot be subsidised from Council Tax. The balances on the HRA reflect the accumulated surpluses of income over expenditure.

Major Repairs Reserve - the Council is required by The Accounts and Audit Regulations 2015 to maintain the Major Repairs Reserve. The reserve controls an element of the capital resources required to be used on HRA assets or for capital financing purposes.

Capital Grants Unapplied - this reflects the unused element of capital grants or capital contributions awarded to the Council, for which the conditions of the grant support are expected to be met or for which there are no conditions. The reserve will be used to meet future years' capital expenditure.

32. Unusable Reserves

31 March 2018		31 March 2019
£000		£000
(443,615)	Revaluation Reserve	(427,053)
(213,796)	Capital Adjustment Account	(192,354)
(280)	Financial Instruments Adjustment Account	(150)
376,936	Pensions Reserve	461,506
(1,305)	Deferred Capital Receipts Reserve	(1,284)
1,849	Collection Fund Adjustment Account	6,372
2,273	Accumulated Absences Account	2,578
(9)	Available for Sale Financial Instruments	0
(277,947)	Total Unusable Reserves	(150,385)

32a. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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.

2017/18 £000			2018/19 £000	
(458,859)	Balance at 1 April		(443,615)	
(119,455)	Upward revaluation of assets		(29,268)	
115,067	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services		11,662	
	(4,388)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(17,606)
11,638	Difference between fair value depreciation and historical cost depreciation		9,953	
7,994	Accumulated gains on assets sold or scrapped		24,215	
	19,632	Amount written off to the Capital Adjustment Account		34,168
(443,615)	Balance at 31 March		(427,053)	

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

32b. Capital Adjustment Account

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

The Account also contains accumulated gains and losses on Investment Properties.

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 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2017/18 £000		2018/19 £000
(226,126)	Balance at 1 April	(213,796)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
32,457	Charges for depreciation of non-current assets	32,257
3,453	Charges for impairment of non-current assets	647
28,649	Revaluation losses on Property, Plant and Equipment	19,383
(33,412)	Revaluation gains matched to prior year impairments	(6,050)
6	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(11)
418	Charges for impairment of Assets Held for Sale	0
287	Amortisation of intangible assets	158
2,972	Revenue expenditure funded from capital under statute	9,937
58,594	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	73,883
(19,630)	Adjusting amounts written off of the Revaluation Reserve	(34,168)
73,794	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	96,036

2017/18 £000		2018/19 £000
Capital financing applied in the year:		
(8,047)	Use of the capital receipts reserve to finance new capital expenditure	(10,952)
3,589	Receipt of capital loan repayments	627
(11,687)	Use of the Major Repairs Reserve to finance new capital expenditure	(14,457)
(15,679)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(16,495)
(20,661)	Application of grants to capital financing from the Capital Grants Unapplied Account	(25,962)
(7,473)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(6,903)
(1,506)	Capital expenditure charged against the General Fund and HRA balances	(452)
(61,464)	Capital financing applied in the year	(74,594)
(213,796)	Capital Adjustment Account Balance at 31 March	(192,354)

32c. Pensions Reserve

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

2017/18 £000		2018/19 £000
384,086	Balance at 1 April	376,936
(32,446)	Remeasurement of the net defined benefit liability	84,183
49,615	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	44,823
(24,319)	Employer's pensions contributions and direct payments to pensioners payable in the year	(44,436)
376,936	Balance at 31 March	461,506

32d. Collection Fund Adjustment Account

The Collection Fund Adjustment manages the differences arising from the recognition of

2017/18 £000		2018/19 £000
3,045	Balance at 1 April	1,849
-1,196	Amount by which collection fund income credited to the Comprehensive Income and Expenditure Statement is different from collection fund income calculated for the year in accordance with statutory requirements	4,523
1,849	Balance at 31 March	6,372

33. Related Parties

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

UK Government

UK Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in the reporting for resources allocation decisions note.

Members and Chief Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in the members' allowances note. Council members make disclosures of their pecuniary and non-pecuniary interests to the Council's Monitoring Officer and have to make declarations on individual committee agenda items in accordance with section 117 of the Local Government Act 1972. In addition, where members are nominated by the Council to sit on outside bodies, this is reported to the Council.

During 2018/19 services to the value of £1.105 were commissioned from companies in which 10 members had interests. These relationship had no bearing on any decision made. Contracts were entered into following full compliance with the Council's procedure rules. In addition, the Council paid grants totalling £0.323 to organisations in which 4 members have an interest. These grants were made with proper consideration of declarations of interest.

Other Public Bodies (subject to common control by central government)

The Council has a pooled budget arrangement with NHS Derby City for the provision of an integrated disabled children's service. The Council's contribution to this service in 2018/19 was £1.221m.

The Council has entered into a pooled budget arrangement with the Southern Derbyshire CCG (SDCCG) for the provision of health and social care services. This agreement has been made under section 75 of the National Health Services Act 2006. Both parties contribute to the fund which total £31.9m in 2018/19. The pooled budget is then used to procure health and social care services. Further details of the pool arrangement are included in the Pooled budget note.

The Council has outstanding borrowing with a number of Local Authorities totalling £25m this consists of £15m with Staffordshire County Council and £10m with Lancashire County Council.

Subsidiary Companies

The Council has included £0.861m income (£0.896m in 2017/18) from Derby Homes Limited for the provision of support services, paid out of the management fee Derby Homes received from the Housing Revenue Account. This income is included in the Income and Expenditure Statement. Derby Homes is treated as a Subsidiary Company within the group accounts.

At the 31st March 2019 the Council had four on-going loan agreements in operation with Derby Homes totalling £3.027m.

The Council had no other subsidiary or associated companies during the financial year.

Contribution to Joint Committees and Joint Bodies

The City Council contributes to Derbyshire County Council for a number of services. In 2018/19 the Council contributed £0.600m towards the cost of the Coroners service (£0.501m in 2017/18), £0.150m towards Emergency planning (£0.143m in 2017/18) and £4.104m towards the Concessionary Fare Service (£4.585m in 2017/18) with a further £1.364m outstanding at year end.

34. Members' Allowances

The Council paid the following amounts to Members of the Council during the year:

	2017/18 £000	2018/19 £000
Allowances	822	793
Expenses	6	8
Total	828	801

35. Officers' Remuneration

The remuneration paid to the Council senior employees is as follows:

		Salary, Fees and Allowances £	Pension Contribution £	Loss of Employment £	Total £
Paul Robinson (Chief Executive & Head of Paid Services) - Left post 19/03/2018	2018/19	0	0	0	0
	2017/18	167,107	63,162	0	230,269
Christine Durrant (Acting Chief Executive & Head of Paid Services) Started 19/03/2018	2018/19	55,771	11,290	0	67,061
	2017/18	5,732	1,160	0	6,892
Carole Mills (Chief Executive & Head of Paid Service) Started 01/08/18	2018/19	111,542	22,575	0	134,117
	2017/18	0	0	0	0
Director of Public Health	2018/19	107,497	21,147	0	128,644
	2017/18	99,183	22,508	0	121,691
Strategic Director of People Services	2018/19	134,595	27,246	0	161,841
	2017/18	141,305	28,198	0	169,503
Director of Finance and Procurement (section 151 officer) Left Post 20/06/17	2018/19	0	0	0	0
	2017/18	41,653	3,762	37,507	82,922
Interim Director of Finance (section 151 officer) Start 15/05/17 - Left Post 31/01/18	2018/19	0	0	0	0
	2017/18	158,470	0	0	158,470
Interim Strategic Director of Corporate Resources (section 151 officer) - Start 01/02/2018	2018/19	163,822	0	0	163,822
	2017/18	31,248	0	0	31,248
Strategic Director of Communities and Places	2018/19	84,577	17,121	0	101,698
	2017/18	119,066	24,102	0	143,168
TOTAL	2018/19	657,804	99,379	0	757,183
	2017/18	763,764	142,892	37,507	944,163

b) Number of Employees by Remuneration Band (excluding senior officers)

Remuneration Band	2017/18 Number of employees	2018/19 Number of employees
£50,000 - £54,999	57	52
£55,000 - £59,999	40	44
£60,000 - £64,999	44	50
£65,000 - £69,999	23	19
£70,000 - £74,999	5	7
£75,000 - £79,999	9	6
£80,000 - £84,999	13	11
£85,000 - £89,999	1	1
£90,000 - £94,999	1	2
£95,000 - £99,999	0	1
£100,000 - £104,999	0	0
£105,000 - £109,999	4	0
£110,000 - £114,999	0	1
£115,000 - £119,999	0	0
Total	197	194

c) Exit Costs

Exit package cost band (including special payments)	Head count number of compulsory redundancies		Head count number of other departures agreed		Total head count by cost band		Total cost of exit packages in each band	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	£	£	£	£	£	£	£	£
£0-£20,000	5	11	19	58	24	69	178,788	432,814
£20,001-£60,000	1	1	5	4	6	5	192,169	93,901
Total	6	12	24	62	30	74	370,957	526,715

36. Termination Benefits

During 2018/19 the Council continued with the on-going voluntary redundancy programme to meet the reduced Council funding set by Central Government. This exercise resulted in 62 employees leaving the organisation during 2018/19.

The associated costs of this redundancy programme consisted of £0.455 redundancy payments (£0.321 in 2017/18) and £0.170 pension shortfall costs (£0.082 in 2017/18). The Council has funded these costs through a combination of contingencies, use of specific reserves set aside for this purpose and the use of in year budget savings.

37. Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of 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 2018/19 the Council paid £7.359m to Teachers' Pensions in respect of teachers' retirement benefits representing 16.48% of pensionable pay. The figures for 2017/18 were £8.724m and 16.48% of pensionable pay. Contributions for 2019/20 are expected to be £5.933m.

There were no contributions remaining payable at the year-end. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in the Defined Benefit Pension Scheme note.

NHS Pension Scheme

Under the new arrangements for public health, staff performing public health functions who were compulsorily transferred from the PCT's to Derby City Council and who had access to the NHS pension scheme on 31st March 2013 retained access to that scheme on transfer at 1st April 2013.

The scheme is technically a defined benefit plan however as the NHS bodies account for the scheme as a defined contribution plan, it would be extremely unlikely that local authorities would be able to identify the underlying scheme assets and liabilities for NHS staff who have transferred across. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. In 2018/19 the Council paid £0.091m to the NHS in respect of retirement benefit's for those public health staff who transferred across on 1st April 2014 representing on average 14.38% of pensionable pay. The figures for 2017/18 were £0.089m and 14.3%. The Council expects to pay £100.3m to the NHS in 2019/20 in pension contributions.

38. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post employment schemes:

1) The Local Government Pension Scheme, administered locally by Derbyshire County Council - this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The contribution rate paid by the Council is a combination of two elements:

future service rate – the estimated cost of future benefits being built up year on year and
past service rate – an adjustment for the difference between the value of assets built up to date and the estimated value of past benefits earned by employees

Employer contributions are credited to the pension fund which in turn funds the benefits paid to employees. The fund must have assets available to meet the cost of retirement and death benefits that employees are entitled to and so a prudent contribution rate is calculated. However the Fund Actuary (Hymans Robertson LLP) and the Administering body (Derbyshire County Council) are aware that the employer rate set will have a direct impact on the level of council services and council tax charged. The administering body will risk assess the employer to understand their financial standing and ability to meet long term financial commitments. It will then use appropriate methodology when setting a contribution rate for the council including:

stabilisation - capping rate increases to predetermined ranges,
deficit recovery - allowing a past service rate to be applied over an extended period of time
phasing in of contribution increases.

This achieves the balance of setting a stable, affordable rate with the requirement for a prudent long term view ensuring a solvent fund.

2) Arrangements for the award of discretionary post retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liability, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Pension scheme is operated under the regulatory framework for the Local Government Pension Scheme.

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge which is required to be made against council tax is based on the cash payable in the year, so the real cost of post employment retirement is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves during the year.

Comprehensive Income and Expenditure Statement

	2017/18	2018/19
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	43,684	40,644
Past service cost	50	224
Settlements and Curtailments	(4,256)	(6,009)
Financing and Investment Income and Expenditure:		
Net interest expense	10,137	9,964
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	49,615	44,823
Remeasurement of the net defined benefit liability:		
Return on plan assets (excluding the amounts included in net interest)	(6,840)	(24,572)
Actuarial gain and losses arising on changes in demographic assumptions	0	0
Actuarial gain and losses arising on changes in financial assumptions	(24,878)	108,505
Actuarial gain and losses arising from other experience	(728)	250
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	17,169	129,006
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(29,552)	(6,396)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	24,319	44,436

The amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2019 is a loss of £84.183m.

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	2017/18 £000	2018/19 £000
Present value of the defined benefit obligation		
Local Government Pension Scheme	(1,555,639)	(1,301,767)
Discretionary Benefits	(37,402)	(37,156)
Fair value of assets in the Local Government Pension Scheme	816,105	877,417
Net liability arising from defined benefit obligation		
Local Government Pension Scheme	(339,534)	(424,350)
Discretionary Benefits	(37,402)	(37,156)
Total	(376,936)	(461,506)

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	2017/18	2018/19
Opening balance at 1 April	(1,176,441)	(1,193,041)
Current service cost	(43,684)	(40,644)
Settlements and Curtailments	11,184	13,805
Interest cost	(30,614)	(32,082)
Contributions from scheme participants	(6,943)	(6,913)
Remeasurement gains or losses:		
Actuarial gains or losses arising from changes in financial assumptions	24,878	(108,505)
Actuarial gains or losses arising from other experience	728	(250)
Benefits paid	27,901	28,931
Past services costs	(50)	(224)
Closing balance at 31 March	(1,193,041)	(1,338,923)

It is estimated the on-going Mclean case may effect liabilities by 0.5 - 1%, the effect of the on-going case has not been reflected in the above

Reconciliation of fair value of the scheme (plan) assets

	2017/18 £000	2018/19 £000
Opening fair value of scheme assets at 1 April	792,355	816,105
Interest income	20,477	22,118
The return on plan assets excluding the amount included in the net interest expense	6,840	24,572
Contributions from employer	24,319	44,436
Contributions from employees into the scheme	6,943	6,913
Settlements and Curtailments	(6,928)	(7,796)
Unfunded Benefits paid	(2,043)	(2,037)
Benefits paid	(25,858)	(26,894)
Closing balance at 31 March	816,105	877,417

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year 2018/19 was £46.69m. This is based on an actual gain of £24.572m and interest of £22.118m. The return for 2017/18 was £27.317m.

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £1.339m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net pensions deficit balance of £461.506m. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- (i) The deficit on the local government scheme will be made good by increased contributions over the remaining working life of benefits (i.e. before payments fall due), as assessed by the scheme actuary. The actuary reviews past and future service rates and the deficit recovery period to achieve a long term solvent fund.
- (ii) Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Pension Scheme Assets

	2017/18		2018/19	
	£000	%	£000	%
Quoted prices in active markets				
Equity Investments				
Consumer	52,460	6%	53,300	6%
Manufacturing	71,668	9%	55,374	7%
Energy	44,659	5%	38,784	5%
Financial Institutions	56,499	7%	42,727	5%
Health	28,151	3%	27,800	3%
ICT	24,258	3%	20,960	2%
Other	92,991	11%	93,780	11%
Government Bonds	77,150	9%	81,746	10%
Other Bonds	12,717	2%	17,082	2%
Private Equity	11,091	1%	12,234	1%
Investment Funds - Equities	155,312	19%	154,549	17%
Infrastructure	12,526	2%	13,833	2%
Quoted prices not in active markets				
Corporate Bonds	64,291	8%	92,540	10%
Private Equity	5,410	1%	11,719	1%
Property	53,690	7%	69,989	8%
Investment Funds - Infrastructure	14,023	2%	21,299	3%
Cash	39,210	5%	69,701	7%
Total	816,105	100%	877,417	100%

Basis for Estimating Assets and Liabilities

The principal risks to the Council of the scheme are:

- longevity assumptions
- statutory changes to the scheme
- structural changes to the scheme (for example large sale withdrawal from the scheme)
- changes in inflation
- performance of bonds and investments of the scheme.

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Council being based on the latest full valuation at 31 March 2016 (conducted every 3 years) of the scheme updated as at 31 March 2019.

For 2018/19 the actuary calculated a discount rate to value the scheme liabilities by using high quality corporate bonds and government yield curves by adopting the "Hymans Robertson" corporate bond yield curve approach which is constructed based on the constituents of the iBoxx AA corporate bond index.

The principal assumptions used by the actuary have been:

	2017/18	2018/19
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.9	21.9
Women	24.4	24.4
Longevity at 65 for future pensioners:		
Men	23.9	23.9
Women	26.5	26.5
Rate of inflation CPI	2.7%	2.4%
Rate of increase in salaries	2.9%	3.0%
Rate of increase in pensions	2.4%	2.5%
Rate of discounting scheme liabilities	2.7%	2.4%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2010 model assuming that the current rate of improvement has reached a peak and will converge to a long term rate of 1.25%.

RPI is based on the Bank of England implied inflation curve as at 31 March 2019

CPI is assumed as RPI less 1%. Unchanged from the 2016 accounting exercise.

Sensitivity

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. These assumptions are largely prescribed at any point and reflect market conditions at the reporting date. However changes in market conditions that result in changes in the net discount rate can have a significant effect on the value of the liabilities reported. There is also uncertainty around life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in payment. The table below shows the impact of variations in the key assumptions.

Change in assumptions at 31 March 2019	Approximate % increase to employer liability	Approximate Monetary Amount £000
0.5% decrease in real discount rate	11%	151,262
0.5% increase in Salary Increase Rate	1%	16,899
0.5% increase in the Pension Increase	10%	132,101

The estimations in the sensitivity analysis have followed the accounting policies of the scheme, that is, on an actuarial basis using the projected credit method. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

Asset and Liability Matching Strategy

The Fund does not have a formal Asset and Liability Matching Strategy, but it does select investments that are expected to meet the payment liabilities over the long term.

The fund's primary long term risk is that the Fund's assets do not meet its liabilities i.e. the benefits payable to members. Therefore, the aim of the Fund's investment management is to achieve the long term expected rate of return with an acceptable level of risk. The Fund achieves this by setting a strategic asset allocation on a triennial basis which is expected to achieve the target return over the long term. The tactical asset allocation is determined by the Pensions Committee, administered by Derbyshire County Council, on a quarterly basis.

Defined Benefit Obligation

The figures below apply only to funded obligations and do not include any unfunded pensioner liabilities. The durations are as they stood at the previous formal valuation as at 31 March 2019.

	Liability Split	Weight Average
Active members	45.2%	23.6
Deferred members	25.4%	23.1
Pensioner members	29.4%	10.1
Total	100.0%	

The total employer contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2020 are £21.014m.

39. Contingent Liabilities

As at 31 March 2019, the Council has two material contingent liabilities.

The Council has one wholly owned subsidiary, Derby Homes Ltd. The Council continues to underwrite the pension liability relating to Derby Homes membership of the Local Government Pension Scheme. In the event of Derby Homes ceasing to trade this liability would transfer to the City Council. The value of Derby Homes' reported pension deficit was £31.062m as at 31 March 2019.

The Council are in a national dispute relating to NHS Trusts requesting mandatory charitable Business Rates relief, in our case Derby City Hospitals NHS FT, which would result in an 80% reduction in business rates. The appeal for relief replicates similar claims made to other local authorities across the country. If the relief were to be granted, based upon the current business rates position for the two assessments potentially affected, this would represent an on-going annual impact on the Council's locally retained Business Rates revenue with potential for a back-dated element.

The Council has taken legal advice, organised through the Local Government Association and following this has responded to the claim, stating that it does not regard there to be an entitlement to relief. Given the current nature of the proceedings the Council believes that there are strong grounds for rejecting the claim and it has not been reflected as a provision in these accounts. However, because it remains possible that the claim is upheld and because the potential costs are so large, it is appropriate to record the matter as a contingent liability.

40. Contingent Assets

The Council does not have any contingent assets in 2018/19 (nil in 2017/18).

41. Cash Flow Statement - Adjustments for Non-Cash Movements

2017/18		2018/19
£000		£000
(32,744)	Depreciation and amortisation	(32,415)
884	Impairment and downward valuations	(13,970)
164	(Increase)/decrease in impairment for provision for bad debt	(2,828)
(4)	(Increase)/decrease in creditors	11,026
(1,519)	Increase/(decrease) in debtors	19,716
70	Increase/(decrease) in stock	215
2,332	(Increase)/decrease in provisions	(6,419)
(25,296)	Pension liability	(387)
(36,275)	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	(46,199)
(92,388)	Total Non-Cash Movements	(71,261)

42. Adjustments for items that are investing or financing activities

2017/18		2018/19
£000		£000
19,103	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	10,078
29,787	Capital grants credited to surplus or deficit on provision of services	13,655
48,890	Total adjustments for items that are investing and financing activities	23,733

43. Operating Activities

The cash flows for operating activities include the following items:

2017/18		2018/19
£000		£000
171	Interest Received	(902)
22,349	Interest Paid	21,806
22,520		20,904

44. Cash Flow Statement - Investing Activities

2107/18 £000		2018/19 £000
60,837	Purchase of property, plant and equipment, investment property and intangible assets	58,171
(4,075)	Proceeds from the sale of short and long term investments	(14,177)
(19,103)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(10,078)
(50,969)	Capital grants (cash) received	(44,828)
(13,310)	Net Cash Flows from Investing activities	(10,912)

45. Cash Flow Statement - Financing Activities

2017/18 £000		2018/19 £000
(1,347)	Cash receipts of short and long-term borrowing	(280)
3,883	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	4,050
4,269	Repayments of short- and long-term borrowing	11,569
6,805	Net cash flows from financing activities	15,339

46. Transport Act 2000

The Council participates in schemes covered by the Transport Act 2000. The most significant of these are shown below.

Service Description	Exp £000	Inc £000	Net £000
Concessionary fares for public transport – English National Concessionary Travel Scheme for older and disabled people (and b-line scheme for young people) administered by Derbyshire County Council.	5,367	(6)	5,361

47. Pooled Budgets

Better Care Fund (BCF)

The Council has entered into a pooled budget arrangement with the Southern Derbyshire CCG (SDCCG) for the provision of health and social care services to meet the needs of people living with the Derby City Council area.

2018/19 is the third year that the Council has operated a BCF pooled budget. The Authority and the CCG have an agreement in place for funding these services that runs annually. The arrangement is made in accordance with Section 75 of the National Health Service Act 2006. The Pooled budget is overseen by the Peoples Commissioning Board. The Board is made up of 6 members with equal representation from both parties. Both parties contribute funds to the pool which is hosted by Derby City Council on behalf partners in line with the agreement. The agreement contains several specific schemes for which the Council acts as Lead Commissioner. For these schemes the Council is directly responsible for commissioning providers and providing care services.

2017/18 £000		2018/19 £000
	Funding provided to the pooled budget:	
8,110	Derby City Council	10,565
21,078	NHS Southern Derbyshire CCG	21,297
29,188		31,862
	Expenditure met from the pooled budget:	
19,634	Derby City Council	22,308
9,554	NHS Southern Derbyshire CCG	9,554
29,188		31,862
0	Net surplus / (deficit) arising from pooled budget:	0
0	Derby City Council share net surplus / (deficit) arising from pooled budget:	0

48. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets relate to purchased software licenses.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Authority are all 3 years.

The movement on Intangible Asset balances during the year is as follows:

2017/18 £000		2018/19 £000
	Balance at start of year	
5,102	Gross Carrying Amounts	5,096
(4,614)	Accumulated Amortisation	(4,901)
488	Net Carrying Amount at Start of Year	195
0	Recategorisations	2,079
(6)	Derecognitions	0
(287)	Amortisation for the Year	(158)
	Balance at end of year	
5,096	Gross Carrying Amounts	7,175
(4,901)	Accumulated Amortisation	(5,059)
195	Net Carrying Amount at end of year	2,116

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £158k charged to revenue in 2018/19 was charged as an overhead across the relevant service headings:

2017/18 £000		2018/19 £000
6	Education and Children's Services	0
281	Corporate and Democratic Core	158
287	Total Amortisation for the Year	158

HOUSING REVENUE ACCOUNT INCOME & EXPENDITURE STATEMENT

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

HRA Income and Expenditure Statement	2017/18 restated £000	2018/19 £000
Expenditure		
Repairs and Maintenance	15,854	16,464
Supervision and Management	13,646	14,243
Special Services	1,313	1,423
Depreciation and impairments of non-current assets	15,209	20,695
Debt Management costs	87	101
Movement in allowance for bad debts	473	472
Total Expenditure	46,582	53,398
Income		
Dwelling rents *	(53,737)	(52,593)
Non dwelling rents *	(551)	(510)
Charges for Services and facilities	(4,963)	(5,374)
Contributions towards expenditure	(185)	(177)
Total Income	(59,436)	(58,654)
Net cost/(income) of HRA Services as included in the Comprehensive Income and Expenditure account	(12,854)	(5,256)
HRA services share of Corporate and Democratic Core	94	86
Net (Income)/Expenditure for HRA Services	(12,760)	(5,170)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
Gain or loss on sale of HRA non-current assets	(1,736)	(1,830)
Interest payable and similar charges	11,002	11,015
Interest and Investment income	(134)	(166)
(Surplus) / Deficit for the year on HRA services	(3,628)	3,849

* Dwelling rents found to be miscoded to non dwelling rents

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

Movement on the Housing Revenue Account Balance Statement	2017/18	2018/19
	£000	£000
Balance on the HRA at the end of the previous year	(44,584)	(47,049)
(Surplus) or deficit for the year on the HRA income and expenditure statement	(3,628)	3,849
Adjustments between accounting basis and funding basis under Statute:		
Difference between interest payable and similar charges determined in accordance with the Code and those determined in accordance with Statute	(67)	(34)
Difference between any other item of income and expenditure determined in accordance with the Code and those determined in accordance with Statute	4	7
Gain or loss on sale of HRA non-current assets	1,736	1,830
HRA share of contributions to or from the Pensions Reserve	(191)	9
Capital expenditure funded by the HRA	68	6
Net (Increase) or decrease before transfers to/from reserves	(2,078)	5,667
Transfers (to) or from reserves:		
Transfers (to)/from the Capital Adjustment Account	(387)	(5,928)
Increase or (decrease) in year on the HRA	(2,465)	(261)
Balance on the HRA at the end of the current year	(47,049)	(47,310)

NOTES TO HOUSING REVENUE ACCOUNT

1 The Number and Types of Dwellings in the Authority's Housing Stock

Dwelling Type	31 March 2018 restated	31 March 2019
Houses	7,290	7,170
Flats	4,270	4,266
Bungalows	1,372	1,373
Total	12,932	12,809

The opening stock balances have been restated due to a classification error

Operational/ Non Operational Assets

The value of assets held by the HRA at 31 March was:

a. Operational Assets

	31 March 2018 £000	31 March 2019 £000
Dwellings	499,777	500,322
Other Land and Buildings	17,825	17,824
Infrastructure	1,598	1,550
Community Assets	71	53
	519,271	519,749

Valuations are calculated starting with an actual valuation obtained at 1 April then uplifting this amount for market changes throughout the year to give a 31 March value. The regional adjusting factor for Existing Use Value for Social Housing (EUVSH) has remained at 42% (42% for 2017/18).

b. Non Operational Assets

	31 March 2018 £000	31 March 2019 £000
Surplus properties	2,094	4,418
Assets held for sale	139	0
Construction & Work in progress	759	2,895
	2,992	7,313

2. Council Dwellings Vacant Possession Value

In accordance with the Department for Communities and Local Government guidance, council house valuations are reduced from an open market value by a regional adjustment factor in recognition of their status as social housing. The adjustment factor for the East Midlands for 2018/19 is 42% (42% for the East Midlands in 2017/18). At 1st April 2018, applying a 42% regional multiplier, the council recognises council dwellings at a value of £497.2m (£495.2m at 1st April 2017) on the balance sheet. The vacant possession value of council dwellings at the 1st April 2018 was £1.18bn (£1.18bn as 1st April 2017).

The difference between vacant possession value and balance sheet value of dwellings shows the economic cost to government of providing council housing at less than open market rents.

3. Major Repairs Reserve

The movements on the Major Repairs Reserve are shown below:

	2017/18 £000	2018/19 £000
Balance at beginning of the year	(3,146)	(6,280)
Posting of revenue resource to/(from) HRA for Major Repairs Reserve	(14,821)	(14,766)
	(17,967)	(21,046)
Debit to MRA in respect of capital expenditure on properties within the HRA	11,687	14,457
Balance at end of Year	(6,280)	(6,589)

4a. Summary of Capital Expenditure and Financing

	2017/18 £000	2018/19 £000
Expenditure		
Land	23	0
Council Dwellings	11,826	14,233
Other Land and Buildings	759	2,677
Total Capital Expenditure	12,608	16,910
Sources of Funding		
Capital Receipts	913	2,453
Revenue Contributions	8	0
Major Repairs Reserve	11,687	14,457
Balance at end of Year	12,608	16,910

4b. Summary of Capital Receipts

	2017/18 £000	2018/19 £000
Dwellings	10,478	9,684
Total Receipts	10,478	9,684

The Capital receipts figure in this note is gross and is prior to the allowable deduction of £0.222m capital pooling administration expenditure.

5. Depreciation

	2017/18 £000	2018/19 £000
Operational		
Council Dwellings	14,337	14,303
Other operational land and buildings	418	397
Infrastructure	48	48
Community Assets	18	18
Total Depreciation HRA	14,821	14,766
Net Charge to HRA	14,821	14,766

6. Impairment and Revaluation Losses

The HRA impairment charges are summarised below:

	Asset Category			
	Council Dwellings £000	Other Land and Buildings £000	Surplus Assets £000	Assets Under Construction £000
HRA Impairment Charges 2017/18				
Impairment charge recognised against Cost/ Valuation	79,526	839	155	0
Total HRA Impairment charges	79,526	839	155	0
Impairments charged directly to Revaluation Reserve	66,011	729	60	0
Impairments and revaluation losses charged to HRA Income & Expenditure Account	13,514	110	95	2
	79,525	839	155	2

	Asset Category			
	Council Dwellings £000	Other Land and Buildings £000	Surplus Assets £000	Assets Under Construction £000
HRA Impairment Charges 2018/19				
Impairment charge recognised against Cost/ Valuation	7,715	325	20	35
Total HRA Impairment charges	7,715	325	20	35
Impairments charged directly to Revaluation Reserve	712	259	0	0
Impairments and revaluation losses charged to HRA Income & Expenditure Account	7,003	66	20	35
	7,715	325	20	35

7. Revenue Expenditure Funded from Capital under Statute

There has been no Revenue Expenditure Funded from Capital under Statute attributable to the HRA for 2018/19 (nil in 2017/18).

8. Amount of Rent Arrears and the Balance Sheet Provision in Respect of Uncollectible Debts

	2017/18 £000	2018/19 £000
Amount of rent arrears	3,723	3,902
Balance sheet provision in respect of uncollectable debts	3,341	3,529

9. Analysis of HRA Share of Contributions to/from the Pensions Reserve

	2017/18 £000	2018/19 £000
Current Service Cost	432	100
Reversal of net charges made to the Surplus or Deficit for the Provision of services for post employment benefits in accordance with the Code	(240)	(109)
HRA share of Contributions to/from the Pensions Reserve	192	(9)

THE COLLECTION FUND

Business Rates £000	Council Tax £000	Total 2017/18 £000	INCOME AND EXPENDITURE	Business Rates £000	Council Tax £000	Total 2018/19 £000
			Income:			
0	(105,851)	(105,851)	Council Tax	0	(113,310)	(113,310)
(88,489)	0	(88,489)	Business Rates	(93,228)	0	(93,228)
(88,489)	(105,851)	(194,340)	Total Income	(93,228)	(113,310)	(206,538)
			Expenditure:			
			Precepts and Demands			
44,747	0	44,747	Payment to National Pool	0	0	0
43,852	86,424	130,276	Derby City Council	93,502	93,027	186,529
0	12,023	12,023	Derbyshire Police Precept	0	13,022	13,022
895	4,832	5,727	Fire Precept	944	5,053	5,997
			Charges to the Collection Fund:			
315	0	315	Costs of Collection	319	0	319
2,102	1,759	3,861	Write offs	1,292	1,973	3,265
(1,527)	(286)	(1,813)	Increase / (Decrease) in bad debt provision	(469)	460	(9)
(3,488)	0	(3,488)	Increase / (Decrease) in appeals provision	3,109	0	3,109
831	0	831	Disregarded Amounts	850	0	850
			Transfer of previous years estimated surplus			
(604)	0	(604)	Central Government	(1,947)	0	(1,947)
(592)	707	115	Derby City Council	(1,908)	0	(1,908)
0	101	101	Derbyshire Police Authority	0	0	0
(12)	41	29	Derbyshire Fire Authority	(39)	0	(39)
86,519	105,601	192,120	Total Expenditure	95,653	113,535	209,188
(1,970)	(250)	(2,220)	(Surplus) / Deficit for the year	2,425	225	2,650
5,372	471	5,843	(Surplus) / Deficit brought forward	3,402	221	3,623
3,402	221	3,623	(Surplus) / Deficit at the end of the year	5,827	446	6,273
			Share of Collection Fund			
1,701	0	1,701	Central Government	(245)	0	(245)
1,667	185	1,852	Derby City Council	6,014	374	6,388
0	26	26	Derbyshire Police Authority	0	52	52
34	10	44	Derbyshire Fire Authority	58	20	78
3,402	221	3,623	(Surplus) / Deficit at the end of the year	5,827	446	6,273

NOTES TO THE COLLECTION FUND

1. Council Tax

The Council's tax base for 2018/19 was 67,610.42, (66,574.07 in 2017/18). This is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings. Details are as follows:

Band	Ratio	Band D Equivalent Dwellings
A	6/9	25,950.31
B	7/9	13,564.80
C	8/9	12,588.94
D	9/9	7,626.16
E	11/9	5,022.84
F	13/9	3,100.17
G	15/9	977.49
H	18/9	19.00
		68,849.71
Less adjustment for non-collection		(1,239.29)
Council Tax Base		67,610.42

The Council collects council tax on behalf of the preceptors. The Council's local share is 84% and the remainder is distributed to Derbyshire Fire and Rescue Service (4%) and the Police and Crime Commissioner (12%).

2. Income from Business Ratepayers

The Council collect Non Domestic Rates (NDR) for its local businesses. NDR is based on the individual rateable property values set by the Valuation Office Agency (VOA) multiplied by a national multiplier set by Central Government.

Under the Business Rate Retention scheme the Councils local share is normally 49% and the remainder is distributed to the preceptors, Central Government (50%) and Derbyshire Fire and Rescue Service (1%). For 2018/19 the Council were part of a 100% Business Rates retention pilot and therefore the Council retained 99% of Business Rates collected with 1% distributed to Derbyshire Fire and Rescue Services.

The non-domestic rateable value at 31 March 2019 was £229.535m (£228.831m in 2016/17).

The national non-domestic multiplier for 2018/19 was 49.3p (47.9p in 2017/18).

GROUP ACCOUNTS

To provide a full picture of the activities of the Council, Group Accounts have been prepared. The accounts of Derby Homes Ltd, a wholly owned subsidiary, have been combined with the Council's single entity accounts on a line by line basis. Derby Homes produce financial statements to 31 March in line with the Council's own financial reporting, there are no material differences in accounting policies between the two entities. Derby Homes is the only entity consolidated into the Council's group accounts.

Along with the consolidated core financial statements, notes to the accounts for the group have been included where there is a significant difference between the group and the entity accounts.

GROUP BALANCE SHEET

The Balance Sheet summarises the group's financial position at 31 March each year. In its top half it contains the assets and liabilities that it holds or has accrued with other parties. As local authorities do not have equity, the bottom half is comprised of reserves that show the disposition of the group's net worth, falling into two categories; Usable Reserves and Unusable Reserves.

31 March 2018		31 March 2019
£000		£000
1,215,236	Property, Plant & Equipment	1,170,137
76,169	Heritage Assets	76,200
1,336	Investment Property	4,140
195	Intangible Assets	2,116
325	Long Term Investments	325
13,019	Long Term Debtors	11,800
1,306,280	Long Terms Assets	1,264,718
34,247	Short Term Investments	20,070
1,364	Assets Held for Sale	2,525
1,427	Inventories	1,671
41,403	Short Term Debtors	58,712
73,374	Cash and Cash Equivalents	59,518
151,815	Current Assets	142,496
(15,036)	Short Term Borrowing	(15,232)
(3,969)	Short Term Finance Lease Liabilities	(3,899)
(52,459)	Short Term Creditors	(50,056)
(2,084)	Provisions	(8,000)
(73,548)	Current Liabilities	(77,187)
(91,416)	Long Term Finance Lease Liabilities	(87,436)
(1,106)	Provisions	(1,609)
(353,783)	Long Term Borrowing	(342,280)
(398,192)	Other Long Term Liabilities	(492,927)
(28,049)	Capital Grants Receipts in Advance	(31,537)
(872,546)	Long Term Liabilities	(955,789)
512,001	Net Assets	374,238
(245,197)	Usable Reserves	(254,916)
(266,804)	Unusable Reserves	(119,322)
(512,001)	Total Reserves	(374,238)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A detailed explanation of the purpose of this statement is included in the Narrative Statement.

2017/18				2018/19		
Gross Expenditure £000	Gross Income £000	Net £000		Gross Expenditure £000	Gross Income £000	Net £000
358,161	(229,726)	128,435	People Services	357,117	(218,693)	138,424
101,127	(38,005)	63,122	Communities and Place	101,095	(35,750)	65,345
127,525	(98,553)	28,972	Corporate Resources	125,433	(97,194)	28,239
137	(1,545)	(1,408)	Corporate	987	(908)	79
46,676	(59,436)	(12,760)	Local authority housing (HRA)	53,484	(58,654)	(5,170)
(3,399)	4,906	1,507	Derby Homes	(5,856)	5,712	(144)
630,227	(422,359)	207,868	Cost of Services	632,260	(405,487)	226,773
59,835	(19,103)	40,732	Other operating expenditure	75,225	(10,078)	65,147
56,341	(20,406)	35,935	Financing and investment income and expenditure	54,892	(23,494)	31,398
25	(264,412)	(264,387)	Taxation and non-specific grant income	37	(259,437)	(259,400)
746,428	(726,280)	20,148	(Surplus) or Deficit on Provision of Services	762,414	(698,496)	63,918
		(4,489)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(17,855)
		101	Impairment losses on non-current assets charged to the Revaluation Reserve			249
		(9)	(Surplus) or deficit on revaluation of available-for-sale financial assets			9
		(35,390)	Remeasurement of the net defined benefit liability			91,443
		(39,787)	* Other Comprehensive (Income) and Expenditure			73,846
		(19,639)	Total			137,764

The analysis in the Comprehensive Income and Expenditure Statement (CIES) is now based on the Council's management reporting structure rather than the Service Reporting Code of Practice. The CIES no longer includes the transactions in relation to the apportionment of support services and other overheads.

* The Group does not have any material items of Other Comprehensive Income and Expenditure which would subsequently be reclassified to the Surplus or Deficit on the Provision of Services when specific conditions are met.

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, and its subsidiary Derby Homes, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

2017/18

	General Fund Balance restated	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves restated	Total Council Reserves	Council's share of Reserves of subsidiary	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2017 brought forward	(118,297)	(45,269)	(17,534)	(3,145)	(17,888)	(202,133)	(296,139)	(498,272)	5,910	(492,362)
Movement in Reserves during 2017/18										
Total Comprehensive Income and Expenditure	21,512	(3,628)	0	0	0	17,884	(36,843)	(18,959)	(680)	(19,639)
Adjustments between accounting basis & funding basis under regulations (Note 7)	(24,290)	1,163	(13,454)	(3,134)	(15,320)	(55,035)	55,035	0	0	0
(Increase)/ Decrease in 2017/18	(2,778)	(2,465)	(13,454)	(3,134)	(15,320)	(37,151)	18,192	(18,959)	(680)	(19,639)
Balance at 31 March 2018 carried forward	(121,075)	(47,734)	(30,988)	(6,279)	(33,208)	(239,284)	(277,947)	(517,231)	5,230	(512,001)

2018/19

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council's share of Reserves of subsidiary	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018 brought forward	(121,075)	(47,734)	(30,988)	(6,279)	(33,208)	(239,284)	(277,947)	(517,231)	5,230	(512,001)
Movement in Reserves during 2018/19										
Total Comprehensive Income and Expenditure	59,419	3,850	0	0	0	63,269	66,586	129,855	7,908	137,763
Adjustments between accounting basis & funding basis under regulations (Note 7)	(59,227)	(4,117)	1,560	(309)	1,117	(60,976)	60,976	0	0	0
(Increase)/ Decrease in 2018/19	192	(267)	1,560	(309)	1,117	2,293	127,562	129,855	7,908	137,763
Balance at 31 March 2019 carried forward	(120,883)	(48,001)	(29,428)	(6,588)	(32,091)	(236,991)	(150,385)	(387,376)	13,138	(374,238)

GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the group during the reporting period. The statement shows how the group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the group are funded by way of taxation and grant income or from the recipients of services provided by the group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council and its subsidiary Derby Homes.

2017/18 £000		2018/19 £000
20,148	Net (surplus) or deficit on the provision of services	63,918
(96,375)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(78,525)
48,890	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	23,733
(27,337)	Net cash flows from Operating Activities	9,126
(12,339)	Investing Activities	(10,660)
6,854	Financing Activities	15,390
(32,822)	Net (increase) or decrease in cash and cash equivalents	13,856
40,552	Cash and cash equivalents at the beginning of the reporting period	73,374
73,374	Cash and cash equivalents at the end of the reporting period	59,518

NOTES TO THE GROUP ACCOUNTS

Notes to the Group Accounts have been presented where figures are materially different from those of the Council's entity accounts. Where there are not material differences, the Notes to the Council entity accounts provide the required disclosures for the Group.

1. Group Defined Benefit Pension Schemes

Participation in Pension Schemes

Derby City Council and Derby Homes both participate the Local Government Pension Scheme, administered locally by Derbyshire County Council. As such the methodologically and assumptions used by the pension actuary are consistent for each entity. The following tables show the valuations and transactions for the group participation in the LGPS scheme which are materially different to the single entity accounts.

Comprehensive Income and Expenditure Statement

	2017/18 £000	2018/19 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	48,642	45,723
Past service cost	112	224
Settlements and curtailments	(4,256)	(6,009)
Financing and Investment Income and Expenditure:		
Net interest expense	10,705	10,558
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	55,203	50,496
Remeasurement of the net defined benefit liability:		
Return on plan assets (excluding the amounts included in net interest)	(7,427)	(28,047)
Actuarial gain and losses arising on changes in financial assumptions	(27,235)	119,240
Actuarial gain and losses arising from other experience	(728)	250
Total Post Employment Benefit Charged to the Comprehensive and Expenditure Statement	19,813	141,939
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(32,507)	(9,347)
Actual amount charged against the General Fund Balance		
Employers' contributions payable to scheme	26,952	47,158

Pension Assets and Liabilities Recognised in the Balance Sheet

	2017/18 £000	2018/19 £000
Present value of the defined benefit obligation		
Local Government Pension Scheme	(1,252,071)	(1,416,468)
Discretionary Benefits	(37,402)	(37,156)
Fair value of assets in the Local Government Pension Scheme	891,686	961,056
Net liability arising from defined benefit obligation		
Local Government Pension Scheme	(360,385)	(455,412)
Discretionary Benefits	(37,402)	(37,156)
Total	(397,787)	(492,568)

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	2017/18	2018/19
Opening balance at 1 April	(1,263,137)	(1,289,473)
Current service cost	(48,642)	(45,723)
Settlements and curtailments	11,184	13,805
Interest cost	(33,039)	(34,749)
Contributions from scheme participants	(7,741)	(7,754)
Remeasurement gains or losses:		
Actuarial gains or losses arising from changes in financial assumptions	27,235	(119,240)
Actuarial gains or losses arising from other experience	728	(250)
Benefits paid	28,968	29,984
Past services costs	(112)	(224)
Effects of business combinations and disposals	(4,917)	0
Closing balance at 31 March	(1,289,473)	(1,453,624)

Reconciliation of fair value of the scheme (plan) assets

	2017/18 £000	2018/19 £000
Opening fair value of scheme assets at 1 April	859,182	891,686
Interest income	22,334	24,191
The return on plan assets excluding the amount included in the net interest expense	7,427	28,047
Contributions from employer	26,952	47,158
Contributions from employees into the scheme	7,741	7,754
Settlements and curtailments	(6,928)	(7,796)
Unfunded benefits paid	(2,043)	(2,037)
Benefits paid	(26,925)	(27,947)
Effects of business combinations and disposals	3,946	0
Closing balance at 31 March	891,686	961,056

The total employer contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2020 are £23.49m.

Pension Scheme Assets

	2017/18		2018/19	
	£000	%	£000	%
Quoted prices in active markets				
Equity Investments				
Consumer	57,318	6%	58,280	6%
Manufacturing	78,306	9%	61,128	7%
Energy	48,795	5%	42,704	5%
Financial Institutions	61,732	7%	47,163	5%
Health	30,758	3%	30,544	3%
ICT	26,505	3%	22,833	2%
Other	101,603	11%	102,556	10%
Government Bonds	84,295	9%	89,762	10%
Other Bonds	13,895	2%	18,816	2%
Private Equity	12,118	1%	13,373	1%
Investment Funds - Equities	169,696	19%	169,166	18%
Infrastructure	13,686	2%	15,172	2%
Quoted prices not in active markets				
Corporate Bonds	70,245	8%	100,826	10%
Private Equity	5,911	1%	12,848	1%
Property	58,662	7%	76,891	8%
Investment Funds - Infrastructure	15,322	2%	23,411	3%
Cash	42,841	5%	75,584	7%
Total	891,686	100%	961,056	100%

Change in assumptions at 31 March 2019	Approximate % increase to employer liability		Approximate Monetary Amount £000	
	DCC	DH	DCC	DH
0.5% decrease in real discount rate	11%	13%	151,262	15,070
0.5% increase in Salary Increase Rate	1%	3%	16,899	2,915
0.5% increase in the Pension Increase Rate	10%	10%	132,101	11,829

Defined Benefit Obligation

	Liability Split	Weight Average Duration	
		DCC	DH
Active members	47.7%	23.6	24.1
Deferred members	24.2%	23.1	26.9
Pensioner members	28.1%	10.1	12.3
Total	100.0%	17.6	21.9

Expenditure and Income Analysed by Nature

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

	People Services	Communities & Place	Corporate Governance	Corporate	Local Authority Housing (HRA)	Other Income and Expenditure	Derby City Council Total	Derby Homes	TOTAL
2017/18	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure									
Employee expenses	162,519	39,375	22,601	905	1,173	0	226,573	20,209	246,782
Employee expenses for Voluntary Aided and Foundation Schools	22,578	0	0	0	0	0	22,578	0	22,578
Other service expenses	191,134	55,239	104,822	(768)	30,293	0	380,720	20,029	400,749
Depreciation, amortisation and impairment	(684)	12,291	2,396	0	15,210	2,646	31,859	209	32,068
Interest payments	0	0	0	0	0	22,349	22,349	164	22,513
Payments to Housing Capital Receipts Pool	0	0	0	0	0	1,240	1,240	0	1,240
Gain or Loss on Disposal of non current assets	0	0	0	0	0	58,595	58,595	0	58,595
Internal Trading	(17,386)	(5,778)	(2,294)	0	0	0	(25,458)	0	(25,458)
Pension Interest Cost	0	0	0	0	0	30,614	30,614	0	30,614
Total expenditure	358,161	101,127	127,525	137	46,676	115,444	749,070	40,611	789,681
Income									
Fees, charges & other service income	(46,636)	(38,702)	(16,483)	(1,236)	(59,432)	0	(162,489)	(38,347)	(200,836)
Interest and Investment Income	0	0	0	0	0	72	72	0	72
Income from council tax, non-domestic rates	0	0	0	0	0	(174,458)	(174,458)	0	(174,458)
Government Grants and Contributions	(200,476)	(5,081)	(84,364)	(309)	(4)	(89,557)	(379,791)	0	(379,791)
PFI Deferred Income	0	0	0	0	0	(398)	(398)	0	(398)
Internal Trading	17,386	5,778	2,294	0	0	0	25,458	0	25,458
Gain or Loss on Disposal of non current assets	0	0	0	0	0	(19,103)	(19,103)	0	(19,103)
Pension interest income	0	0	0	0	0	(20,477)	(20,477)	0	(20,477)
Total income	(229,726)	(38,005)	(98,553)	(1,545)	(59,436)	(303,921)	(731,186)	(38,347)	(769,533)
Surplus or deficit on the provision of services	128,435	63,122	28,972	(1,408)	(12,760)	(188,477)	17,884	2,264	20,148

	People Services	Communities & Place	Corporate Governance	Corporate	Local Authority Housing (HRA)	Other Income and Expenditure	Derby City Council Total	Derby Homes	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2018/19	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure									
Employee expenses	136,377	32,969	21,724	741	454	0	192,265	19,338	211,603
Employee expenses for Voluntary Aided and Foundation Schools	17,385	0	0	0	0	0	17,385	0	17,385
Other service expenses	200,950	56,487	104,391	246	32,334	0	394,408	23,043	417,451
Depreciation, amortisation and impairment	4,850	18,723	1,868	0	20,696	248	46,385	426	46,811
Interest payments	0	0	0	0	0	21,806	21,806	162	21,968
Payments to Housing Capital Receipts Pool	0	0	0	0	0	1,333	1,333	0	1,333
Gain or Loss on Disposal of non current assets	0	0	0	0	0	73,892	73,892	0	73,892
Pension Interest Cost	0	0	0	0	0	32,082	32,082	0	32,082
Total expenditure	357,117	101,095	125,433	987	53,484	129,361	767,477	42,969	810,446
Income									
Fees, charges & other service income	(32,334)	(37,072)	(20,209)	(599)	(58,653)	0	(148,867)	(42,320)	(191,187)
Interest and Investment Income	0	0	0	0	0	(1,376)	(1,376)	0	(1,376)
Income from council tax, non-domestic rates	0	0	0	0	0	(173,633)	(173,633)	0	(173,633)
Government Grants and Contributions	(188,803)	(5,761)	(79,536)	(309)	(2)	(85,406)	(359,817)	0	(359,817)
PFI Deferred Income	0	0	0	0	0	(398)	(398)	0	(398)
Gain or Loss on Disposal of non current assets	0	0	0	0	0	(10,078)	(10,078)	0	(10,078)
Pension interest income	0	0	0	0	0	(22,118)	(22,118)	0	(22,118)
Total income	(218,692)	(35,749)	(97,195)	(908)	(58,655)	(293,009)	(704,208)	(42,320)	(746,528)
Surplus or deficit on the provision of services	138,425	65,346	28,238	79	(5,171)	(163,648)	63,269	649	63,918

Group Property, Plant and Equipment

a) Movements on Balances

Movements in 2017/18	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant & Equipment £000
Cost of Valuation at 1 April 2017	504,634	491,437	43,587	234,254	6,149	13,056	15,806	1,308,923
Recategorisations	98	0	0	55	36	0	(189)	0
Additions	11,826	12,415	2,735	5,986	161	209	27,597	60,929
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(2,072)	(12,458)	0	0	0	495	0	(14,035)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,287)	4,351	0	0	0	(2,215)	(164)	685
Derecognition - disposals	0	0	(2,565)	0	0	0	0	(2,565)
Derecognition - other	0	0	(13,866)	0	0	0	0	(13,866)
Assets reclassified (to)/from Held for Sale	(7,749)	(46,902)	0	0	0	3,095	0	(51,556)
Other movements in cost or valuation	853	(2,482)	0	0	0	4,994	150	3,515
At 31 March 2018	506,303	446,361	29,891	240,295	6,346	19,634	43,200	1,292,030

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant & Equipment £000
Movements in 2017/18								
Accumulated Depreciation and Impairment at 1 April 2017	(436)	(574)	(29,511)	(48,247)	(3,215)	0	0	(81,983)
Depreciation charge	(14,450)	(8,893)	(3,788)	(5,330)	(448)	0	0	(32,909)
Depreciation written out to the Revaluation Reserve	13,308	5,371	0	0	0	0	0	18,679
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,041	1,899	0	0	0	100	0	3,040
Assets reclassified (to)/from Held for Sale	0	612	0	0	0	0	0	612
Derecognition - disposals	0	0	2,324	0	0	0	0	2,324
Derecognition - other	0	0	13,441	0	0	0	0	13,441
Other reclassification	(12)	114	0	0	0	(100)	0	2
At 31 March 2018	(549)	(1,471)	(17,534)	(53,577)	(3,663)	0	0	(76,794)
Net Book Value								
At 31 March 2018	505,754	444,890	12,357	186,718	2,683	19,634	43,200	1,215,236
At 1 April 2017	504,198	490,863	14,076	186,007	2,934	13,056	15,806	1,226,940

			Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment
Movements in 2018/19:	Council Dwellings £000	Other Land & Buildings £000	£000	£000	£000	£000	£000	£000
Cost of Valuation at 1 April 2018	506,303	446,361	29,891	240,295	6,346	19,634	43,200	1,292,030
Recategorisations	601	0	0	9,441	164	486	(12,771)	(2,079)
Additions	14,565	18,592	2,632	9,889	201	2,321	15,360	63,560
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(45)	(545)	0	0	0	21	0	(569)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,897)	(5,790)	0	0	0	(3,780)	(5)	(16,472)
Derecognition - disposals	0	0	(975)	0	0	0	0	(975)
Derecognition - other	0	0	(1,132)	0	0	0	0	(1,132)
Assets reclassified (to)/from Held for Sale	(7,483)	(66,928)	0	0	0	(1,300)	0	(75,711)
Other reclassifications	742	(1,244)	0	0	60	(1,740)	(606)	(2,788)
At 31 March 2019	507,786	390,446	30,416	259,625	6,771	15,642	45,178	1,255,864

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant & Equipment £000
Movements in 2018/19								
Accumulated Depreciation and Impairment at 1 April 2018	(549)	(1,471)	(17,534)	(53,577)	(3,663)	0	0	(76,794)
Depreciation charge	(14,427)	(8,491)	(3,822)	(5,481)	(476)	0	0	(32,697)
Depreciation written out to the Revaluation Reserve	13,287	4,853	0	0	0	0	0	18,140
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,016	1,757	0	0	0	0	0	2,773
Assets reclassified (to)/from Held for Sale	0	961	0	0	0	0	0	961
Derecognition - disposals	0	0	973	0	0	0	0	973
Derecognition - other	0	0	917	0	0	0	0	917
At 31 March 2019	(673)	(2,391)	(19,466)	(59,058)	(4,139)	0	0	(85,727)
Net Book Value								
At 31 March 2019	507,113	388,055	10,950	200,567	2,632	15,642	45,178	1,170,137
At 1 April 2018	505,754	444,890	12,357	186,718	2,683	19,634	43,200	1,215,236

GLOSSARY

This Glossary explains terms that may be encountered in discussion of Local Government finance. Definitions are intended to assist a general audience, rather than reflecting exactly the technical sense in which the terms are used.

Accounting Period: The period of time covered by the accounts, normally twelve months commencing on 1 April to 31 March this being the Balance Sheet date.

Accounting Policies: Within the range of possible methods of accounting, a statement of the accruals method chosen locally and used to prepare these accounts.

Account and Audit Regulations: The current sets of regulations which detail the accounts needed, how they should be published, the right of electors, and the conduct of the annual statutory audit.

Accruals: Concept that items of income and expenditure are recognised as they are earned or incurred not as money is received or paid.

Agency Work: When an organisation provides services on the Council's behalf, which the Council pays for.

AGS: Annual Governance Statement.

Amortised: The reduction in an amount carried on the Balance Sheet by the regular debiting or crediting to an Income and Expenditure Account.

Apportionment: A way of sharing the cost of management and administration to services using an appropriate method (for example, the amount of floor space taken up by accommodation-related support services).

Appropriation: An account in the Comprehensive Income and Expenditure Account used to transfer an amount between specific reserves on the balance sheet.

Asset: Something of value which is measurable in monetary terms owned by the Council and is convertible in to cash.

Assets held for sale: Assets are held for sale if their value will be recovered through a sale transition rather than continuing use, within one year.

Associate: An organisation or company other than a subsidiary or joint venture in which the Council has an interest and over whose operating and financial policies it has some influence.

Balances: The reserves of the Council, both revenue and capital, which represent the accumulated surplus of income and expenditure on any of its funds.

Balance Sheet: A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

Billing Authority: Derby City Council is the authority responsible for the collection and redistribution of council tax and non-domestic rates.

Budget: A statement of the Council's expected level of service expressed as an amount of spending over a set period, usually one year.

Capital Adjustment Account: The financing of capital expenditure passes through this account.

Capital Charges: Charges the Council makes to services for using non-current assets when providing the service.

Capital Contributions and grants: Money the Council receives towards paying for capital spending on a particular service or scheme.

Capital Expenditure: Spending on buying or creating a non-current asset or spending that adds to and does not just maintain the value of an existing asset, for example, land, buildings, roads, new furniture, vehicles and equipment.

Capital Financing: The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions and revenue reserves.

Capital Financing Requirement: Reflects the Council's level of debt relating to capital expenditure.

Capital Programme: The capital schemes the Council intends to carry out over a specified time period.

Capital Receipts: Money the Council receives from selling non-current assets (buildings, land etc.). Capital receipts from sales of housing assets cannot be used entirely to fund new capital expenditure; a proportion must be paid to Government.

Capitalisation: Capitalisation of an asset takes place when its cost is written off bit by bit, over its useful life, instead of writing off the cost in the year the asset was bought.

Carry-forwards: Revenue budgets not spent, which services can use in future years.

Cash and cash equivalents: This comprises cash in hand, overdrafts and short term investments which are readily convertible into known amounts of cash.

Cash Flow: Movement in money received and paid by the Council in the accounting period. The change in Cash is recorded within the cash flow statement. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as being from operating, investing and financing activities.

Central Government Grants: There are different types of grant;

- Revenue Support Grant - the main government grant to support Local Authority services.
- Specific Service Grants - payments from the Government to cover Local Authority spending on a particular service or project (for example, Standards Fund for schools). Specific grants are often a fixed percentage of the costs of a service or project.
- Supplementary Grants - grants towards capital spending for highway schemes.

CIPFA (Chartered Institute of Public Finance and Accountancy): This is the professional institute governing how public money is used and how it has to be reported.

Comprehensive Income and Expenditure Statement (CI&ES): This Statement shows the accounting cost in the year of providing services rather than the amount to be funded from taxation.

Collection Fund: An account administered by the Council which records receipts of Council Tax and NNDR. The collection fund is redistributed to the council general fund and preceptors, the Fire and Police authorities and central government.

Community Assets: Assets that the Council plans to hold forever, have no set useful life, and may have restrictions on how the Council sells or otherwise disposes of them. Examples of community assets are parks, historic buildings and various conservation works.

Consistency: This is the application of consistent accounting treatment from one accounting period to another.

Consolidated: Added together with adjustments to avoid double counting of income, expenditure, creditors and debtors as a result of trading between services within the Council which are reported as a whole in the consolidated financial accounts.

Contingent Assets/Liabilities: An asset or liability that is not recognised in the accounts due to the level of uncertainty surrounding it but is disclosed as it is possible that it may result in a future inflow or outflow of resources.

Contributions paid to the pension fund: Cash paid as employer's contribution to the pension fund.

Council Tax: This is a tax which is levied on the broad capital value of domestic properties, and charged to the resident or owner of the property.

Corporate and Democratic Core: Spending relating to the Council's need to co-ordinate and account for the many services provided to the public.

Creditors: Amounts owed by the Council for goods or services received but for which payment has not been made by the year end.

Current Service Cost: The increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Account to the revenue account of services for which the employees work.

Debtors: Sums owed to the Council for work done or services rendered but for which payment has not been received by the year end.

Deferred Capital Receipts: Income that is still owed to the Council following the disposal of an asset.

Deferred Consideration: A prepaid amount paid to the contractor in advance of services, written off over the life of the contract in equal instalments to the revenue account, in order to reduce the overall cost to the contract.

Depreciation: The reduction in the value of assets, for example, through wear and tear, charged over the useful life of the asset.

Discretionary Benefits: Awards of retirement benefits in the event of early retirement accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Earmarked Reserves: These reserves represent the monies set aside that can only be used for a specific usage or purpose.

Employee Benefits: All forms of consideration given by the Council in exchange for service rendered by employees.

Employment Costs: The salaries and wages of staff and spending on training as well as the costs of the redundancy.

EUVSH: Existing Use Value for Social Housing. The estimated value a property would be exchanged for with a willing buyer, disregarding potential alternative uses and any other characteristics of the property that would cause its value to differ from that needed to retain the current service potential.

Expenditure Funded From Capital Under Statute: These are charges resulting from capital expenditure that does not result in the creation of a non-current asset and therefore has no continuing value to the Council.

Fair Value: The price at which the Council could buy or sell an asset or loan in a transaction with another organisation, less any grants received towards buying or using that asset.

Fees and Charges: Money raised by charging for the use of facilities or services.

Financial Instrument: Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

General Fund: The main revenue account of the Council, which brings together all income and expenditure other than recorded in the Housing Revenue Account and the Collection Fund.

Government Support / Grants: Assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in the form of cash or transfer of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Gross Book Value: This is the original or revalued cost of an asset before any depreciation is taken off it. (See also Net Book Value).

Heritage Assets: These are assets with historic, artistic, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Historical Cost: What a non-current asset cost the Council to buy originally, plus the costs of bringing the asset into use.

Housing Benefits: A system of financial assistance to individuals towards certain housing costs administered by Local Authorities and subsidised by Central Government.

Housing Revenue Account (HRA): A separate account to the General Fund, which includes the expenditure and income arising from the provision of housing accommodation by the Council. The HRA is ring-fenced: no cross subsidy is allowed between the HRA and the General Fund.

Impairment Loss: Where an asset's value has been reduced by physical deterioration or other factors beyond usual wear and tear. The asset's value in the accounts is reduced to reflect this impairment.

Income: The amount the Council receives, or expects to receive, from any source. Service revenue income includes grants, sales, rents, fees and charges.

Infrastructure Assets: A non-current asset that cannot be taken away or transferred, and which the Council can only continue to benefit from by actually using it. Examples of infrastructure assets are roads, bridges and footpaths.

Intangible Assets: Non physical items that do not exist physically but that the Council owns or has a right to use.

Inventories: These are goods purchased by the Council that will be used at a later date to provide services to the public. For example, the quantity of grit in storage for bad weather.

Investment Properties: Property (land or a building-or part of a building-or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- Use in the production or supply of goods or services or for administration purposes;
- sale in the ordinary course of business.

Liabilities: Amounts due to individuals or organisations which will have to be paid at some time in the future.

Long Term Borrowing: Loans raised to finance capital spending which have to be repaid over a period longer than 1 year from the date of the accounts.

Long Term Investments: Those investments which the Council plans to hold on a continuous basis (for example, money held with a bank or building society for more than 12 months).

Material: The concept that an omission or non disclosure of an item in the accounts would not distort the view given by the financial statements.

Major Repairs Allowance (MRA): The MRA is an element of housing subsidy, and represents the capital cost of keeping the HRA dwellings stock in its current condition.

Minimum Revenue Provision (MRP): The minimum amount which must be charged to the General Fund each year and set aside as provision for repaying external loans and meeting other credit liabilities.

National Non-Domestic Rates (NNDR): Represents the rate of taxation on business properties.

Net Book Value: The value of an asset as recorded in the accounts. The current value or historic cost less any depreciation charged.

Net current replacement cost: The cost of replacing an asset in its existing condition and use.

Non-distributed costs: Specific overheads relating to unused assets and certain pension costs for employees' service in previous years. These are not allocated to service departments because they do not relate to the current year's cost of providing the service.

Operating Activities: are the principal revenue-producing activities of the Council and other activities that are not investing or financing activities.

Pooled Budget: An aggregation of balances that belong to the pooled budget partners rather than the Council in its own right.

Precept: The demand from the collection fund maintained by the Council.

Private Finance Initiative (PFI): This is an initiative for utilising private sector funding to provide public sector assets.

Prior Year Adjustment: Material adjustments to the accounts of earlier years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring correction or adjustments of accounting estimates made in prior years.

Property Plant & Equipment: Items such as land, buildings, vehicles and major items of equipment, which benefit the Council over more than one year.

Provision: An amount of money set aside to meet liabilities or losses that are likely or certain to arise in the future, but where the amounts or dates on which they will arise are uncertain.

Related Parties: Under accounting rules, the Council has to show transactions between itself and other organisations which are also funded by the Government. This includes transactions between the Council and the immediate families of Councillors or Chief Officers, and any companies or organisations that they have a controlling interest in.

Reserves: The amount of set aside for future purposes. Earmarked reserves are those established for a specific purpose.

Reserves - unusable: This is money held by the Council that can not be used to support revenue expenditure across the whole authority. It will have restrictions in place that mean it can only be spent in relation to certain things.

Reserves - usable: This is money held by the Council that can be used to support one off projects within the council. It has no restrictions in terms of what it is spent on as long as it has been approved via the relevant channels.

Work-in-progress: The value of work on an unfinished project at the end of the year which the Council has yet to recover from the client.

Write down: To reduce the value of an asset in a set of accounts.

Write off: To reduce the value of an asset to nothing in a set of accounts.

Audit Opinion to be added