

Report to Audit Committee

Agenda
Item:

A.4

Meeting Date: 24 September 2020
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework YES
Public / Private Public

Title: STATEMENT OF ACCOUNTS 2019/20
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD29/20

Purpose / Summary:

The Council's Statement of Accounts 2019/20 (subject to Audit) have been certified by the S.151 Officer in accordance with Statutory requirements by 31 August 2020 in line with the revised Accounts and Audit Regulations for 2019/20. They will now be subject to audit, which must be concluded by the statutory deadline of 30 November 2020. Key issues included within the 2019/20 Statements are highlighted within the report for Members attention.

Recommendations:

The Committee is asked to note that:

- (i) the 2019/20 Statement of Accounts have been certified as giving a true and fair view by the Corporate Director of Finance and Resources and that they will now be subject to audit.

Tracking

Audit Committee:	24 September 2020
Overview and Scrutiny:	Not applicable
Council:	Not applicable

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 The revised Accounts and Audit Regulations 2015 require that the City Council's Statement of Accounts be certified by the Council's Section 151 Officer by 31 August for 2019/20 in response to the COVID-19 pandemic. The 2019/20 accounts were signed on 27 August 2020.
- 1.2 The Statements reflect the summarised financial out-turn information which was recently considered by the Executive and Business and Transformation Scrutiny Panel. To a large extent the format of the Statement of Accounts is prescribed and is therefore presented in a different format from the internal out-turn reports.
- 1.3 The Statements presented are subject to the formal audit process which must be completed by 30 November for 2019/20. The auditors will identify any material changes required to the Statements and they will also produce an International Standard on Auditing (ISA)+260 Statement (Audit Findings Report) which details any unadjusted misstatements found during the course of the audit. Both of these need to be considered by 'those charged with governance', which in respect of the Statements, is the Audit Committee.
- 1.4 Internal Audit carries out an in-depth review of the main financial systems according to a three year rolling programme. This provides the assurances that the information used to prepare the Statement of Accounts is accurate and relevant; management assurances are also sought from all Directors; including using the CIPFA control matrices approach, to ensure that the key controls are operating effectively in all the Council's main financial systems and also to assess any significant changes across the Council.

2. OUTTURN REPORTS

The Revenue and Capital Provisional Out-turn reports have been considered by the Executive and Business and Transformation Scrutiny Panel.

As mentioned above, the Statement of Accounts are based upon these final out-turn figures. However, because of the different way in which the Accounts must be produced, it is very difficult to see the out-turn figures within the Income and Expenditure Account. A reconciliation between the out-turn figures and the net operating expenditure on the Income and Expenditure Account has been prepared and is attached at **Appendix 1** for information.

3. KEY ISSUES

3.1 The Annual Governance Statement will accompany the Annual Statement of Accounts following the audit process. It is a requirement of the 2019 Code that the Annual Governance Statement be considered and approved separately; this was undertaken at the last Audit Committee meeting on 30 July 2020. The Statement of Accounts 2019/20 (subject to audit), including the Annual Governance Statement, have been attached at **Appendix 2**.

3.2 Significant issues

Key issues within the Statement of Accounts to which Members attention is drawn are as follows:

3.2.1 Comprehensive Income & Expenditure Statement (CIES)

These statements summarise the resources that have been generated and consumed in providing services and managing the council during the last year. It includes all day to day expenses and related income on an accruals basis. The main items of note are as follows:

Cost of Services – an increase of £2.738million over the previous year. This is offset by a movement of £3.343million in Other Comprehensive Income and Expenditure, mainly in relation to Remeasurements of the Net Defined Benefit for Pensions.

3.2.2 Balance Sheet

The balance sheet records all of the Council's assets and liabilities as at 31 March 2020. Overall, the Council's Net Worth on its Balance Sheet has decreased from £109.764million in 2018/19 to £100.792million in 2019/20.

Long Term Assets – these are assets owned by the authority which are used either in direct service provision or held for investment purposes. The value as at 31 March 2020 is £155.756million (March 2019 £156.890million).

Current Assets – the main items included within this heading are debtors i.e. money owed to the Council as at 31 March 2020 and short-term investments. The Council had £23.1million invested in a variety of banks and building societies at 31 March excluding the investment in the property fund which is shown as a long-term investment of £3.313million (2018/19 £3.436million). The Council also held Cash and Cash Equivalents £4.643million (2018/19 £1.600million).

Current liabilities – this includes the amount of money owed by the Council to its suppliers and contractors which totalled £25.562million as at 31 March 2020 (£10.084million as at 31 March 2019). This is due to the stock issue borrowing moving from long term to short term pending repayment in May 2020.

Long term liabilities – this section is made up of several different items. Long term borrowing and the value of the pension liability makes up approximately 75% of the total. Long term borrowing (£13.287m) reflects the borrowing undertaken in 2019/20 to support the capital programme. The Pension Liability amounts to £47.322million as at March 2020 (£40.124million March 2019). This is the value placed on the Council liability by the Pension Fund Actuary and is offset in the balance sheet by a corresponding credit on the Pension Reserve.

Financed by – the total of all the items within this section is the value of the net worth of the Council. It shows the reserves and balances held as at 31 March 2020.

3.2.3 Collection Fund

The Collection Fund records the performance of the Council's collection of Council Tax and Business Rates.

Council Tax - For Council Tax, performance resulted in a decrease in the surplus generated from £0.562million to £0.051million, which is shared between the main preceptors, The County Council, The Police and the City Council. The City Council share of £6,197 will be re-distributed as part of the budget and Council Tax setting process for 2021/22.

Business Rates – The Council continued to participate in the Cumbria Business Rate Pool which was set up to retain 100% of any business rates growth within Cumbria, rather than 50% being payable to Central Government.

The Council saw growth in Business Rates of £2.168million in 2019/20, and by participating in the Pool retained £1.715million of this (without pooling the Council would only have retained £1.084million).

The Collection Fund position for Business Rates shows a deficit of £1.089million, which the Council's share is £0.436million and which will be redistributed during the budget process for 2021/22.

4. RISKS

Risks to future years' budget and development of ongoing impact of issues identified in the Statement of Accounts will be considered as part of Medium-Term Financial Planning Process.

5. CONSULTATION

The draft Statement of Accounts has been available to view by any interested party from 1 September 2020 to 1 October 2020 under the regulations laid down in the Accounts and Audit Regulations 2015, Section 15(2)(b).

6. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Committee is asked to note that:

- (i) the 2019/20 Statement of Accounts have been certified as giving a true and fair view by the Corporate Director of Finance and Resources and that they will now be subject to audit.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

The Statement of Accounts provide the financial performance of the Council for the year 2019/20 in delivering its priorities.

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Appendices attached to report: **Appendix 1 – Reconciliation of Provisional Outturn to Comprehensive Income and Expenditure Statement**
 Appendix 2 – Statement of Accounts 2019/20 (subject to audit)

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS/RISKS:

Legal – It is the responsibility of the Audit Committee to approve the annual Statement of Accounts, income and expenditure and balance sheet. Specifically, to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

Property – None

Finance – Contained within the report

Equality – None

Information Governance – There are no information governance implications for this report

APPENDIX 1

Item	£
Draft Outturn presented to Executive 22 June 2020	13,592,768
<u>Adjustments to Outturn:</u>	
Transfers to provisions	84,600
Final Out-turn	13,677,368
Capital Receipts generated on the disposal of assets	(3,299,000)
Net book value of disposals written out of balance sheet	3,091,964
Parish Precepts	637,627
Actuary Reports on Pension Costs (IAS19)	
- Net Interest Costs	973,000
Net changes re IAS19 current and past service costs	3,169,000
Depreciation and Impairment Charges	2,106,962
Change in Fair Value of Investment Properties	2,335,530
Capital Expenditure on revenue expenditure funded from capital under statute (assets not owned by the Council) chargeable to the I&E account less grants and contributions received towards these costs	1,902,397
Minimum Revenue Provision	(21,000)
Direct Revenue Financing	(1,741,807)
Movement on Employee Benefit Reserve	92,645
Capital Government Grants and Contributions, credited to the I&E account	(246,938)
Gain on Financial Instruments measured at Fair Value through Profit or Loss	122,778
Transfers to earmarked reserves shown elsewhere	
- Lanes Capital Fund	(14,900)
Housing Planning Delivery Grant, Ctax Freeze Grant, New Homes Bonus (shown as a funding source)	1,760,237
Financing from RSG/Council Tax/NNDR	(15,472,110)
Roundings	
Surplus/Deficit on Provision of Services on the CIES	9,073,753

DRAFT

CARLISLE CITY COUNCIL

SINGLE ENTITY

UNAUDITED

STATEMENT OF ACCOUNTS

2019/20

UNAUDITED STATEMENT OF ACCOUNTS

2019/20

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Auditor Opinion

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SECTION 1 – NARRATIVE REPORT

1.1 Introduction

The City Council must prepare and publish its Statement of Accounts annually. Their purpose is to give electors, local taxpayers, Council Members, employees and other interested parties clear information about the Council's finances. The accounts presented are of a Single Entity as the Council has no relationships that require it to prepare Group Accounts.

The aim is to provide information on:

- the cost of providing Council services in 2019/20;
- how these services were paid for;
- what assets the Council owned at the end of the financial year; and
- what was owed, to and by, the Council at the end of the financial year.

This narrative report gives a guide to the most important matters included in the Statement of Accounts. The Statement of Accounts for the year ended 31 March 2020 have been produced by the Corporate Director of Finance and Resources and consists of the following: -

(i) The Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Council and the Corporate Director of Finance and Resources for preparing the Statement of Accounts.

(ii) The Movement in Reserves Statement

This Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movement in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

(iii) The Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (Note 4.11) and the Movement in Reserves Statement. The Comprehensive Income and Expenditure Statement (CIES) is prepared in accordance with the requirements of the Code of Practice 2019 and is reported in the management reporting segments used by the Council. These segments are used throughout the accounts and include the following services:

Community Services	Economic Development	Corporate Support	Finance and Resources	Governance & Regulatory Services	Corporate Management
Arts & Leisure Contracts	Building Control	Customer Services	Accountancy	City Engineers	Direct Revenue Financing
Bereavement Services	Business Support	Digital and Information Services	Audit	Democratic Services	Non-Distributed Costs (Pensions)
Car Parking	Conservation & Heritage	Revenues & Benefits	Creditors	Electoral Services	Corporate Management
City Centre Management	Development Control	Risk Management	Debtors	Environmental Health	Other Financial Costs
Carlisle Partnership	Economic & Border Partnerships	PA Support Team	Finance	Enterprise Centre	Asset Management Costs (Depreciation)
Community Centres	Economic Development		Human Resources	Health & Safety	
Community Safety	Enterprise Zone		Insurance	Homelessness & Homelessness Accommodation	
Corporate Communications	Planning Enforcement		Organisational Development	Investment & Operational Property	
Emergency Planning	Regeneration & Projects		Section 151	Land Charges	
Events	Rural Policy & Support		Payroll & Personnel	Legal Services	
Green Spaces	Section 106 / Community Infrastructure Levy		Procurement	Licensing	
Marketing	Strategic and Housing Planning Policy			Mayoral Support	
Old Fire Station				Member Services	
Overview & Scrutiny				Monitoring Officer	
Policy & Performance				Private Sector Housing	
Refuse and Recycling				Strategic Property	
Sports Development				Welfare Advice Service	
Street Cleaning					
Third Sector Grants					
Tourism					
Health & Wellbeing					

(iv) The Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example capital reserves that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line “adjustments between accounting basis and funding basis under regulations”.

(v) The Cash Flow Statement

The Cash Flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council'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.

(vi) Notes to the Accounts

These explain in more detail some of the more significant entries in the core financial statements and include details of the significant Accounting Policies used in the preparation of the accounts.

(vii) The Collection Fund

This shows the total income received by the Council from council tax and business rates and how this has been distributed to all precepting organisations it is collected for, including the Council.

(viii) The Annual Governance Statement

This explains the framework within which internal control has been managed and reviewed by the Council during the year of account.

1.2 2019/20 Budget and Medium-Term Financial Plan

The 2019/20 revenue budget was set within the context of the Council's Medium-Term Financial Plan (MTFP). The MTFP provides the financial framework within which the Council will seek to achieve its priorities and highlights any significant factors that will affect the future financial position of the Council.

The MTFP considers five key Financial Principles:

- Revenue Budget Strategy
- Commercial and Income Generation
- Council Tax and Business Rates Policy
- Capital Investment
- Treasury Management

The MTFP for 2019/20 highlighted that the key risks to the Council financially in the future were the uncertainties around the future design of a Business Rate Retention scheme and the Fair Funding Review. However, given these uncertainties, the budget for 2019/20, which

was set in February 2019, showed that although the Council still had to make £1.130million of savings, overall general fund reserves would show a small increase over the period 2019/20 to 2023/24.

By the end of 2019/20, the savings still to be achieved on a recurring basis amounted to £1.850million. These savings are due to be found in total by 2023/24 but due to the uncertainties around future long-term changes to local government funding, may be subject to review.

Revenue expenditure generally relates to resources which are used within a year and which are paid for from council tax, business rates, government grants, fees and charges for services and other income received by the Council.

Summary Service Expenditure Comparison of Budget to Actual

The table below shows a comparison of the Council's revised budget with its performance for 2019/20. More detailed information is shown in the Comprehensive Income and Expenditure Statement on page 23.

2019/20 Revenue Budget	£000
Approved Budget (Council Resolution - March 2019)	13,621
Carry Forward requests (2018/19 Outturn)	407
Budget 2019/20 as at March 2020	14,028
Non-Recurring Expenditure	
Use of Building Control Reserve	45
Use of City Centre Reserve	4
Use of Economic Investment Reserve	6
Use of Flood Reserve	160
Use of Promoting Carlisle Reserve	10
Use of Revenue Grant Reserve	355
Use of Carry Forward Reserve	31
Use of GLL Reserve	273
Additional use of General Fund Reserve	500
Additional Business Rates Funding	734
Transfer to Planning Services Reserve	(46)
Transfer to Cremator Reserve	(117)
Revised Budget 2019/20	15,983

	Budget £000	Provisional Outturn £000	Variance £000
Community Services	9,743	9,818	75
Corporate Support	1,502	1,331	(171)
Economic Development	1,650	1,256	(394)
Finance and Resources	1,618	957	(661)
Governance and Regulatory Services	1,127	844	(283)
Corporate Management	(157)	(525)	(368)
Exceptional Items	500	(4)	(504)
Service Expenditure	15,983	13,677	(2,306)
Parish Precepts	638	638	0
Total	16,621	14,315	(2,306)
Transfers to/(from) Reserves			
Building Control Reserve	(45)	15	60
City Centre Reserve	(4)	(4)	0
Economic Investment Reserve	(6)	(6)	0
Flood Reserve	(160)	(66)	94
Promoting Carlisle Reserve	(10)	(10)	0
Revenue Grants Reserve	(355)	796	1,151
Carry Forward Reserve	15	142	127
GLL Reserve	(273)	(273)	0
General Fund Reserve	(1,464)	(111)	1,353
Planning Services Reserve	46	46	0
Cremator Reserve	117	116	(1)
Revenues and Benefits Reserve	(338)	(338)	0
Welfare Reform Reserve	(200)	(200)	0
Transformation Reserve	(152)	(150)	2
Asset Investment Reserve	(48)	(48)	0
Waverley Viaduct Reserve	0	30	30
Apprentice Reserve	0	24	24
Total Transfer to/(from) Reserves	(2,877)	(37)	2,840
Financed by:			
Precept from Collection Fund	(7,871)	(7,871)	0
Business Rate Retention	(5,873)	(6,407)	(534)
Total Grants	(13,744)	(14,278)	(534)
Total	(16,621)	(14,315)	2,306

The Council has total usable reserves of £10.148million at 31 March 2020 (£10.170million at 31 March 2019), of which the total earmarked reserves held are £5.487million (£5.540million at 31 March 2019). Further details of these reserves can be found at note 4.5.

For 2019/20 the Council was under-spent by £2.306million against the revised budget. This resulted in a lower use of reserves in 2019/20 than expected. However, on top of the overspend, £0.811million has been identified for carrying forward into future years and

£1.510million has been placed into earmarked reserves and provisions to meet known commitments.

The Council also has other unusable reserves totalling £90.488million at 31 March 2020 (£99.438million at 31 March 2019). Certain reserves are used to manage the accounting processes for assets and retirement benefits and do not represent usable resources for the Council.

The table below sets out how the Council's earmarked and general fund reserves levels compares at 31st March 2020 to those that were forecast when it set its revenue budget in February 2020.

	Forecast 31/03/2020 £000	Outturn 31/03/2020 £000
General Reserves		
General Fund (including Projects Reserve)	(3,150)	(4,007)
Carry Forward Reserve	(531)	(654)
	(3,681)	(4,661)
Earmarked Reserves		
Building Control Reserve	(48)	(100)
Cremator Reserve	(1,009)	(1,080)
Economic Investment Reserve	(6)	0
City Centre Reserve	(9)	(5)
Flooding Reserve	(1,983)	(1,948)
Lanes Reserve	(75)	(75)
Planning Services Reserve	(188)	(196)
Promoting Carlisle Reserve	(10)	0
Prosecutions and Representations Reserve	(36)	(36)
Revenue Grants Reserve	(869)	(1,939)
Apprentice Reserve	(54)	(78)
Waverley Viaduct Reserve	0	(30)
	(4,287)	(5,487)
Total Usable Reserves	(7,968)	(10,148)

For a more detailed analysis of the breakdown of income and expenditure and an explanation of variances from the budget a revenue outturn report for 2019/20 has been prepared which provides additional information on the year end position. This is available upon request from the Corporate Director of Finance and Resources.

1.3 Capital Expenditure and Financing

Capital expenditure relates to spending on the acquisition, creation and enhancement of fixed assets that generally have a life in excess of one year. This spending is usually paid for from borrowing, the sale of assets, specific government and other grants, capital balances and contributions from revenue balances. Spending on assistance to the private sector for renovation grants, disabled facilities grants and other housing improvement schemes is also classed as capital expenditure and is known as Revenue Expenditure funded from capital under statute, because the spending does not generate an asset to the Council.

(i) Capital Expenditure

The Council's revised capital programme for 2019/20 was approved at £10.690million. Overall capital spending for 2019/20, totalled £8.111million, resulting in an underspend of £2.579million. Where projects have not completed in the year, £2.569million has been reprofiled to future years. The overall programme can be summarised as follows:

	£000	£000
Revenue Expenditure funded from Capital Under Statute		
Disabled Facilities Grants	2,252	
Central Plaza	1,338	
Other Schemes	300	
		3,890
Capital Investment on Assets		
Industrial Estates (including Gateway 44 development)	1,449	
Equipment, Vehicles and Plant	838	
Enhancements to Council Property	237	
Play Areas and Open Space Improvements	72	
Sands Centre Redevelopment	1,321	
Other Schemes	304	
		4,221
		8,111

The programme has been financed as follows:

	£000
Capital Receipts	3,299
Specified Capital Grant	1,900
Other Capital Grants and Contributions	334
Direct Revenue Financing	1,742
Unfinanced Capital Expenditure	836
	8,111

(i) Borrowing

The Council has powers to borrow money for capital purposes under Section 1 of the Local Government Act 2003. The Council has a stock issue loan of £15million that is due for repayment on 22 May 2020 and it also took out a further £14million in borrowing in 2019/20. Further borrowing is scheduled in the Medium-Term Financial Plan however, this is constantly reviewed to ensure borrowing is undertaken at the most appropriate time and when it is required.

(ii) Capital Receipts

The Council utilises capital receipts generated from the sale of its assets to pay for its capital spending wherever possible. This includes assets disposed of in line with the Council's Asset Disposal Business Plan.

1.4 Balance Sheet Analysis

The Balance Sheet is an important statement for the Council as it provides details of the overall health of the Council's finances. The Council's holding of Property, Plant and Equipment and Investment Properties has decreased slightly in value in the year from £153.315million to £152.204million.

(i) Reserves & Balances

The following table shows a reconciliation between the amount of cash-backed reserves held by the Council at 31 March and the amount of cash and investments it held at 31 March.

2018/19 £000		2019/20 £000
(4,630)	General Fund Balance	(4,661)
(381)	Capital Reserves	(75)
(5,159)	Earmarked Reserves	(5,412)
(305)	Collection Fund Adj Account	262
(1,849)	Provisions	(2,290)
(136)	Capital Grant Unapplied	(136)
(12,460)	Amount available for Investment	(12,312)
	Investments	
3,436	Long Term	3,313
14,500	Short Term	23,000
1,600	Cash & Cash Equivalents	4,643
19,536	Total Investments	30,956
7,076	Surplus Monies / (Internal Borrowing)	18,644
(5,745)	Working Capital	(4,352)
1,331	Surplus Monies / (Internal Borrowing)	14,292

This table shows that at 31 March the Council's cash balances held in investments was made up of its cash-backed reserves and balances (£12.312million) and cash held in working capital. The net position shows that £14.292million can be represented by a position of over borrowing. The actual borrowing the Council held at 31 March was £28.775million, the actual borrowing requirement the Council had at 31 March was £14.487million (Note 4.39). In effect the Council is holding this surplus cash from its borrowings. This is in line with expectations when the 2020/21 budget was set which showed a surplus over borrowed position of £14.244million.

1.5 Cash Flows

During 2019/20 the net change in cash and cash equivalents was £3.524million.

1.6 Pension Liability

The full implementation of International Accounting Standard (IAS) 19 Employee Benefits has led to a Pensions Liability being recognised in the balance sheet. This liability stands at £47.322million at 31 March 2020.

The liability shows the underlying long-term commitments that the Council has to pay in respect of retirement benefits. The total liability of £47.322million has had a significant effect on the net worth of the Council as shown in the balance sheet, but statutory arrangements to

deal with the funding deficit mean that the financial position of the Council remains robust. The deficit on the local government pension scheme will be dealt with by increasing contributions over the remaining working life of employees, following an assessment by the scheme's actuary.

The Council took advantage of paying its deficit funding requirement for the years 2017/18 to 2019/20 up-front to the pension fund. This enabled it to achieve savings in the overall deficit funding required over the three-year period of the pension fund valuation period. An up-front payment, based on estimates for 2019/20, was also paid in relation to current service costs, with a reconciling amount included in the accounts for the actual contributions paid in the year.

1.7 Significant Issues

(i) COVID-19

As a result of the COVID-19 pandemic, the Government introduced a series of financial support and grant scheme packages to provide funding to those individuals, businesses and public bodies affected by the pandemic.

Emergency Funding to Local Authorities

The Government announced three tranches of emergency funding totalling £3.7billion for local authorities to:

- Meet pressures across other services, as a result of reduced income, rising costs or increased demand. The Council received;
 - £57,738 on 27th March from the first tranche (£1.6billion);
 - £1,073,081 on 14th April from the second tranche (£1.6billion); and
 - £196,335 in July from the third tranche (£0.5billion)
- Provide additional support for the homeless and rough sleepers, including where self-isolation is needed. This is on top of the £3.2million emergency fund announced on 17 March to help rough sleepers, or those at risk of rough sleeping, to self-isolate.

The funding is un-ringfenced and will be allocated to support the additional expenditure incurred in dealing with the pandemic as well as losses of income that have also materialised.

As well as the three tranches of direct funding to local authorities, further support was announced on 2 July to help address coronavirus pressures and to cover lost income during the pandemic; the support package covers:

- A co-payment mechanism for irrecoverable Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income;
- Phased repayment of Collection Fund deficits over the next 3 years;
- A commitment to determine what support is needed to help councils meet the pressures of irrecoverable tax income at the Spending Review.

Monthly returns are provided through DELTA to the MHCLG. It is likely that the Council will incur significant additional expenditure and losses of income throughout 2020/21 and these will need to be identified as part of the regular budget monitoring process and addressed during the 2021/22 budget process. The additional financial support provided by the Government will partially assist in alleviating the impact of these financial pressures.

Revenue losses

An assessment of the annual impact is very difficult to predict but as more data is collected each month, the position will become clearer and therefore the estimates of lost income and additional costs incurred may change. The full-year impact for 2020/21 still has to be assessed with initial estimates indicating a potential annual cost of up to £3.7million. This excludes the impact on the Collection Fund. More clarity will be provided as more

restrictions around movement and activity are lifted and the economy returns to some normality.

The impact on the Council's capital programme is still being assessed in terms of the financial impact and delays in the programme.

Debt Recovery and Payment of Suppliers

The Council is continuing to invoice as usual for any supplies and services provided with formal debt recovery put on hold; however, a 'soft' recovery process has now been agreed whereby letters are being issued asking debtors to contact the Council to discuss flexible repayment terms, and a sign post to the CTRS scheme for council tax payers. It is likely, therefore, that there will be a fall in recovery of debts, especially around property rents, and this has been reflected in the bad debt provision for the end of 2019/20. The Council is continuing to work with debtors to ensure debts can be recovered where possible but is being sensitive to the requirements of those businesses and individuals who have been affected by the pandemic.

During the pandemic, supplier invoices have been processed as normal, however, all invoices are being paid upon receipt in order to aid the cash-flow of affected businesses.

Council Reserves

With the uncertainties around the impact on the 2020/21 budget, there is likely to be a requirement to fund any budgetary shortfall from Council reserves if no further support from central government is forthcoming. The Council released £500,000 from General Fund Reserves at the end of March to support the additional expenditure being incurred, however, the funding was carried forward and will be utilised in 2020/21. The minimum requirement for the General Fund is calculated from a risk assessment and includes an allowance for emergencies of £1million.

Financial Impact on Taxation

Due to announcements of financial support to businesses and the extension of the 100% business rate retail relief for occupied retail, leisure and hospitality properties, the Council's net business rates payable for 2020/21 has reduced by approximately £21million from £44million to £23million. This £21million will be reimbursed by MHCLG as a Section 31 grant and will be accounted for in the 2020/21 accounts. An upfront payment of £1,986,378 was received on 27th March in relation to business rate reliefs anticipated to be required based upon the NNDR1 return to Government in January 2020. This has been accounted for as Income in Advance and will be reflected in 2020/21.

The Council will be recompensed during the year for the 100% relief so there will no cash flow or budget issues; however, there remains a risk relating to the receipt of the £23million in business rates from other businesses and how these are affected by COVID-19 and economic recovery following lockdown. This could lead to losses of income from business rates which could impact not only the 2020/21 budget, but also the Collection Fund surplus/deficits assumed in the MTFP for future years.

In terms of Council Tax, a Hardship Fund grant of £989,736 was received on 3rd April to support vulnerable individuals who were economically affected by the pandemic to provide relief from their council tax liability. The minimum requirement was to reduce the council tax liability of working age recipients of the Council Tax Reduction Scheme (CTRS) by a further £150 and/or use the funding to deliver increased financial assistance outside the council tax system through Local Welfare or similar schemes. There is a county wide CTRS scheme currently in place so for consistency all Cumbrian authorities agreed to increase the sum to £300 per working age CTRS recipients and develop individual hardship schemes. Our Local Hardship Scheme has been agreed and has been launched.

The main risk relates to how the expected overall increase in CTRS claimants, and the associated cost of CTRS relief, will be funded and be provided to the Council. An increase in claimants directly impacts on the council tax base and ultimately the yield from council tax.

The cost of the current CTRS scheme is shared between the main preceptors but there has been no government support announced as yet to provide funding for any increase in additional claimants.

Collection rates for both Business Rates and Council Tax are being monitored on a monthly basis and are understandably down for the first 4 months of this year when compared to the same period in previous years; however, with individuals and businesses being affected by the lockdown period and furloughing of staff, it is difficult to predict what the longer term impact will be on arrears. Agreeing flexible payment terms along with robust monitoring and understanding of the collection rates is fundamental to identifying the potential loss of income and the resulting impact on cash flow for the main precepts on the Collection Fund. The technical nature of this fund means that any 2020/21 deficit will be reflected in the following years budget; however, the recent Government announcement means that any deficit can be recovered over a three-year period – this will be considered as part of the 2021/22 budget process.

Cash flow

Notwithstanding the above, the Council remains in a healthy cash flow position as funding has been provided upfront to cover income shortfalls and expenditure incurred; however, it is the medium to longer term position which will require careful monitoring to ensure that all reserves continue to be cash backed.

S114 notice

S114 of the Local Government Finance Act 1988 places a duty on the S151 Officer to report if it appears that the Council has made or is about to make a decision which would involve unlawful expenditure and is likely to cause a loss or deficiency; and where an unlawful item of account is about to be entered. In effect, if there is, or is likely to be, an unbalanced budget i.e. resources do not meet expenditure in a particular year. There are specific reporting requirements if such as notice has to be issued, with CIPFA recently proposing a modification for the S151 Officer to make informal confidential contact with the MHCLG to advise them of any such financial concerns, and to communicate any unbalanced budget position due to COVID-19 to the MHCLG as the same time as providing a potential S114 report to the Executive and to the External Auditor. Based upon current estimates of expenditure and income shortfalls, the level of government assistance received and the level of Council reserves it is not believed that a S114 notice is required; however this decision will be revisited periodically once more financial information on budgetary pressures becomes available.

Procurement notices PPN02/20 & PPN04/20

These notices provide guidance on how local authorities can support contractors on an open book approach, and through making payments in advance where there is a continuing service provision. As previously mentioned the Council is paying suppliers upon receipt of invoices in order to provide cash-flow to those businesses who may be in need. The Council has also utilised the PPN notices to provide cash-flow assistance to contractors where it has been requested.

Small Business Grant Fund (SBGF) and Retail, Hospitality and Leisure Grant (RHLGF)

A ring-fenced grant of £30million was received on 1st April and to date £26.250million has been paid out covering 97.99% of eligible businesses. The balance of unspent funds will be repaid to government. The Council administered and paid all eligible businesses in receipt of Small Business Rate Relief and Rural Rate Relief a grant of £10,000 and businesses in receipt of the extended retail discount with a rateable value of less than £51,000 were eligible for either a £10,000 or £25,000 payment

Discretionary Grant Fund (LADGF)

An allocation of £1.3million (based upon 5% of the businesses eligible for SBGF/RHLGF) and funded from the ring-fenced £30million grant allocation for SBGF and RHLGF schemes was made available to provide discretionary grants to small and micro businesses not covered by the main grant scheme. The Discretionary Scheme has been administered by

the Economic Development team with applications invited from eligible businesses, and grants were paid out in June, July and August 2020.

For all grant schemes there will be post event assurances and regular data collection exercises to ensure grants have been awarded to eligible businesses.

£50million Reopening the High Streets Safely Fund

The Council was allocated ERDF funding of £95,875 but subject to a funding agreement, and subject to claims for reimbursement. This was to cover all eligible costs incurred from 1st June 2020 to 31st March 2021 for the following activities:

- Development of an action plan for how the local authority may begin to safely open their local economies;
- Communications and public information activity;
- Business facing awareness raising activities;
- Temporary public realm activities

The Council has worked with local businesses to ensure that the high street has re-opened in a COVID-19 safe environment.

Governance arrangements

The Council has established separate cost-codes for recording all expenditure and grant income associated with COVID-19 and is submitting regular updates through MHCLG for its additional costs and anticipated losses.

All grant income and expenditure that has been received and paid out will be accounted for in the 2020/21 Statement of Accounts.

Impact on Services

As well as supporting businesses and dealing with the financial impact of COVID-19, the Council has also encountered significant operational challenges. Since lockdown was introduced, all office-based staff have been instructed to work from home where possible. This has meant additional processes have had to be put in place to ensure controls are maintained.

The Council introduced online virtual Committee Meetings to ensure the governance processes could be maintained.

Services such as waste collection were continued, however, in order to prioritise the main service of refuse collection, garden waste collections were suspended for a short period of time. Services and venues such as the Old Fire Station and TIC were closed and staff re-deployed to other areas. The Council has not made use of the furlough (job retention) scheme throughout the period of restrictions.

Three reports have been prepared and were considered by the Executive on 20th July 2020; these related to (1) the Council's Initial Response, (2) the Financial Impact of COVID-19, and (3) the Economic Recovery following COVID-19. These are all available upon request from the Corporate Director of Finance and Resources.

(ii) Revaluation of Assets

A revaluation of all Property assets has been undertaken as at 31 March 2020. Included in the Comprehensive Income and Expenditure Statement within Services are net upward revaluations totalling £0.267million in relation to Property, Plant and Equipment.

Investment properties have also been revalued in line with the Code and this has seen a net decrease in value of £2.336million.

(iii) Economic Climate

The Council continued to experience the effects of low interest rates in 2019/20 with further reductions to bank rates in March 2020 as a result of the COVID-19 pandemic (see above). Expenditure on employee costs increased from 2018/19 levels from £17.782million to £20.758million. Other expenditure decreased from 2018/19 levels of £41.065million to £39.221million due to lower levels of Housing Benefit grant payments paid out.

(iv) Key Risks

The Council maintains a Corporate Risk Register which is reported to members on a quarterly basis. The key risks currently on the register are as follows:

- There is a risk that the Government fails to communicate changes to future local government funding from 2020 in a timely manner, meaning that the City Council cannot effectively prepare for these changes;
- There is a risk that we fail to fully recognise and manage our operational and investment assets leading to high long-term dilapidation costs and reducing control on future capital decisions;
- There is a risk that we fail to effectively prioritise and resource key city regeneration sites and miss the opportunity to take these forward in a progressive manner that meets the Council's aspirations.
- There is a risk that the City Council will not fulfil its obligations as set out in the Carlisle Southern Link Road Grant Determination Agreement with Homes England and that subsequently the funding will be withdrawn, this meaning that the City Council will consequently have to pay the County Council £5million as agreed in the Collaboration Agreement with the County Council.
- There is a risk that the City Council is unable to approve a balanced budget due to the financial impact of the COVID-19 pandemic.
- There is a risk that we fail to deliver the required new leisure facilities at the Sands Centre, on time and within budget and therefore do not meet the saving targets identified in the Medium-Term Financial Plan.
- There is a risk that critical Information and Technology (I&T) applications or infrastructure become unavailable which impacts on the delivery of council services.
- There is a risk that our digitally held data becomes unavailable, unreliable or is stolen due to error, negligence or malice

These risks are monitored to ensure they are mitigated and managed as far as possible.

(v) Key Opportunities

The Council continues to be an integral part of the Borderlands partnership with four other local authorities across the Borders region. The UK and Scottish Governments announced an initial funding deal worth £345million. Progress continues to be made on the delivery of the projects allocated to the Carlisle area.

The Council has also been allocated a share of £1billion for the Future High Streets fund and has submitted a proposal to Government to deliver improvements in and around the City Centre.

Progress is being made on the delivery of new leisure facilities with construction of temporary facilities completed and site preparation works underway pending formal start of demolition and construction of the main site

1.8 Council Priorities

The Council's vision is proposed by the Executive as part of the Carlisle Plan ("the Plan") which is debated and agreed by full Council. This vision is then communicated through the

Carlisle Plan itself, which is a working document for staff and members. An annual report communicates the outcomes and performance of the Plan to residents and the end of year performance presenting the key outcomes to the Executive and Scrutiny Panels. The Carlisle Plan was updated in 2015/16 to better reflect the Executive's current priorities and the plan for 2015-2018 was adopted by full Council in November 2015.

The Carlisle Plan outlines the key priorities for the Council. These key priorities are:

- Support business growth and skills development to improve opportunities and economic prospects for the people of Carlisle;
- Further develop sports, arts and cultural facilities to support the health and wellbeing of our residents;
- Continue to improve the quality of our local environment and green spaces so that everyone can enjoy living, working in and visiting Carlisle;
- Address current and future housing needs to protect and improve residents' quality of life;
- Promote Carlisle regionally, nationally and internationally as a place with much to offer – full of opportunities and potential.

The Council monitors its non-financial performance through ten 'Service Standards'. These provide a standard in service that our customers can expect from the City Council and a standard by which the Council can be held to account. The measures of the standard of services are based on timeliness, accuracy and quality of the service the Council provides in areas that have a high impact on our customers.

The Council operates with the following core principles that underpin the Carlisle Plan:

- We will be a clear, committed and confident Council.
- The principles have been developed by our staff and councillors to guide how we will deliver our vision for Carlisle.
- By setting out our vision, we show that we understand the needs of Carlisle's residents, businesses and visitors. Our plans to respond to these needs are clear and straightforward. We know what is expected of us and do our best to create clarity in how we work.
- We are committed to achieving our vision for Carlisle. We will ensure that our day to day work and resources are consistent with the priorities.
- We will continue to work effectively with partners to drive positive change for Carlisle and will celebrate our successes and achievements. As part of our ongoing work to develop all our communities we will engage young people and make sure the Carlisle Plan helps to deliver their aspirations for Carlisle.

Further information on the Council's priorities and achievement of key objectives is given in the Annual Governance Statement.

Operational Model

The Council received the majority of its funding from taxation - Council Tax (£7.9million) levied on residents and Business Rates (£6.4million) levied on businesses. It also received funding from Central Government in the form of Specific Grants such as New Homes Bonus and Housing Benefit Administration Grant.

As well as core funding sources, the Council also relies heavily on income from fees and charges and rental income from its significant asset portfolio. These provide a valuable source of funding that can be used to supplement the service delivery for the residents of Carlisle.

The Council delivers a range of services as outlined above with the majority being provided by internal staffing resources. The key services the Council delivers are waste collection, street cleaning, bereavement services, green spaces, homelessness and private sector housing support, regulatory services such as environmental health, planning and building

control. Leisure and Cultural provision are provided with support from external organisations primarily Greenwich Leisure Ltd, and Tullie House Trust.

Employees are valuable asset of the Council and as such the Council ensures its employees are well trained and empowered to achieve their best for Carlisle.

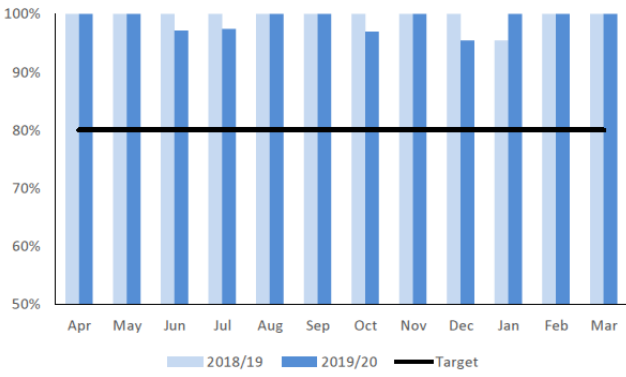

In the light of reducing support from central government the Council has over the past few years become increasingly efficient in the way it deploys the resources it has to ensure that it can maintain an acceptable level of service delivery. It has a good history of achieving the transformational savings it requires and as such has managed to continue to set a balanced budget.

In 2019/20 the Council was able to utilise all resources (financial and non-financial) to deliver the services it provides. The non-financial performance of service delivery is outlined below and demonstrates that whilst challenging, non-financial performance was, overall, at target performance or above. This together with the delivery of these services within the approved budget mean that the Council could deliver the outcomes and value planned when the budget was set in line with the Carlisle Plan priorities.

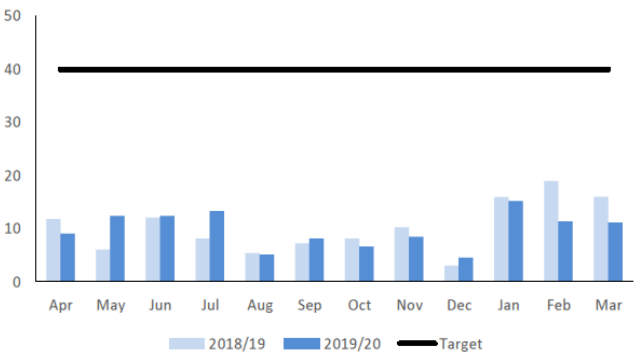

1.9 Non-Financial Performance

The year-end position of the Council's Service Standards is shown below:

Percentage of Household Planning Applications processed within eight weeks

Service Standard	2019/20	Performance by Month	Further Information
80% (Nationally set target)	98.7%	 <p>The chart displays monthly performance for 2018/19 (light blue) and 2019/20 (dark blue) against a target of 80% (black line). The y-axis ranges from 50% to 100%. The x-axis lists months from April to March. 2019/20 performance is consistently at or above the target, while 2018/19 performance is generally below the target.</p>	305 household planning applications processed in 2019/20 compared with the same number last year.
	(2018/19: 99.7%)		
	On target? 		

Proportion of waste or recycling collections missed

Service Standard	2019/20	Performance by Month	Further Information
40 missed collections per 100,000 (Industry standard)	9.8	 <p>The chart displays monthly performance for 2018/19 (light blue) and 2019/20 (dark blue) against a target of 40 (black line). The y-axis ranges from 0 to 50. The x-axis lists months from April to March. 2019/20 performance is consistently below the target, while 2018/19 performance is generally above the target.</p>	Nearly four million collections were due to be made in the year. 369 collections were missed meaning the success rate was 99.99%.
	(2018/19: 10.1)		
	On target? 		

Percentage of household waste sent for recycling (including bring sites)

Service Standard	2019/20	Performance by Month	Further Information
50% by 2020 (Nationally set target)	41.3%	<p>Recycling rates nationally have stagnated and even reduced in some areas. A new 'campaign' to increase participation in recycling started earlier in the year.</p>	
	(2018/19: 41.3%)		
	On target?		
	✗		

Average number of days to process new benefits claims

Service Standard	2019/20	Performance by Month	Further Information
New claims should be processed within 19 days to achieve top two quartiles compared to other local authorities	17.8 days		3174 new claims were made in 2019/20.
	(2018/19: 18.9 days)		
	On target?		
	✓		

Proportion of Corporate Complaints dealt with on time

Service Standard	2019/20	Performance by Quarter	Further Information
Corporate complaints should be dealt with within 15 working days	95%		One late reply in Quarter 4 was due to a complicated issue that needed further investigation. The customer was kept informed throughout the process. 34 complaints in the year.
	(2018/19: 93%)		
	On target?		
	▲		

Proportion of food businesses that are broadly compliant or better with food safety legislation

Service Standard	Rolling figure to end of Quarter 4 2019/20	Performance by Quarter	Further Information
Our work with local food businesses should ensure that 96% are at least broadly compliant.	98.5%	<p>Approximately 200 premises are inspected each quarter. All premises are inspected at least once every eighteen months.</p>	
	On target?		
	✓		

Proportion of non-contentious licence applications completed on time

Service Standard	2019/20	Performance by Quarter	Further Information
100% of non-contentious licence applications should be completed within 10 working days	100%		751 out of 751 applications completed on time in 2019/20.
	(2018/19: 99.9%)		
	On target? ✓		

Proportion of official local authority searches completed on time

Service Standard	2019/20	Performance by Month	Further Information
85% of official local authority searches should be completed within 10 working days	86%		554 searches were completed in the year.
	(2018/19: 92%)		
	On target? ✓		

Proportion of new waste and recycling bins, bags and containers delivered on time (within 10 working days)

Service Standard	2019/20	Performance by Month	Further Information
95% delivered within 10 working days	95.4%	<p>5706 deliveries were made in 2019/20. Performance has improved since the recruitment of a new permanent driver in mid-August</p>	
(2018/19: 99.9%)			
On target?	✓		

Average number of working days to process benefit claimants' changes of personal details

Service Standard	2019/20	Performance by Month	Further Information
Changes should be processed within 8 days	2.7 days	<p>Over twenty-eight thousand changes were processed in 2019/20.</p>	
(2018/19: 3.8 days)			
On target?	✓		

1.10 Value for Money

The Council recognises its responsibility to achieve Value for Money (VFM) in service delivery. It seeks to incorporate VFM principles in delivering services by taking account of costs, quality of services and the local context.

1.11 Workforce

As at 31 March 2020 the Council employed 478 employees. This was split 241 females and 237 males. There were 319 full time employees with 159 part-time/job-share.

As at 31 March 2019 the Council employed 454 employees. This was split 234 females and 220 males. There were 308 full time employees with 146 part-time/job-share.

The Council is required to pay the Apprenticeship Levy and in 2019/20 paid over £43,172 into its Digital Apprenticeship Service Account. The Council accessed £51,851 of funding for apprenticeship training in 2019/20, with the balance carried forward being £54,408 which can be accessed in 2020/21.

1.12 Expenditure & 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 the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for

decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The detail of the Expenditure and Funding Analysis can be found at Note 4.11.

1.13 Major Influences on the Authority

During 2019/20 the Council has continued to recognise that it will be required to make savings through its programme of transformational change in light of reducing funding levels. Where possible these savings are being found on a non-recurring basis pending future notification of how the Fair Funding Review, Comprehensive Spending Review and Business Rates Retention system will affect the Council financially in the longer term.

As outlined above the continuing response to the COVID-19 pandemic during 2020/21 will influence how the Council can continue to provide services and prepare its Medium-Term Financial Plan.

1.14 Going Concern

These accounts have been prepared on the basis that the Council continues to operate as a going concern for the foreseeable future. Due to the economic and statutory environment in which local authorities operate it has been confirmed that as authorities cannot be created or dissolved without statutory prescription, it would not therefore be appropriate for their financial statements to be provided on anything other than a going concern basis.

Although that is the technical definition, to allow a going concern basis to be provided the Council can also clearly demonstrate that it can continue to meet its financial commitments as they occur via the delivery of its Medium-Term Financial Plan (MTFP). The usable cash reserves position (£10.304million) remains healthy and on the Balance Sheet the Current Assets position of £34.412million is higher than Current Liabilities position of £26.562million (excluding repayable borrowing) so liquidity in the short term is positive.

COVID-19 will have a significant impact on the financial standing of the Council not only during 2020/21 but into future years as well if there is continued economic uncertainty and recession. As highlighted above, the Council is maintaining a careful and pragmatic approach to dealing with the financial impact. It has sufficient revenue reserves to be able to reallocate resources if required. Financial assistance received to date from government will allow the Council to offset some of these losses, however significant risks remain, particularly around commercial rental income from property and collection of business rates and council tax. The Council has sufficient cash-flow to be able to manage these risks and does not foresee a need to undertake any short-term borrowing for cash-flow purposes any time soon.

In preparing these Statement of Accounts, materiality has been guided by the External Auditors materiality level (£1.155million), but also has consideration to any item that it is thought would be of interest and significance to the reader of the accounts in the context of the activities of the Council (for example, employee remuneration).

1.15 Brexit

There are still uncertainties around how the UK's departure from the European Union will affect the Council in the short and long-term however these have currently not had any impact on the preparation of these accounts or any figures contained therein.

1.16 Events after the Balance Sheet Date

Events taking place after the 31 March 2020 are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

As highlighted previously the Council has received significant grant allocations to allow it to deal with the COVID-19 impact. These grants will be accounted for in the 2020/21 statement of accounts.

The Council repaid the £15million stock issue loan (shown in short term liabilities on the balance sheet) on 22 May. No further borrowing to replace it has yet been undertaken.

The NHS has been given leave for appeal against the High Court decision in the NHS charitable relief claim for business rates. The leave to appeal was granted on 28 July 2020. The potential appeal and provision for repayment of any business rates has not been included in the appeals provision on the balance sheet due to the continued uncertainty as to whether the leave to appeal will be proceeded with and also the uncertainty around its potential success.

1.17 Accounting Policy Information

The accounts of the Council comply with the relevant accounting practices laid down by the Accounting Standards authorities and the 2019/20 Code of Practice on Local Authority Accounting.

1.18 Further Information

As part of the Council's policy of providing full information about the Council's affairs, further information regarding the accounts is available on request from the Corporate Director of Finance and Resources, Civic Centre, Rickergate, Carlisle. In addition, members of the public have a statutory right to inspect the accounts before the audit and to have a copy of the Statement of Accounts after the audit has been completed.

Signed:

A Taylor
Corporate Director of Finance and Resources

Date: 27 August 2020

SECTION 2 - STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

2.1 The Responsibilities of the Council

The Council is required to:

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

2.2 The Responsibilities of the Corporate Director of Finance and Resources

The Corporate Director of Finance and Resources is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA (Chartered Institute of Public Finance Accountants)/LASAAC (Local Authority (Scotland) Accounts Advisory Committee) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Corporate Director of Finance and Resources has:

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

The Corporate Director of Finance and Resources has also:

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

The Corporate Director of Finance and Resources is required to give a true and fair view of the financial position of the Council at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

Signed:

Alison Taylor
Corporate Director of Finance and Resources

Date: 27 August 2020

SECTION 3 – FINANCIAL STATEMENTS

3.1 Comprehensive Income and Expenditure Statement

2018/19				Note	2019/20		
Expenditure £000	Income £000	Net £000			Expenditure £000	Income £000	Net £000
15,243	(5,586)	9,657	Community Services		16,669	(5,737)	10,932
4,955	(2,222)	2,733	Economic Development		5,717	(2,334)	3,383
3,253	(1,578)	1,675	Corporate Support		3,497	(1,512)	1,985
25,711	(25,835)	(124)	Finance and Resources		22,492	(22,447)	45
8,984	(3,548)	5,436	Governance & Regulatory Services		10,442	(4,866)	5,576
817	(112)	705	Corporate Management		947	(44)	903
7	(7)	0	Exceptional Item - Flooding		55	(59)	(4)
58,970	(38,888)	20,082	Cost of Services	4.11	59,819	(36,999)	22,820
1,229	(451)	778	Other Operating Expenditure	4.7	764	(110)	654
5,775	(5,031)	744	Financing and Investment Income and Expenditure	4.8	9,082	(7,763)	1,319
0	(15,595)	(15,595)	Taxation and Non-Specific Grant Income	4.9	0	(15,719)	(15,719)
65,974	(59,965)	6,009	(Surplus) or Deficit on Provision of Services	4.11	69,665	(60,591)	9,074
		(1,327)	Surplus or Deficit on Revaluation of Non Current Assets	4.38a			(2,202)
		4,568	Remeasurements of the Net Defined Benefit Liability / (Asset)	4.38c			2,100
		3,241	Other Comprehensive Income & Expenditure				(102)
		9,250	Total Comprehensive Income & Expenditure				8,972

3.2 Movement in Reserves Statement

2019/20	Note	General Fund Balances £000	Deferred Credits £000	Capital Grant Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2019		10,170	20	136	10,326	99,438	109,764
Movement in reserves during 2019/20							
Total Comprehensive Income and Expenditure		(9,074)	0	0	(9,074)	102	(8,972)
Adjustments between accounting basis and funding basis under regulations	4.4	9,052	0	0	9,052	(9,052)	0
Increase/Decrease in Year		(22)	0	0	(22)	(8,950)	(8,972)
Balance at 31 March 2020		10,148	20	136	10,304	90,488	100,792

3.3 Balance Sheet

31 March 2019		Note	31 March 2020	
£000	£000		£000	£000
		Property, Plant and Equipment		
		Operational Assets		
201		Dwellings	201	
30,665		Other Land & Building	32,255	
5,223		Infrastructure Assets	5,114	
4,076		Community Assets	4,128	
6,224		Vehicles & Plant	5,896	
		Non Operational Assets		
884		Surplus	961	
1,470		Assets Under Construction	4,218	
	48,743	<i>Total Property, Plant and Equipment</i>		52,773
85,038		Investment Property	79,905	
32		Intangible Assets	24	
19,502		Heritage Assets	19,502	
3,436		Long Term Investments	3,313	
		Long Term Debtors		
132		Transferred Debt - Cumbria County Council	121	
7		Other Long Term Debtors	4	
0		Long Term Payments in Advance	114	
	108,147			102,983
	156,890	Total Long Term Assets		155,756
		Current Assets		
	14,547	Short Term Investments		23,065
	0	Assets Held for Sale		0
	1,600	Cash and Cash Equivalents		4,643
	49	Inventories		60
2,945		Short Term Debtors	5,794	
373		Payments in Advance	850	
	3,318	<i>Total Short-Term Debtors</i>		6,644
	19,514	Total Current Assets		34,412
		Current Liabilities		
(174)		Provisions	(155)	
(1,321)		Provisions - NNDR Appeals	(1,694)	
	(1,495)	<i>Total Provisions</i>		(1,849)
	(482)	Short Term Borrowing		(15,978)
	(481)	Cash and Cash Equivalents		0
(6,953)		Short Term Creditors	(5,454)	
(671)		Receipts in Advance	(2,531)	
	(7,624)	<i>Total Short-Term Creditors</i>		(7,985)
	(2)	Capital Grants Receipts in Advance		(750)
	(10,084)	Total Current Liabilities		(26,562)
		Long Term Liabilities		
	(1,078)	Long Term Creditors		(1,764)
	(15,000)	Long Term Borrowing		(13,287)
	(354)	Provisions		(441)
	(40,124)	Other Long Term Liabilities (Pensions)		(47,322)
	(56,556)	Total Long Term Liabilities		(62,814)
	109,764	Net Assets		100,792

31 March 2019		Balance Sheet (Cont.)	Note	31 March 2020	
£000	£000			£000	£000
20		Usable Reserves	4.5	20	
4,630		Deferred Credits		4,661	
5,540		General Fund Reserves		5,487	
136		Earmarked Reserves		136	
		Capital Grants Unapplied Account			
	10,326	<i>Total Usable Reserves</i>			10,304
(41,080)		Unusable reserves	4.38	(47,322)	
599		Pension Reserve		476	
(151)		Pooled Investment Fund Adjustment Account		(243)	
111,796		Employee Benefit Reserve		107,943	
305		Capital Adjustment Account		(262)	
27,969		Collection Fund Adjustment Account		29,896	
		Revaluation Reserve			
	99,438	<i>Total Unusable Reserves</i>			90,488
	109,764	Total Reserves			100,792

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

Signed:

A Taylor – Corporate Director of Finance and Resources

Date: 27 August 2020

3.4 Cash Flow Statement

2018/19 £000		Note	2019/20 £000
6,009	Net (surplus) or deficit on the provision of services		9,074
(14,681)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	4.45	(13,131)
776	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	4.45	3,546
(7,896)	Net cash flows (inflows)/outflows from Operating Activities		(511)
9,195	Investing Activities	4.46	9,998
(1,629)	Financing Activities	4.46	(13,011)
(330)	Net (increase) or decrease in cash and cash equivalents		(3,524)
789	Cash and cash equivalents at the beginning of the reporting period		1,119
1,119	Cash and cash equivalents at the end of the reporting period		4,643

SECTION 4 – NOTES TO THE ACCOUNTS

4.0 Accounting Policies

4.0.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, 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.

4.0.2 Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

4.0.3 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 investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

4.0.4 Exceptional Items

When items of income and expense are material and out of the ordinary, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

4.0.5 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.

4.0.6 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed 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 fixed assets attributable to the service.

The Council is not required to raise council tax to cover these costs but is required to make an annual contribution to reduce its overall borrowing requirement. This is known as the Minimum Revenue Provision and is calculated as 3% of the Council's Capital Financing Requirement at the start of the financial year on a straight-line basis. Depreciation, impairment losses, revaluation losses and amortisations are therefore replaced by a revenue provision in the Movement in Reserves Statement by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

4.0.7 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 (e.g. cars) 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. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday 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 and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement on the earlier of when the Council can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring that is within the scope of section 8.2 of the Code and IAS37 and involves the payment of termination benefits.

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 the Local Government Pension Scheme (LGPS) administered by Cumbria County Council.

The scheme is a funded defined benefit scheme meaning that the scheme provides retirement lump sums and pensions, earned as employees work for the Council. As a defined benefit scheme, it is shown within the Council's accounts using the following principles:

- The liabilities of the Cumbria Local Government Pension Scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method. This basis uses an assessment of the future payments that will be made in relation to the retirement benefits earned to date by employees, after considering assumptions about mortality rates, employee turnover and earnings projections for employees.
- Liabilities are discounted to their value at current prices using a real discount rate of 2.4%.
- The assets of the LGPS 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

Around 60% of LGPS assets are held in equity investments and bond issues with the remainder held in property and other assets.

- The change in the net pension liability is analysed into six components and recognised in the Statements as follows:

Service Cost comprising:

- **Current service cost** – the increase in liabilities as a result of years of service earned this year is charged to service revenue accounts, based on where employees worked, within the Net Cost of Services section of the Comprehensive Income and Expenditure Statement.
- **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years is charged to Non-Distributed Costs within Net Cost of Services in the Comprehensive Income and Expenditure Statement.
- **Net Interest on the defined pension liability (asset)** – i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line 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.

Re-measurements comprising:

- **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
- **Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial

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

- **Contributions paid to the Cumbria Local Government Pension Fund** – cash paid as employers' contributions to the pension fund. This is not accounted for as an expense.

Measurement bases applied in respect of the LGPS assets and liabilities are set out in note 4.41 to the Accounts.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This therefore means that within the Movement in Reserves Statement, there are appropriations to and from the Pensions Reserve to remove the notional transactions for retirement benefits and replace them with debits for the amounts paid to the pension fund in the year 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 are accrued in the year of decision and accounted for using the same policies as are applied to the LGPS.

4.0.8 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:

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

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

4.0.9 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.

(i) Borrowing

Borrowing is classed as either a long-term liability, repayable after 12 months or longer, or a current liability if it is repayable within a 12-month period. Borrowing is shown in the Balance Sheet at amortised cost using the effective interest rate that applies to the individual loans comprising the total borrowing held by the Council. For borrowing held by the Council, this means that the amount shown in the balance sheet represents the

outstanding principal payable to the lender and the interest on the borrowing that is charged to the Comprehensive Income and Expenditure Statement is the amount payable in the year under the loan agreement.

(ii) Creditors

Creditors are recognised when a contractual arrangement is entered into between the Council and a supplier to provide goods and services for an agreed price. The value of the creditors recognised in the balance sheet represents the current value of the outstanding liabilities of the Council at 31 March as a proxy for amortised cost.

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 authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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 authority recognises expected credit losses on all of its financial assets held at amortised cost or 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 authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since 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 and Loss

Financial assets that are measured at Fair Value through Profit and Loss are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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.

4.0.10 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 acquired using 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-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

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

The majority of the Council's Heritage Assets are held in the Council's Museum. The Museum has four collections of heritage assets, Archaeology, Social History, Natural History and Fine and Decorative Arts, which are held in support of the primary objective of the Council's Museum, i.e. increasing the knowledge, understanding and appreciation of the Council's history and local area. 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 described below. 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 primary collections of heritage assets are accounted for as follows.

Museum Collection

The Council's museum collection consists of a significant number of artefacts including pictures, prints, sculptures, china, glass, porcelain, coins, medals archaeological items, as well as significant numbers of social and natural history items, costumes and firearms. Museum collections are reported in the Council's balance sheet at insurance valuation which take into account current market values. These insurance valuations are reviewed on an annual basis as part of the overall insurance premium renewal process.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations being based on appropriate insurance values. The Museum has a defined acquisitions and disposals policy for the period 2018 - 2021 that sets out the policy for the development of collections at the museum.

Heritage assets will not be subject to depreciation as it is not deemed appropriate to estimate a useful life for the assets held.

Statues, Monuments and other historical buildings

The Council has a number of statues and monuments and other historical buildings that it does not consider that reliable cost or valuation information can be obtained. This is due to the historical significance of such items. However, in some cases, historical cost information is recorded, particularly those that were previously classified as Community assets. Therefore, those items that were previously categorised as Community Assets will be recognised at their historic cost. This will be re-evaluated so that the most appropriate valuation basis is used, and those previously not recognised (primarily statues and monuments) will not be recognised on the balance sheet although appropriate disclosures made.

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 4.0.16 in this summary of significant accounting policies. The trustees of the Council's Museum 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.

4.0.12 Inventories and Long-Term Contracts

Stocks are reflected in the balance sheet at current prices. This is a departure from the requirements of the Code and IAS 2 Inventories, which requires stocks to be shown at the lower of cost or net realisable value where they are acquired through an exchange transaction.

4.0.13 Investment Property

Investment properties are those that are used solely to earn rentals and for capital appreciation or both. The definition is not met if the property is used in the production or supply of goods or services or for administrative purposes or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

4.0.14 Leases

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

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

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

The Council as Lessee

Operating Leases

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

The Council as Lessor

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.

4.0.15 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation.
- Non- Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

4.0.16 Property, Plant and Equipment

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

Recognition

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

De-minimis levels have been set at:

- £5,000 for expenditure on individual items of vehicles, plant and equipment;
- £20,000 for expenditure on land, buildings and other structures.

Measurement

Assets are initially measured at cost, comprising:

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

The 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.

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

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

- infrastructure, community assets – depreciated historical cost
- assets under construction – historic cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

Asset Category	Rate	Basis
Dwellings & Other Buildings	Useful Life	Straight Line
Infrastructure Assets	Useful Life	Straight Line
Vehicles, Plant, furniture & Equipment	Useful Life	Straight Line
Intangible Assets	Useful Life	Straight Line

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.

Componentisation

The Council has a policy on componentisation where any asset with a Gross Book Value of more than £1million and is subject to depreciation will be considered for componentisation where a component is deemed to be more than 5% of the assets value. This will primarily apply to buildings and the major components to be considered will be:

Component
Heating and Ventilation System
Windows
Electrical
Water Systems
Roofing
Lifts

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 current value less costs to sell. Where there is a subsequent decrease to current value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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 and are 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.

4.0.17 Current and Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at current or fair value at each reporting date. Current or 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 current or 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 current or 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 current or fair value is measured or disclosed in the council's financial statements are categorised within the current or 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.

4.0.18 Provisions, Contingent Liabilities and Contingent 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.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives 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 it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

4.0.19 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in

the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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 reserves are explained in the relevant policies.

4.0.20 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 Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

4.0.21 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.

4.0.22 Council Tax / Non-Domestic Rates (NDR) Income

The Council is required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (NDR). The Statutory Collection Fund (England) Statement is included as a supplementary statement in the accounts. In its capacity as billing authority the Council acts as an agent. During 2019/20 the Council collected and distributed NDR on behalf of itself, the Government and Cumbria County Council. Council Tax was collected and distributed on behalf of the City Council, the County Council, the Police and Crime Commissioner for Cumbria and local town and parish councils.

Council Tax accrued income for the year and Council Taxpayers debtors, creditors and provision for bad debts at the 31 March are shared between the major preceptors and the Council based on their percentage share of the total demands/precepts for the year. Business rates accrued income for the year as well as business ratepayers, debtors, creditors and provisions for bad debts and appeals are shared between the Council (40%), Government (50%) and Cumbria County Council (10%).

Collection Fund Debtors are reviewed collectively at the balance sheet date by debt type and provision is made for impairment based on the historical evidence of default in each category. The Council's share of the Collection Fund Debtors shown in the balance sheet is net of this bad debt provision.

In accordance with the current accounting code of practice the Council's Comprehensive Income and Expenditure Statement includes its share of accrued council tax and business rates income. Where this amount is more or less than the amount to be credited to the General Fund under statute, there is an adjusting transfer in the Movement in Reserves Statement, between the General Fund Balance and the Collection Fund Adjustment Account. This account holds the Council's share of the Collection Fund Surplus or Deficit at the 31 March. The Council's Balance Sheet includes the net creditor/debtor position with the Government and major preceptors for taxes collected on their behalf and not yet paid to them or taxes paid to them but not yet collected from taxpayers.

4.1 Accounting Standards that have been issued but have not yet been adopted

The following Accounting Standards have been issued but have yet to be adopted that could impact the Council.

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
 This change to the standard will not currently affect the Council as it does not have investments in associates or joint ventures.
 This standard will provide clarification that IFRS 9 applies to long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.
 This amendment requires the re-measurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after a change to the plan. This only applies to changes from 1 April 2020 and, since this could result in positive, or negative or no movement in the net pension liability, no prediction can be made of the possible accounting impact on the Council.
 When a plan amendment, curtailment or settlement occurs during a reporting period, entities use updated actuarial assumptions to determine current service cost and net interest for the remaining annual reporting period (only relevant where the treatment is material for the readers of the accounts).
- IFRS 16 Leases
 This standard will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities. The impact will be mainly presentational; the revenue impact will be neutral. The Council has limited exposure as a lessee so there is expected to be minimal impact. The adoption of this standard has been deferred until 1 April 2021.

The effect of these changes will be assessed and where necessary figures will be restated in the Financial Statements for 2020/21.

4.2 Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in Note 4.0, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- 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.
- The COVID-19 pandemic has made forecasting for future requirements extremely difficult, however, in the preparation of these accounts, the accounting policies have been applied consistently. There will be future requirements for the Council to view the uncertainties around COVID-19 and the impact it will have on the financial position and these will be considered during the budgetary planning and monitoring processes already embedded in the Council's decision-making processes.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Information about significant areas of estimation

uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property Plant and Equipment (£52.773million at 31.03.20)	Assets are depreciated over useful lives that are dependent upon assumption about the level of repairs and maintenance that will be incurred in relation to individual assets. The current capital programme includes funding for enhancements to Council property.	If the useful lives of assets are reduced, depreciation will increase and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings, vehicles and plant would increase by £296,000 for every year that useful lives had to be reduced.
Debtors & Creditors (£5.794million and £5.454million at 31.03.20)	Debtors and creditor accruals are prepared on known invoices received/due, or are based on estimates of grant claims, accounting adjustments calculated from systems, e.g. Collection Fund.	Any creditors or debtors that are paid in 2020/21 that differ from the accrual made will result in the difference being funded from the 2020/21 budget.
Pension Liability (£47.322million at 31.03.20)	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 actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £3.225million.
Business Rate Appeals Provision (£4.235million at 31.03.20)	The Business Rates appeals provision is based on the best estimate of the likely outcome of outstanding appeals as at 31 March 2020. Appeals are dealt with by the Valuation Office Agency and as such are outside the control of the Council.	If appeals are settled to different terms than those estimated, the effect will be reflected in the Collection Fund in future years.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value Measurements	When the fair value of financial assets and financial liabilities cannot be measured based on quoted process in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based upon observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the councils appointed valuers).	The council uses the discounted cash flow (DCF) to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates - adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

4.3 Material Items of Income and Expense

The Council had the following items of material income and expenditure in 2019/20:

- Income relating to the administration and payments of Benefits (including Discretionary Housing Payments) was received from Central Government totalling £21,703,458 (2018/19 £24,590,149) with corresponding payments of benefits totalling £22,254,754 (2018/19 £25,470,343). Housing Benefit Overpayment Income of £620,266 was received in 2019/20, (2018/19 £1,172,730).
- Council tax income of £7,807,839 (2018/19 £7,553,349) was credited to the Comprehensive Income and Expenditure Statement.
- Retained Business Rates £5,915,222 (2018/19 £5,633,816).
- Net upward revaluations of Property Plant and Equipment of £0.267million (2018/19 £0.188million upward revaluation).
- Net downward revaluations of Investment Property of £2.336million (2018/19 £2.400million downward revaluation).
- Rental income from investment property of £4.181million (2018/19 £4.474million).

Movement in Reserves Statement

4.4 Adjustments between accounting basis and funding basis under Regulations

This note details the adjustments that are made to Total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with the proper accounting practice to the resources that are specified by statutory provision as being available to the

Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year end.

Capital Grant Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	General Fund balances	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable reserves	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Collection Fund Adjustment	Pooled Investments Adjustment	Short Term Compensated Absences	Total Authority Reserves
2019/20	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources												
(Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:)												
Pension Costs	4,142	0	0	4,142	(4,142)	0	(4,142)	0	0	0	0	0
Financial Instruments	123	0	0	123	(123)	0	0	0	0	(123)	0	0
Council Tax and NDR	567	0	0	567	(567)	0	0	0	(567)	0	0	0
Holiday Pay	92	0	0	92	(92)	0	0	0	0	0	(92)	0
Reversal of entries included in the Surplus or Deficit on Provision of Services in relation to Capital Expenditure:												
Depreciation	2,373	0	0	2,373	(2,373)	0	0	(2,373)	0	0	0	0
Impairment Losses charged to CIES	(267)	0	0	(267)	267	0	0	267	0	0	0	0
Capital Grants and Contributions Applied	(2,234)	0	0	(2,234)	2,234	0	0	2,234	0	0	0	0
Revenue Expenditure Funded from Capital Under Statute	3,890	0	0	3,890	(3,890)	0	0	(3,890)	0	0	0	0
Movement in Market Value of Investment Property	2,336	0	0	2,336	(2,336)	0	0	(2,336)	0	0	0	0
Non Current Assets Written off on disposal or sale	3,092	0	0	3,092	(3,092)	0	0	(3,092)	0	0	0	0
Total Adjustments to Revenue Resources	14,114	0	0	14,114	(14,114)	0	(4,142)	(9,190)	(567)	(123)	(92)	0
Adjustments between Revenue and Capital Resources												
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(3,299)	3,299	0	0	0	0	0	0	0	0	0	0
Statutory Provision for the repayment of debt - (Minimum revenue provision)	(21)	0	0	(21)	21	0	0	21	0	0	0	0
Capital Expenditure Financed from Revenue Balances	(1,742)	0	0	(1,742)	1,742	0	0	1,742	0	0	0	0
Total Adjustments between Revenue and Capital Resources	(5,062)	3,299	0	(1,763)	1,763	0	0	1,763	0	0	0	0
Adjustments to Capital Resources												
Use of the Capital Receipts Reserve to finance capital expenditure	0	(3,299)	0	(3,299)	3,299	0	0	3,299	0	0	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	0	0	0	0	0	0	0	0
Total Adjustments to Capital Resources	0	(3,299)	0	(3,299)	3,299	0	0	3,299	0	0	0	0
Adjustment between Capital Adjustment Account (CAA) and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.	0	0	0	0	0	(275)	0	275	0	0	0	0
Total Adjustments	9,052	0	0	9,052	(9,052)	(275)	(4,142)	(3,853)	(567)	(123)	(92)	0

	General Fund balances	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable reserves	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Collection Fund Adjustment Account	Pooled Investments Adjustment Account	Short term Compensated Absences Account	Total Authority Reserves
2018/19	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources												
(Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:)												
Pension Costs	1,574	0	0	1,574	(1,574)	0	(1,574)	0	0	0	0	0
Financial Instruments	(53)	0	0	(53)	53	0	0	0	0	53	0	0
Council Tax and NDR	(470)	0	0	(470)	470	0	0	0	470	0	0	0
Holiday Pay	(23)	0	0	(23)	23	0	0	0	0	0	23	0
Reversal of entries included in the Surplus or Deficit on Provision of Services in relation to Capital Expenditure:												
Depreciation	2,313	0	0	2,313	(2,313)	0	0	(2,313)	0	0	0	0
Impairment Losses charged to CIES	(188)	0	0	(188)	188	0	0	188	0	0	0	0
Capital Grants and Contributions Applied	(2,089)	0	0	(2,089)	2,089	0	0	2,089	0	0	0	0
Revenue Expenditure Funded from Capital Under Statute	2,853	0	0	2,853	(2,853)	0	0	(2,853)	0	0	0	0
Movement in Market Value of Investment Property	2,400	0	0	2,400	(2,400)	0	0	(2,400)	0	0	0	0
Non Current Assets Written off on disposal or sale	668	0	0	668	(668)	0	0	(668)	0	0	0	0
Total Adjustments to Revenue Resources	6,985	0	0	6,985	(6,985)	0	(1,574)	(5,957)	470	53	23	0
Adjustments between Revenue and Capital Resources												
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(607)	607	0	0	0	0	0	0	0	0	0	0
Statutory Provision for the repayment of debt - (Minimum revenue provision)	(21)	0	0	(21)	21	0	0	21	0	0	0	0
Capital Expenditure Financed from Revenue Balances	(2,110)	0	0	(2,110)	2,110	0	0	2,110	0	0	0	0
Total Adjustments between Revenue and Capital Resources	(2,738)	607	0	(2,131)	2,131	0	0	2,131	0	0	0	0
Adjustments to Capital Resources												
Use of the Capital Receipts Reserve to finance capital expenditure	0	(607)	0	(607)	607	0	0	607	0	0	0	0
Application of capital grants to finance capital expenditure	0	0	0	0	0	0	0	0	0	0	0	0
Total Adjustments to Capital Resources	0	(607)	0	(607)	607	0	0	607	0	0	0	0
Adjustment between Capital Adjustment Account (CAA) and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.	0	0	0	0	0	(261)	0	261	0	0	0	0
Total Adjustments	4,247	0	0	4,247	(4,247)	(261)	(1,574)	(2,958)	470	53	23	0

4.5 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/20.

	Balance 31 March 2018 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance 31 March 2019 £000	Transfers Out 2019/20 £000	Transfers In 2019/20 £000	Balance 31 March 2020 £000
Capital:							
Lanes Capital Fund	45	0	15	60	0	15	75
GLL Reserve	273	0	0	273	(273)	0	0
Asset Investment Reserve	48	0	0	48	(48)	0	0
Total Capital Reserves	366	0	15	381	(321)	15	75
Revenue							
Transformation Reserve	150	0	0	150	(150)	0	0
Welfare Reform Reserve	200	0	0	200	(200)	0	0
Building Control Reserve	150	(65)	0	85	(81)	96	100
Cremator Replacement Reserve	850	0	114	964	0	116	1,080
Car Park Enhancement Reserve	107	(107)	0	0	0	0	0
Economic Investment Reserve	6	0	0	6	(6)	0	0
City Centre Reserve	42	(33)	0	9	(4)	0	5
Flooding Earmarked Reserve	2,014	0	0	2,014	(160)	94	1,948
Revenues & Benefits Reserve	338	0	0	338	(338)	0	0
Prosecutions and Representations	41	(15)	10	36	0	0	36
Promoting Carlisle Reserve	20	(10)	0	10	(10)	0	0
Revenue Grants Reserve	1,920	(1,008)	231	1,143	(355)	1,151	1,939
Planning Services Reserve	28	0	122	150	(32)	78	196
Apprentice Reserve	0	0	54	54	0	24	78
Waverley Viaduct Reserve	0	0	0	0	0	30	30
Total Revenue Reserves	5,866	(1,238)	531	5,159	(1,336)	1,589	5,412
Total Earmarked Reserves	6,232	(1,238)	546	5,540	(1,657)	1,604	5,487
General Reserves							
General Fund Balance	4,773	(655)	0	4,118	(802)	691	4,007
Carry Forward Reserve	927	(415)	0	512	(33)	175	654
Total General Fund Balances	11,932	(2,308)	546	10,170	(2,492)	2,470	10,148
Deferred Credits	20	0	0	20	0	0	20
Capital Grant Unapplied	136	0	0	136	0	0	136
Total Usable Reserves	12,088	(2,308)	546	10,326	(2,492)	2,470	10,304

4.6 Nature and Purpose of Usable Reserves

The Council is required to maintain a number of reserves under the provisions of the Code. The reserves and their broad functions are as follows.

(a) Earmarked Reserves

This balance represents monies available to support revenue spending but which the Council have earmarked for specific purposes. Further details on individual earmarked reserves are contained within the Council's Medium-Term Financial Plan, available upon request from the Corporate Director of Finance and Resources.

(b) Deferred Credits This represents the balance of capital debtors recognised within long term debtors in respect of Housing Act Mortgage Debtors which remain outstanding at the year end and, therefore, cannot be counted within the usable capital receipts reserve.

(c) General Fund Balances

This balance represents the cumulative surplus available to the Council to support revenue spending and which has not been earmarked for a specific purpose.

(d) Capital Grants Unapplied

This represents capital grants that have been received and recognised in the Comprehensive Income and Expenditure Statement, but which have yet to be applied to finance capital expenditure.

(e) Usable Capital Receipts Reserve

Capital reserves are not allowed to be used for revenue purposes and in certain cases can only be used for specific statutory purposes. The Usable Capital Receipts Reserve is a reserve established for specific statutory purposes.

An explanation of Unusable Reserves is detailed in Note 4.38.

Comprehensive Income and Expenditure

4.7 Other Operating Expenditure

2018/19 £000		Note	2019/20 £000
613	Parish Council Precepts		638
165	(Gains)/Losses on disposal of non-current assets	4.23	16
778	Total		654

4.8 Financing and Investment Income and Expenditure

2018/19 £000		Note	2019/20 £000
1,306	Interest payable and similar charges	4.13	1,445
860	Net Interest on the defined benefit liability (pension assets)	4.41	973
(321)	Interest receivable and similar income	4.13	(442)
(1,569)	Income and Expenditure in relation to investment properties and changes in their fair value	4.10	(1,144)
521	(Surplus)/Deficit on Trading Undertakings		364
(53)	(Gain)/Loss on Financial Assets measured at Fair Value through Profit or Loss	4.38f	123
744	Total		1,319

4.9 Taxation and Non-Specific Grant Income

2018/19 £000		Note	2019/20 £000
(7,553)	Council Tax Income	4.13	(7,808)
(5,634)	Non-Domestic Rates	4.13	(5,915)
(2,239)	Non-Ring-fenced Government Grants	4.20	(1,749)
(169)	Recognised Capital Grants & Contributions	4.20	(247)
(15,595)	Total		(15,719)

4.10 Investment Properties

Amounts that have been recognised in the Comprehensive Income and Expenditure Statement relating to investment property are:

2018/19 £000		2019/20 £000
(4,474)	Rental Income from investment property	(4,181)
625	Direct operating expenses arising from investment property that generated rental income during the period	992
2,400	(Increase) / Decrease in Fair Value of Investment Properties	2,336
(120)	(Gains)/Losses on Disposal of Investment Properties	(291)
(1,569)	Net (Gain)/Loss	(1,144)

4.11 Expenditure & 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 the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19				2019/20		
Net Expenditure Chargeable to General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
9,626	31	9,657	Community Services	9,818	1,114	10,932
1,786	947	2,733	Economic Development	1,256	2,127	3,383
1,376	299	1,675	Corporate Support	1,331	654	1,985
839	(963)	(124)	Finance and Resources	957	(912)	45
849	4,587	5,436	Governance & Regulatory Services	844	4,732	5,576
(197)	902	705	Corporate Management	(525)	1,428	903
0	0	0	Exceptional Item - Flood	(4)	0	(4)
14,279	5,803	20,082	Net Cost of Services	13,677	9,143	22,820
		(14,073)	Other Income & Expenditure			(13,746)
14,279	5,803	6,009	Surplus or Deficit	13,677	9,143	9,074
11,932			Opening General Fund Balance	10,170		
(6,009)			Less/Plus Surplus or (Deficit) on General Fund	(9,074)		
4,247			Adjustments between accounting basis and funding basis under regulations	9,052		
10,170			Closing General Fund Balance at 31 March	10,148		

4.12 Adjustments between Funding and Accounting Basis

2019/20				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note a) £000	Net change for the Pensions Adjustments (Note b) £000	Other Differences (Note c) £000	Total Adjustments £000
Community Services	(198)	1,425	(113)	1,114
Economic Development	0	461	1,666	2,127
Corporate Support	0	718	(64)	654
Finance and Resources	0	364	(1,276)	(912)
Governance & Regulatory Services	(69)	1,167	3,634	4,732
Corporate Management	2,374	(966)	20	1,428
Exceptional Items	0	0	0	0
Net Cost of Services	2,107	3,169	3,867	9,143
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on Provision of Services	2,107	3,169	3,867	9,143

2018/19				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note a) £000	Net change for the Pensions Adjustments (Note b) £000	Other Differences (Note c) £000	Total Adjustments £000
Community Services	(298)	622	(293)	31
Economic Development	0	196	751	947
Corporate Support	0	345	(46)	299
Finance and Resources	0	154	(1,117)	(963)
Governance & Regulatory Services	110	465	4,012	4,587
Corporate Management	2,313	(1,068)	(343)	902
Net Cost of Services	2,125	714	2,964	5,803
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on Provision of Services	2,125	714	2,964	5,803

(a) Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the service 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
- **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 Taxations 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.

(b) Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension related expenditure and income:

- **For Services** this represents the removal of the employer pension contributions made by the council 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 Comprehensive Income and Expenditure Statement.

(c) 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 Financing and Investment Income and Expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and Non-Specific Grant Income and Expenditure** represents 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 the future Surpluses or Deficits on the Collection Fund.

4.13 Expenditure and Income Analysed by Nature

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

2018/19 £000		Note	2019/20 £000
	Expenditure		
17,782	Employee Benefit expenses		20,758
41,065	Other Service expenses		39,221
2,125	Depreciation, amortisation and impairment		2,107
1,306	Interest payments		1,445
613	Precepts and levies		638
683	Gains on the disposal of assets		3,160
2,400	Change in Fair Value of Investment Property		2,336
65,974	Total Expenditure		69,665
	Income		
(11,229)	Revenue from contracts with service recipients	4.14	(11,081)
(201)	Fee, charge and other service income		(189)
(322)	Interest and Investment Income		(442)
(13,187)	Income from Council Tax, Non-Domestic Rates	4.9	(13,723)
(34,350)	Grants, Contributions and Reimbursements	4.20	(31,912)
(623)	Gain or Loss in Disposal of Non-Current Assets & Investment Property		(3,367)
(53)	(Gain)/Loss on Financial Assets measured at Fair Value through Profit or Loss		123
(59,965)	Total Income		(60,591)
6,009	(Surplus) or Deficit on the Provision of Services		9,074

4.14 Revenue from Contracts with Customers

The Council collects income from various sources, e.g. raising debtor invoices or collecting income through the bank. Some income is received in advance of services being delivered, and some is received after the service has been delivered.

The majority of Council income is collected upon delivery of the service, e.g. car parking income, so income is recognised as soon as the performance obligation is performed. There are some services, however, where income is collected in advance of a service being delivered; the main areas being Development Control (Planning Fees) and Building Control Fees.

Development Control Fees

Development Control fees are paid upfront at the time the application is submitted and depending on the type or complexity of the application submitted in association with the fees, the work could be carried out over a period of up to potentially 6 months or even longer. Once a 'valid' application has been received, this is when the performance obligation is satisfied as the City Council has agreed to consider and make a decision on the planning application submitted.

As at 31st March 2020, there were 7 applications which were invalid for which a total of £13,461 had been paid upfront for. As this is immaterial, no adjustments have been made to the income as at 31st March 2020.

Building Control Fees

For a Building Control application to be valid, a fee must be paid. No work will be carried out unless the required fee is paid.

As at 31st March 2020, there were no invalid applications that have a financial value attributable to them. Overall, 663 applications were commenced in 2019/20, with 424 outstanding by the year end. The approximate value of these outstanding applications was £55,000. Therefore, no adjustments have been made to the income as at 31st March 2020.

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

2018/19 £000		2019/20 £000
	Revenue from contracts with service recipients	
(396)	Building Control	(393)
(811)	Development Control	(513)
(1,568)	Bereavement Services	(1,686)
(1,584)	Car Parking	(1,470)
(264)	Licensing	(260)
(4,572)	Rental Income from Properties	(4,488)
(2,034)	Other revenue from contracts with service recipients	(2,271)
(11,229)	Total included in Comprehensive Income & Expenditure Statement	(11,081)
19	Impairment of receivables or contract assets	31

Amounts included in the Balance Sheet for contracts with service recipients:

2018/19 £000		2019/20 £000
	Receivables, which are included in debtors	
13	Building Control	23
123	Bereavement Services	134
16	Car Parking	22
280	Rental Income from Properties	825
132	Other revenue from contracts with service recipients	84
564	Total included in Net Assets	1,088

4.15 Agency Income and Expenditure

In the Council's capacity as Billing Authority it acts as an agent in collecting and distributing Council Tax income on behalf of the major preceptors and itself. Only the Councils share of income and expenditure is shown in the Comprehensive Income and Expenditure Statement (£7.808million) (2018/19 - £7.553million).

The Council also acts as an agent in collecting Non-Domestic Rates (NDR) on behalf of the Government and County Council under the Business Rate Retention Scheme. Only the income received due to the City Council share (£5.915million); 2018/19 (£5.634million) is recognised in the Comprehensive Income and Expenditure Statement.

The Council is required to maintain a separate fund for the collection and distribution of amounts due in respect of Council tax and NNDR. The Collection Fund is included as a supplementary statement in these accounts.

4.16 Cumbria Business Rates Pool

During 2019/20, the Council participated in the Cumbria Business Rates Pool in order to benefit the Cumbria area by retaining any levies that would otherwise be payable to Central Government as a result of growth in Business Rates. The pool is made up of Cumbria County Council, Carlisle City Council, Allerdale Borough Council, Barrow Borough Council, Copeland Borough Council, Eden District Council and South Lakeland District Council.

The amount of retained growth kept by the Pool and redistributed is as follows:

2018/19 £000		2019/20 £000
	Retained Levy	
981	Allerdale Borough Council	998
680	Barrow Borough Council	489
1,031	Carlisle City Council	1,084
1,249	Copeland Borough Council	494
660	Eden District Council	823
1,646	South Lakeland District Council	2,004
6,247	Total Retained Levy	5,892
	Pooling Distribution of Retained Levy	
477	Allerdale Borough Council	597
345	Barrow Borough Council	330
489	Carlisle City Council	631
557	Copeland Borough Council	316
303	Eden District Council	456
708	South Lakeland District Council	1,058
2,125	Cumbria County Council	2,504
1,243	Volatility Reserve	0
6,247	Total	5,892

The distribution of the retained levy for the Council is shown within Business Rate Retention income in the Comprehensive Income and Expenditure Statement, along with the Council's own share of the growth achieved in the year (£1,084,414).

4.17 Members Allowances

The Code of Practice on Local Authority Accounting requires that Local Authorities disclose details of allowances paid to elected members during the year. Details of allowances paid in 2019/20 are as follows:

2018/19 £000		2019/20 £000
253	Type of Allowance	
85	Basic Allowance	197
12	Special Responsibility Allowance	85
	Conference/Other Allowances	8
350	Total	290

4.18 Officers' Remuneration

The Accounts and Audit Regulations 2015 require that local authorities disclose details of the number of employees whose remuneration exceeds £50,000 in bands of £5,000. The table below includes senior employees who are also subject to additional disclosure below.

Remuneration includes any payments made on termination of employment, but does not include pension contributions.

The Accounts and Audit Regulations 2015 also now requires that local authorities disclose the individual remuneration details of senior employees by job title for a number of categories if their annual salary is above £50,000. For the purpose of disclosure, senior employees are defined by the Council as Director level and above.

Remuneration Banding (incl Termination Payments)	Number of Employees					
	2019/20	Given Notice During Year	Left During Year	2018/19	Given Notice During Year	Left During Year
Between £50,000 and £54,999	2	0	0	2	0	0
Between £55,000 and £59,999	5	0	0	3	0	0
Between £60,000 and £64,999	1	1	1	1	1	1
Between £65,000 and £69,999	0	0	0	1	0	0
Between £70,000 and £74,999	3	0	0	2	0	0
Between £75,000 and £79,999	1	1	1	1	1	0
Between £80,000 and £84,999	1	0	0	1	0	0
Between £85,000 and £89,999	1	1	0	0	0	0
Between £90,000 and £94,999	1	0	0	1	0	0
Total Number of Employees (Including Senior Employees)	15	3	2	12	2	1

Post	Salaries, fees & allowances	Benefits in Kind (e.g car allowance)	Total Remuneration excluding pension contributions	Pension	Total
2019/20	£000	£000	£000	£000	£000
Chief Executive	111	11	122	17	139
Deputy Chief Executive	89	8	97	14	111
Corporate Director of Governance & Regulatory Services	72	7	79	11	90
Corporate Director of Economic Development	72	7	79	11	90
Corporate Director of Finance and Resources	72	7	79	11	90
Total	416	40	456	64	520

Post	Salaries, fees & allowances	Benefits in Kind (e.g car allowance)	Total Remuneration excluding pension contributions	Pension	Total
2018/19	£000	£000	£000	£000	£000
Chief Executive	109	15	124	17	141
Deputy Chief Executive	87	8	95	14	109
Corporate Director of Governance & Regulatory Services	71	6	77	11	88
Corporate Director of Economic Development	71	6	77	11	88
Corporate Director of Finance and Resources	67	6	73	11	84
Total	405	41	446	64	510

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

	Number of Compulsory Redundancies		Number of other Agreed Departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19 £000	2019/20 £000
£0 - £20,000	2	1	4	3	6	4	77	38
£20,001 - £40,000	3	0	2	0	5	0	152	0
£40,001 - £60,000	1	0	0	2	1	2	49	100
£60,001 - £80,000	0	0	0	1	0	1	0	61
£180,001 - £200,000	0	0	1	1	1	1	187	186
Total	6	1	7	7	13	8	465	385

4.19 External Audit Costs

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

2018/19 £000		2019/20 £000
41	Fees payable to the external auditor with regard to external audit services carried out by the appointed auditors	51
13	Fees payable to the external auditors for the certification of grant claims and returns	9
3	Fees payable to the external auditors for the certification of grant claims and returns for previous years	0
57	Total	60

From 2018/19 the external auditor for the certification of the Housing Benefit Subsidy Claim changed from Grant Thornton UK LLP to Mazars following a procurement exercise.

4.20 Grants, Contributions and Reimbursement Income

The Council credited the following grants, contributions and reimbursements to the Comprehensive Income and Expenditure Statement in 2019/20.

2018/19 £000		2019/20 £000
	Credited to Taxation and Non Specific Grant Income	
	Non Ringfenced Government Grants	
449	Revenue Support Grant	0
1,606	New Homes Bonus	1,565
184	Rural Services Delivery Grant	184
2,239	Total	1,749
	Recognised Capital Grants & Contributions	
19	Play Areas & Open Spaces Contribution	39
139	Crindledyke Cycleway (S106)	0
11	Sands Centre	206
0	Green Gyms	2
169	Total	247
	Grants - Credited to Services	
34	Economic Regeneration	960
104	Supporting Vulnerable People	616
24,590	Housing Benefit Subsidy	21,704
622	Revenues and Benefits	546
7	Exceptional Items	0
981	Other Grants	693
	Reimbursements - Credited to Services	
11	Economic Regeneration	80
4	Supporting Vulnerable People	7
1,408	Revenues and Benefits	859
0	Flood Related	0
646	Other Reimbursements	831
	Contributions - Credited to Services	
0	Economic Regeneration	64
32	Supporting Vulnerable People	62
179	Revenues and Benefits	178
0	Flood Related	0
1,404	Other Contributions	1,329
1,920	Revenue Expenditure funded by Capital	1,987
31,942	Total	29,916
34,350	Total Grants, Contributions and Reimbursements	31,912

4.21 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 will allow 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.

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many 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 Note 4.13 on reporting for resource allocation decisions. Grant receipts receivable at 31 March 2020 are shown in Note 4.20. As at 31 March 2020, the balance of Creditors owing to Central Government departments was £1.585million. The balance of debtors owed from Central Government departments was £0.574million.

Members

Members of the Council have direct control over the council's financial and operating policies. The total of members allowances paid in 2019/20 is shown in Note 4.17. All elected members of the Council were asked to declare any direct financial relationship through outside bodies or companies with the Council for the financial year 2019/20.

Twenty-Five declared an interest in Community Centres around the Carlisle area. The Council paid £190,180 to Community Centres during 2019/20 (2018/19 - £192,580).

2018/19 £000		2019/20 £000
11	Belah Community Centre	11
13	Botcherby Community Centre	13
22	Brampton Community Centre	22
21	Currock Community Centre	21
14	Denton Holme Community Centre	14
9	Greystone Community Centre	9
27	Harraby Community Centre	25
27	Longtown Community Centre	27
29	Morton Community Centre	29
12	Petteril Bank Community Centre	12
7	Yewdale Community Centre	7
192	Grants paid to Community Centres	190

Officers

During 2019/20 16 officers who are considered to be key management personnel were asked to declare any direct financial relationship through outside bodies or companies with the Council for the financial year 2019/20. The response rate was 100%.

There were no material transactions relating to members or senior officers of the Council during 2019/20.

Other Public Bodies

Other related party transactions are as follows:

- the City Council's transactions with the Cumbria County Council Pension Fund, which are shown in Note 4.22 to the Financial Statements. The Council owed £90,042 to the Pension fund at 31 March for transactions in 2019/20, and this is shown as a creditor in the balance sheet.

4.22 Pension Costs

In 2019/20, the City Council paid an employer's contribution of £1,620,245 into the Cumbria County Council Pension Scheme, representing 15.6% plus £935,000 deficit funding (2018/19: £1,620,245 representing 15.6% and £935,000 deficit funding) of pensionable pay. The contribution rate is based on the triennial actuarial valuation carried out at 31 March 2017 by the Fund's Actuary. This contribution rate is effective for the three-year period commencing 1 April 2017. The Council is also responsible for all pension payments relating to unfunded added years benefits awarded to its employees together with any related increases. In 2019/20 the value of these benefits amounted to £286,478 representing 2.64% of pensionable pay (2018/19: £162,000 and 1.55% respectively). The pension costs charged to the Comprehensive Income and Expenditure Statement in accordance with IAS 19 are as follows:

2018/19 £000		2019/20 £000
3,341	Current Service Cost	3,609
62	Administration Expenses	87
3	Past Service Cost / (Gain)	2,068
232	Curtailment Cost	431
(3,805)	Interest on Plan Assets	(3,653)
4,665	Pension Interest Costs	4,626
4,498	Total	7,168
(2,924)	Contributions paid to Pension Scheme	(3,026)
1,574	Contributions (to) / from Pension Reserve	4,142

The reassessment of the pension liability for the effects of the McCloud judgement are shown in the above figures. Further detail can be found at note 4.41.

4.23 Gains/Losses on Sale of Property, Plant and Equipment

The Comprehensive Income and Expenditure Statement includes gains and losses from the sale of Council assets. The value of the gains and losses for the year 2019/20 is as follows: -

2018/19 £000		2019/20 £000
(3)	Preserved Right To Buy Sales	0
168	Other	16
165	Total	16

4.24 Revenue Expenditure Funded from Capital Under Statute

Items of revenue expenditure funded from capital under statute, which are not financed by government grants, are written off to the Comprehensive Income and Expenditure Statement during the year. The value for 2019/20 is as follows: -

2018/19				2019/20		
Expend- iture £000	Grants Utilised £000	Amounts Written Off £000		Expend- iture £000	Grants Utilised £000	Amounts Written Off £000
2,134	(1,811)	(323)	Disabled Facilities Grants	2,252	(1,937)	(315)
0	0	0	Castleway Crossing	1,338	0	(1,338)
719	(109)	(610)	Other	300	(50)	(250)
2,853	(1,920)	(933)	Total	3,890	(1,987)	(1,903)

4.25 Revaluations Charged to CIES

During 2019/20 the value of Non-Current Assets that were revalued and charged to the surplus/deficit on Provision of Services within the Comprehensive Income and Expenditure Statement were £2.069million (2018/19: £2.212million). This was split between investment properties £2.336million (downward revaluation) (2018/19: £2.400million (downward revaluation) and other items of Property, Plant and Equipment and surplus assets £0.267million (upward revaluation) (2018/19: £0.188million (upward revaluation). Change in fair value of Investment Properties were charged to the Comprehensive Income and Expenditure Statement under Financing and Investment Income as per Note 4.8. Movements in other Property, Plant and Equipment are shown in the Comprehensive Income and Expenditure Account within Net cost of Services. The table below shows the service line that all revaluations were originally charged to.

2018/19 £000		2019/20 £000
(298)	Community Services	(198)
110	Governance and Regulatory Services	(69)
(188)	Total Included in Net Cost of Services	(267)

Balance Sheet**4.26 Property Plant and Equipment**

2019/20	OPERATIONAL					NON OPERATIONAL		Total £000
	Council Dwelling £000	Other Land & Buildings £000	Vehicles Equip & Plant £000	Infra- structure £000	Community Assets £000	Assets under Constr £000	Surplus assets £000	
Cost or Valuation								
Valuation as at 1 April 2019	201	30,665	16,330	6,119	4,076	1,470	884	59,745
Additions/Enhancements	0	196	1,033	6	52	2,748	0	4,035
Disposals	0	(68)	(894)	0	0	0	0	(962)
Reclassifications	0	(80)	0	0	0	0	80	0
Revaluations Taken to Revaluation Reserve	0	1,498	0	0	0	0	2	1,500
Revaluations Charged to Surplus/Deficit on Provision of Services 2019/20	0	44	0	0	0	0	(5)	39
Valuation as at 31 March 2020	201	32,255	16,469	6,125	4,128	4,218	961	64,357
Depreciation								
Accumulated Dep'n at 1 April 2019	0	0	(10,106)	(896)	0	0	0	(11,002)
Depreciation Charge to CIES 2019/20	(5)	(940)	(1,299)	(115)	0	0	0	(2,359)
Depreciation on Disposals	0	4	832	0	0	0	0	836
Depreciation w/out to Revaluation Reserve	5	697	0	0	0	0	0	702
Depreciation w/out to Surplus/Deficit on Provision of Services	0	239	0	0	0	0	0	239
Accumulated Dep'n at 31 March 2020	0	0	(10,573)	(1,011)	0	0	0	(11,584)
Net Book Value at 31 March 2020	201	32,255	5,896	5,114	4,128	4,218	961	52,773
Net Book Value at 31 March 2019	201	30,665	6,224	5,223	4,076	1,470	884	48,743
Nature of Asset holding								
Owned	201	32,255	5,896	5,114	4,128	4,218	961	52,773
	201	32,255	5,896	5,114	4,128	4,218	961	52,773
Historic Cost Valuation								
Net Book Value 31 March 2020	138	21,173	5,896	5,114	4,128	4,218	895	41,562
Net Book Value 31 March 2019	143	21,462	6,224	5,223	4,076	1,470	856	39,454

Note: Valuations and Accumulated depreciation brought forward as at 1 April 2019 for Land and Buildings and Council Dwellings as had to be amended due to rounding anomalies.

2018/19	OPERATIONAL					NON OPERATIONAL		Total £000
	Council Dwelling £000	Other Land & Buildings £000	Vehicles Equip & Plant £000	Infra- structure £000	Community Assets £000	Assets under Constr £000	Surplus assets £000	
Cost or Valuation								
Valuation as at 1 April 2018	200	29,601	16,207	5,870	4,021	25	1,153	57,077
Additions/Enhancements	0	457	789	249	30	1,479	0	3,004
Disposals	0	(20)	(663)	0	0	(34)	(180)	(897)
Reclassifications	0	(5)	0	0	25	0	(20)	0
Revaluations Taken to Revaluation Reserve	0	628	0	0	0	0	10	638
Revaluations Charged to Surplus/Deficit on Provision of Services 2018/19	0	4	0	0	0	0	(79)	(75)
Valuation as at 31 March 2019	200	30,665	16,333	6,119	4,076	1,470	884	59,747
Depreciation								
Accumulated Dep'n at 1 April 2018	(2)	(15)	(9,530)	(788)	0	0	0	(10,335)
Depreciation Charge to CIES 2018/19	(4)	(932)	(1,241)	(108)	0	0	0	(2,285)
Depreciation on Disposals	0	1	662	0	0	0	0	663
Depreciation w/out to Revaluation Reserve	7	682	0	0	0	0	0	689
Depreciation w/out to Surplus/Deficit on Provision of Services	0	264	0	0	0	0	0	264
Accumulated Dep'n at 31 March 2019	1	0	(10,109)	(896)	0	0	0	(11,004)
Net Book Value at 31 March 2019	201	30,665	6,224	5,223	4,076	1,470	884	48,743
Net Book Value at 31 March 2018	198	29,586	6,677	5,082	4,021	25	1,153	46,742
Nature of Asset holding								
Owned	201	30,665	6,224	5,223	4,076	1,470	884	48,743
	201	30,665	6,224	5,223	4,076	1,470	884	48,743
Historic Cost Valuation								
Net Book Value 31 March 2019	143	21,462	6,224	5,223	4,076	1,470	856	39,454
Net Book Value 31 March 2018	148	21,434	6,677	5,082	4,021	25	1,135	38,522

Note: Accumulated depreciation brought forward as at 1 April 2018 for Land and Buildings has had to been amended due to rounding anomalies.

Note: The figure shown for accumulated impairment as at 31 March 2018 was incorrectly stated and should have been shown as accumulated depreciation from 1 April 2018. This is reflected in the 2018/19 table above.

(a) Depreciation

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

Asset Category	Rate	Basis
Dwellings & Other Buildings	5 – 50 Years	Straight Line
Infrastructure Assets	40 – 80 Years	Straight Line
Vehicles, Plant, Furniture & Equipment	3 – 20 Years	Straight Line
Intangible Assets	3 – 5 Years	Straight Line

(b) Capital Commitments

At 31 March 2020, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years; budgeted to cost £7,767,000. Similar commitments at 31 March 2019 were £895,000. The major commitments are:

2018/19 £000		2019/20 £000
408	Improvement Grant Commitments	680
0	Gateway 44	3,397
487	Vehicle Replacements	671
0	Civic Centre Redevelopment	3,019
895		7,767

A significant capital redevelopment of the Sands Centre Leisure Centre is underway but the level of capital commitments as at 31 March 2020 could not be fully quantified due to contracts still being finalised.

(c) Effects of Changes in Estimates

In 2019/20, the Council made no material changes to its processes and techniques for making accounting estimates for Property, Plant and Equipment.

4.27 Bases of Valuation

From 1 April 1994 all of the City Council's property, plant and equipment have been valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Details of the valuation bases applied are set out in Note 4.0 (Statement of Accounting Policies).

Valuations are carried out via an annual revaluation programme. Valuations for 2019/20 were carried out by R Richardson (Building and Estates Manager) RICS and C Smith (Carigiet Cowen) BSc MRICS as at 31 March 2020. Community Assets, Vehicles, Plant and Equipment and Infrastructure assets are all held at Historic Cost and are not subject to revaluations.

The table below shows the number and types of asset the Council reports on its balance sheet:

31 March 2019		31 March 2020
1	Civic Centre	1
11	Depots and Workshops	11
13	Off Street Car Parks	13
1	Leisure Centres	1
1	Swimming Pool	1
2	Museums	2
250ha	Parks & Recreation Grounds	250ha
1	Market Hall	1
3	Cemeteries	3
4	Hostels/Homeshares	4
1	Crematorium	1
75	Industrial Units	75
12	Community Centres	12
7	Industrial Estates	7

4.28 Investment Properties

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. The Council has obligations for repairs and maintenance on some of its investment properties.

The Council does not classify any property interests held under operating leases as Investment Properties.

The fair value of Investment property held on the Balance Sheet is based on the valuations which are reviewed annually. Valuations for 2019/20 were carried out by R Richardson (Building and Estates Manager) RICS and C Smith (Carigiet Cowen) BSc MRICS. These valuations were based on market conditions and known factors currently affecting specific assets, e.g. assets in the process of being marketed to sale.

2018/19 £000		2019/20 £000
87,484	Opening Balance at 1 April of Investment Property	85,038
6	Additions to existing assets	169
(52)	Disposals	(2,966)
(2,400)	Net gains or losses from fair value adjustments	(2,336)
85,038	Closing Balance at 31 March of Investment Property	79,905

4.28a Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2020 are as follows:

2019/20 Recurring Fair Value Measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other Significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2020 £000
Development Land	0	418	10,076	10,494
Retail	0	28,230	2,433	30,663
Industrial Sites	0	3,310	32,902	36,212
Residential	0	538	463	1,001
Education	0	0	275	275
Office Units	0	0	1,060	1,060
Airport	0	0	200	200
Total	0	32,496	47,409	79,905

2018/19 Recurring Fair Value Measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other Significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2019 £000
Development Land	0	418	13,023	13,441
Retail	0	29,940	3,815	33,755
Industrial Sites	0	3,240	32,169	35,409
Residential	0	538	310	848
Education	0	0	275	275
Office Units	0	0	1,110	1,110
Airport	0	0	200	200
Total	0	34,136	50,902	85,038

4.28b Transfers between Levels of the Fair Value hierarchy

There were no transfers between Levels 1 and 2 during the year and also no transfers between Levels 3 and 2.

4.28c Valuation Techniques used to determine Level 2 and 3 Fair Values for Investment Properties**Significant Observable Inputs – Level 2**

The fair value for retail, (at market rents) has been based on the direct market evidence available at the time of valuation.

Significant Unobservable Inputs – Level 3

The industrial sites located in the local authority area are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the council's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The council's development land has been valued using the market method of available market data with consideration given to the variables that will have an impact on the valuations.

4.28d Highest and Best Use of Investment Properties

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

4.28e Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

4.28f Reconciliation of Fair Value Measurements (using significant unobservable inputs categorised within Level 3 of the Fair Value Hierarchy)

2018/19 £000	Assets categorised within Level 3	2019/20 £000
51,872	Opening Balance	50,902
(60)	Transfers out of Level 3	0
(931)	Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(684)
21	Additions/enhancements	157
0	Disposals	(2,966)
50,902	Closing Balance	47,409

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

4.28g Quantitative information about Fair Value Measurement in Investment Properties using significant Unobservable Inputs – Level 3

The table below shows where the income method has been used to measure Fair Value:

	Value as at 31/03/20 £000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Retail	2,433	Investment - Term & Reversion	All Risks Yield (ARY)	4% - 12.0% (4.25% - 12.0%)	Changes in the ARY as a result of vacancy rates and rental income will result in a significantly higher or lower fair value
Industrial Sites	32,902	Investment - Term & Reversion	All Risks Yield (ARY)	5.0% - 8.0% (5.0% - 6.0%)	Changes in the ARY adopted for the income will result in significantly higher or lower fair value
Education	275	Investment - Term & Reversion	All Risks Yield (ARY)	10.0% - 12.0% (12.0%)	Significant changes in the ARY will result in a significantly higher or lower fair value
Office	1,060	Investment - Term & Reversion	All Risks Yield (ARY)	10.0% - 12.0% (12.0%)	Significant changes in the ARY will result in a significantly higher or lower fair value

Other investment properties categorised as Level 3 that have been measured using market conditions are explained below:

	Value as at 31/03/20 £000	Valuation technique used to measure fair value	Valuers comments and sensitivity
Development Land	10,076	Market	The Fair Value measurement of assets of this type is affected significantly by locational factors and lack of direct market comparable evidence. Further unknown factors such as planning and ground conditions and subsequent remediation works can have a significant impact on Fair Value measurement, and could result in a significantly higher or lower fair value.
Airport	200	Market	The Fair Value measurement of this asset is affected significantly by investor perception of windfall income for this asset.
Residential	463	Market	The Fair Value measurement of these assets has been significantly affected by the ongoing risk of flood events and limited availability of suitable market evidence.

4.28h Valuation process for Investment properties

The fair value of the council's investment property is measured annually at each reporting date. All valuations are carried out by a combination of internal and external valuers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

4.29 Surplus Properties

The fair value of Surplus property held on the Balance Sheet is based on the valuations which are reviewed annually. Valuations for 2019/20 were carried out by R Richardson (Building and Estates Manager) RICS and C Smith (Carigiet Cowen) BSc MRICS. These valuations were based on market conditions and known factors currently affecting specific assets, e.g. assets in the process of being marketed to sale.

4.29a Fair Value Hierarchy

Details of the Council's Surplus properties and information about the fair value hierarchy as at 31 March 2020 are as follows:

2019/20 Recurring Fair Value Measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other Significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2020 £000
Development Land	0	200	320	520
Retail	0	0	341	341
Residential	0	0	100	100
Total	0	200	761	961

2018/19 Recurring Fair Value Measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other Significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2019 £000
Development Land	0	200	240	440
Retail	0	0	348	348
Residential	0	0	96	96
Total	0	200	684	884

4.29b Transfers between Levels of the Fair Value hierarchy

There were no transfers between Levels 1 and 2 during the year.

4.29c Highest and Best Use of Surplus Properties

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

4.29d Valuation Techniques used to determine Level 2 and 3 Fair Values for Investment Properties**Significant Observable Inputs – Level 2**

The fair value for retail, (at market rents) has been based on the direct market evidence available at the time of valuation.

Significant Unobservable Inputs – Level 3

The council's development land has been valued using the market method of available market data with consideration given to the variables that will have an impact on the valuations.

4.29e Reconciliation of Fair Value Measurements (using significant unobservable inputs categorised within Level 3 of the Fair Value Hierarchy)

2018/19 £000	Assets categorised within Level 3	2019/20 £000
953	Opening Balance	684
0	Transfers into Level 3	80
(20)	Transfers out of Level 3	0
(69)	Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(3)
(180)	Disposals	0
684	Closing Balance	761

Gains or losses arising from changes in the fair value of the surplus property are recognised in either the Net Cost of Services in the Comprehensive Income and Expenditure Statement or the Revaluation Reserve on the Balance Sheet.

4.30 Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets held by the Authority

	Statues, Monuments & historic Land- marks £000	Pictures, Prints & Sculpture £000	China, Glass & Porcelain £000	Archaeol- ogy £000	Natural History £000	Other Museum Collection £000	Civic Regalia £000	Total £000
Cost or Valuation								
Valuation as at 1 April 2018	817	14,000	950	1,300	500	1,550	385	19,502
Additions	1	0	0	0	0	0	0	1
Revaluations for additions	(1)	0	0	0	0	0	0	(1)
Valuation as at 31 March 2019	817	14,000	950	1,300	500	1,550	385	19,502
Cost or Valuation								
Valuation as at 1 April 2019	817	14,000	950	1,300	500	1,550	385	19,502
Additions	11	0	0	0	0	0	0	11
Revaluations for additions	(11)	0	0	0	0	0	0	(11)
Valuation as at 31 March 2020	817	14,000	950	1,300	500	1,550	385	19,502

a) Statues, Monuments and Historic Landmarks

The Council's collection of statues, monuments and historic landmarks are carried at Historic cost where known. This is primarily assets that have been previously been classified as Community assets and includes, Dixons Chimney, West Walls, Castle Banks and the Public Realm works for the Roman Frontier.

Other statues and monuments are not recorded on the balance sheet as valuation is not considered to be possible. These include the following assets:

- Market Cross, Greenmarket
- Queen Victoria Statue, Bitts Park
- James Creighton Statue, Hardwicke Circus,
- James Steel Statue, English Street
- Earl of Lowther Statue, The Crescent
- Cenotaph, Rickerby Park
- War Memorial, Greenmarket

- War Memorial, Richardson St Cemetery
- War Memorial, Botcherby Community Centre
- War Memorial, Stanwix Cemetery
- Hyssop Holme Well, Etterby

b) Pictures, Prints and Sculptures

The Council's collection of pictures, prints and sculptures is reported in the Balance Sheet at insurance valuation. The schedule covers some 4,800 items. The insurance cover is renewed annually and valuations are adjusted to reflect market indices or any known changes to values. There is one item that has an individual valuation of £600,000 and this is a painting from 1868 titled Risen at Dawn; Gretchen Discovering Faust's Jewels, by Dante Gabriel Charles Rossetti. There are a further 4 items with an individual valuation of £250,000 each and a further 10 items valued over £100,000 each.

c) China, Glass and Porcelain

The Council's collection of china, glass and porcelain is reported in the Balance sheet at insurance valuation. The schedule covers some 800 items. The insurance cover is renewed annually and valuations are adjusted to reflect market indices or any known changes to values. There are no significant individual items, the largest single valuation being £15,000 for a figurine.

d) Archaeology

The Council's collection of archaeology is reported in the Balance sheet at insurance valuation. The schedule covers some 20,000 items. The insurance cover is renewed annually and valuations are adjusted to reflect market indices or any known changes to values.

e) Natural History

The Council's collection of natural history is reported in the Balance sheet at insurance valuation. The schedule covers some 816,500 items. The insurance cover is renewed annually and valuations are adjusted to reflect market indices or any known changes to values.

f) Other Museum collection

The Council's other museum collections include items of social history, silver, coins and medals, fire-arms, musical instruments and costumes and clothing and is reported in the Balance sheet at insurance valuation. The schedule covers c.22,000 items. The insurance cover is renewed annually and valuations are adjusted to reflect market indices or any known changes to values. There is one significant item within this part of the collection that is valued at £500,000.

g) Civic Regalia

The Council's Civic Regalia is reported in the Balance sheet at insurance valuation. The insurance cover is renewed annually and valuations are adjusted to reflect market indices or any known changes to values.

h) Other heritage assets not included in the balance sheet

The Council's owns other items that are classified as heritage assets but which do not hold a valuation and for which it would not be cost effective to obtain a valuation. These include:

- Mayoral picture gallery, Civic Centre
- Various pictures, sculptures and paintings, 1st floor Civic Centre

4.31 Heritage Assets: Further information on the Museum's Collections

The collections fall into four main areas: Archaeology, Social History, Natural Sciences and Fine and Decorative Arts. Human history collections are centred on the **Social History** of Carlisle District, and the **Archaeology** of North Cumbria; **Natural Sciences** encompasses the flora, fauna and geology of Cumbria; and **Fine and Decorative Arts** includes British fine and decorative art, with particular reference to North Cumbria.

Fine and Decorative Art

a) Scope of the Collections

Wide ranging fine art collection consisting of 4,800 paintings, watercolours, drawings, prints, photographs, sketch books and sculpture by mainly British artists dating from about 1650 to the present day. This collection is mostly of regional significance but also includes works of national importance. Notable elements include:

Purchase Scheme 1933-75 (200 works)

Collection of 20th century British art including works of national importance. Key artists represented include: Stanley Spencer, William Rothenstein, Wyndham Lewis, Esmond Lowinsky, Vanessa Bell, Lucien Pissarro, Charles Ginner, L S Lowry, John Nash, Eric Ravilious, Carel Weight, Peter Blake and Roger de Grey.

Emily and Gordon Bottomley Bequest 1949 (600 works)

Collection of 19th and 20th century British art including works of national importance. Key artists represented include Pre-Raphaelites: Dante Gabriel Rossetti, Elizabeth Siddal, William Morris, Edward Burne-Jones, Ford Madox Brown and Arthur Hughes. Other key artists represented include Samuel Palmer, Charles Ricketts and Paul Nash.

Carel Weight Bequest 1999 (91 works)

Important collection of late 19th and 20th century mainly British art. Key artists represented include Lucien Pissarro, Stanley Spencer, L S Lowry, Thomas Barclay Hennell and Carel Weight.

Pre-Raphaelite Collection (48 works)

Nationally important collection of works by the Pre-Raphaelites acquired from the Howard family, William Rothenstein, the Purchase Scheme and Gordon Bottomley. Key artists listed above.

Local Art and Artists Collection (1,000 works)

Important collection of works by local and visiting artists many of which relate to northern Cumbria. Key artists represented include Sam Bough, William James Blacklock, Winifred Nicholson, Sheila Fell, Julian Cooper, Donald Wilkinson, Jem Southam and Keith Tyson.

Decorative Art (1,500 items)

Wide ranging collection mostly consisting of ceramics including the Williamson Bequest (1940) of 800 pieces of 18th and 19th century English porcelain, all major factories represented. The bequest also includes a 17th century table clock by Joseph Knibb of London. Textiles include a good collection of quilts (40). Items associated with the Arts and Crafts Movement include costume, textiles, furniture, ceramics and metalwork. A small collection of musical instruments includes strings by the Forster family and a decorated violin by Andrea Amati (1564).

Natural Sciences

a) Scope of the collections

Regionally significant collections of zoological, botanical and geological material, totalling some quarter of a million specimens. These collections are particularly strong in material of Cumbrian provenance and provide a unique resource relating to the landscape and biodiversity of the region.

Zoology (c. 210,000 items)

Significant collection of British birds and mammals (mounts and skins) and birds' eggs; some vertebrate skeletal material; extensive and significant collections of British insects; British and foreign Mollusca.

Botany (c. 26,000 items)

Lakeland and British herbaria, including mosses and lichens.

Fungi (c. 1,500 items)

Developing collection of Cumbrian fungi with special focus on montane and grassland species.

Geology (c.9,000 items)

Substantial holdings of fossil, rock and mineral material. Includes a major Cumbrian mineral collection and an important 19th century fossil collection

Cumbria Biodiversity Data Centre (570,000 records)

Tullie House operates the local biodiversity data centre for Cumbria, in partnership with a number of funding organisations. The computer database presently includes some 50,000 records deriving from specimens in the collections.

Social History**a) Scope of Collections** (c.22,000 items)

A wide-ranging collection of objects, ephemera and photographs (plus a limited range of oral history recordings and audio visual footage) relating to personal, community and working life in Carlisle district from the 1644-5 Civil War onwards. This includes a large collection of men's, ladies', children's and infants' costume and accessories dating from 1700 to the present.

The collections include a good general representation of working, domestic and recreational activities. Material includes items from the 1745 Jacobite Rising, 17th/18th century silver of the city and its trade guilds, coins and medallions from 16th to 20th centuries, Carlisle made watches, long case clocks and firearms, State Management branded pub material, traditional Cumbrian sports trophies and accessories, ephemera relating to 20th Carlisle Pageants and fairs, tools, equipment and products of local industry and agriculture, the Blue Streak Rocket Project Archive, costumes of notable individuals including Margery Jackson and Pilot Tadeusz Felc.

Archaeology**a) Scope of Collections** (c.20,000 items)

The collections cover the period from the arrival of humans into Cumbria up to the 1644-5 Civil War. It consists of artefacts and their associated documentation covering the whole period. This documentation includes original paper documents, photographs, digital records, publication offprints and other secondary sources. In addition, the museum is a repository for excavation archives undertaken by various bodies in the area, including English Heritage, Oxford Archaeology North, and North Pennines Archaeological Trust.

There are important items within the collections from the whole period. These include: rough-out material from the Langdale stone axes factories, pottery from Ehenside Tarn and Old Walls, a stone spear-mould from Croglin, a gold neck-ring from Greysouthern, and cemetery material from Garlands and Aglionby, which date to the prehistoric period. The material relating to the Roman occupation includes an internationally important collection of inscribed and sculptured stones from Carlisle and Hadrian's Wall as well as domestic and military material. The post-Roman and Early Medieval period includes objects from Viking burials at Ormside, Hesket and Cumwhitton and a Saxon sword from the River Thames. The medieval life of the city is represented by coins struck at the Carlisle Mint, ceramics from Carlisle and further away, city bell, muniment chest and stocks. The Elizabethan period is covered by weights and measures and racing bells. In addition, there is a fine collection of British coinage of all periods. A notable point about the collection is that the waterlogged conditions that can be found in the archaeological layers of Carlisle allow the preservation of wood and leather artefacts that do not survive in other places.

Preservation and Management

As the museum holds, and intends to acquire, archives, including photographs and printed ephemera. Its governing body will be guided by the Code of Practice on Archives for Museums and Galleries in the United Kingdom (3rd ed., 2002). The Council's policy on acquisition, disposals and management of Heritage assets provides further information on this.

4.32 Financial Instruments

(a) Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets

	Non Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	31-Mar 2020 £000	31-Mar 2020 £000	31-Mar 2020 £000	31-Mar 2020 £000	31-Mar 2020 £000
2019/20					
Fair Value through Profit & Loss	3,313	0	0	0	3,313
Amortised Cost	0	125	27,708	4,175	32,008
Total Financial Assets	3,313	125	27,708	4,175	35,321
Non-Financial Assets	0	0	0	1,619	1,619
Total	3,313	125	27,708	5,794	36,940

N.B Current investments includes cash and cash equivalents

	Non Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	31-Mar 2019 £000	31-Mar 2019 £000	31-Mar 2019 £000	31-Mar 2019 £000	31-Mar 2019 £000
2018/19 Comparators					
Fair Value through Profit & Loss	3,436	0	0	0	3,436
Amortised Cost	0	139	16,147	2,177	18,463
Total Financial Assets	3,436	139	16,147	2,177	21,899
Non-Financial Assets	0	0	0	768	768
Total	3,436	139	16,147	2,945	22,667

Financial Liabilities

	Non Current		Current		Total
	Borrowings 31-Mar 2020 £000	Creditors 31-Mar 2020 £000	Borrowings 31-Mar 2020 £000	Creditors 31-Mar 2020 £000	
2019/20					
Amortised Cost	13,287	1,764	15,978	2,254	33,283
Total Financial Liabilities	13,287	1,764	15,978	2,254	33,283
Non-Financial Liabilities	0	0	0	3,200	3,200
Total	13,287	1,764	15,978	5,454	36,483

	Non Current		Current		Total
	Borrowings 31-Mar 2019 £000	Creditors 31-Mar 2019 £000	Borrowings 31-Mar 2019 £000	Creditors 31-Mar 2019 £000	
2018/19 Comparators					
Amortised Cost	15,000	1,078	963	2,066	19,107
Total Financial Liabilities	15,000	1,078	963	2,066	19,107
Non-Financial Liabilities	0	0	0	4,887	4,887
Total	15,000	1,078	963	6,953	23,994

Financial Instruments Designated at Fair Value through Profit or Loss

The Council only holds one Financial Asset designated at Fair Value through Profit or Loss. This is the long-term investment held in the CCLA property fund. The Council originally invested £3million (before entry costs) in 2014/15. The investment now has a notional value of £3.313million. The notional gain from this investment is held in the Pooled Investment Fund Adjustment account. This investment is held as a long-term investment for the Council due to the illiquid nature of the holding. Therefore, fluctuations in property valuations will determine the gains and losses in fair value. The fund invests in different classifications of property and at 31 March 2020 had an overall fund value of £1.206billion, making the Council's investment 0.27%.

The Council has seen its initial investment grow by £476,000 since 2014/15 and has benefited from increased investment dividend returns over the time period when compared to standard investments with banks and building societies.

Although historical performance is not a guarantee of future performance, the investment is held for the longer term and will be linked to the overall performance of the fund which will be affected by property values and rental income generated. Therefore, credit risk is considered to be low.

The outbreak of the COVID-19 pandemic has the potential to have a serious and immediate impact on the property industry. Transaction volumes which were already depressed, fell again upon the outbreak, which makes it increasingly difficult for valuers to keep in touch with market trends.

As it looks as though the outbreak of the virus is being felt most strongly in the retail areas as investors become concerned over the security of rental income and the ability of some assets and locations to bounce back when recovery comes. The portfolio the CCLA fund holds continues to have a bias towards industrial and office assets and away from retail; conventional stores provide less than 4% of total rental income.

It is likely that there will be further reductions in the valuation of the council's investment over the coming months as the impact of the virus is greater understood, however, the Council's investment has made over 10% gains in investment valuation since the initial investment, and it continues to receive dividends that exceed the standard returns on investment through money market transactions.

(b) Income, Expense, Gains and Losses

2018/19			2019/20	
Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000		Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
(53)	0	Net (Gains)/Losses on:	123	0
84	0	Financial Assets measured at Fair Value through Profit or Loss	33	0
		Financial Assets measured at Amortised Cost		
31	0	Total Net (Gains)/Losses	156	0
		Interest Revenue:		
(147)	0	Financial Assets measured at Fair Value through Profit or Loss	(146)	0
(174)	0	Financial Assets measured at Amortised Cost	(296)	0
(321)	0	Total Interest Revenue	(442)	0
		Interest Expense:		
1,306	0	Financial Liabilities measured at Amortised Cost	1,445	0
1,306	0	Total Interest Expense	1,445	0

(c) Fair Value of Assets & Liabilities carried at Amortised Cost

Financial liabilities and financial assets carried in the Balance Sheet at amortised cost. Their fair values are calculated as follows:

- The Council has based its fair value report on the borrowing/deposit rate for the same financial instrument from a comparable lender.
- A consistent approach has been applied to assets and liabilities.
- Estimated fair values have been calculated using the equivalent market interest rates as at 31 March 2020
- Early repayment or impairment is not recognised; and
- The fair value of operational liabilities and receivables is taken to be the invoiced or billed amount.
- The valuation basis adopted in this report uses **Level 2** Inputs – i.e. inputs other than quoted prices that are observable for the financial asset/liability.

31 March 2019			31 March 2020	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
15,963	17,197	Financial Liabilities held at amortised cost	29,265	28,073
1,078	1,078	Long Term Creditors	1,764	1,764
2,066	2,066	Short Term Operational Creditors	2,254	2,254
19,107	20,341	Total	33,283	32,091

The fair value is less than the carrying amount in 2019/20 because the Council's loan portfolio includes fixed rate loans where the interest rate payable is less than the rates available for similar loans at the Balance Sheet date.

31 March 2019			31 March 2020	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
14,547	14,547	Financial Assets held at amortised cost	23,065	23,065
139	139	Long Term Debtors	125	125
2,177	2,177	Short Term Debtors	4,175	4,175
1,600	1,600	Cash & Cash Equivalent	4,643	4,643
18,463	18,463	Total	32,008	32,008

Short Term Debtors and Creditors are carried at cost as this is a fair approximation of their value.

(d) Fair Values of Financial Assets through Profit or Loss

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

2018/19 £000		Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	2019/20 £000
3,436	Financial Assets measured at Fair Value through profit or loss	Level 1	Unadjusted quoted priced in active markets for identical shares	3,313
3,436	Total			3,313

(e) Risks arising from Financial Instruments

The Council's 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 payment commitments; and
- **market risk** – the possibility that a financial loss might arise for the Council as a result of movements in interest rates.

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. Risk management is carried out by the Finance team, under policies approved by Council in the Annual Treasury Management Strategy Statement. The Council also maintains Treasury Management Practices (TMP's) that provide written principles for overall risk management as well as specific areas covering interest rate risk, credit risk and the investment of surplus cash.

(f) Credit Risk

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposure from the Council's customers. This risk is minimised through the annual investment strategy, which is available on the council's website at www.carlisle.gov.uk.

Credit Risk Management Practices

The Council's credit risk management practices are set out in section 10 and appendix B of the Treasury Management Strategy Statement.

Investments are not placed with credit rated banks and other financial institutions unless they have a minimum credit rating of Short-term P1, Support C or equivalent (Based on Moody's Credit Ratings). Some investments are placed with Building Societies that do not have a formal credit rating. This policy is dictated by the size of the Society (minimum £1billion Assets) and is grounded upon the strict regulatory regime with which all building societies must comply. The Council has a policy of not lending more than £6million of its surplus balances to any one appropriately credit rated institution (specific counterparties have been increased to £10million), with no more than 50% held as non-specified investments i.e. investments with a period to maturity of more than one year or placed with an institution without a formal credit rating.

The Council receives continual and up-to-date updates from its Treasury advisors on the credit ratings of all potential counterparties. As at 31 March the council's investment portfolio for Financial Assets held at amortised cost was as follows with the expected potential credit loss being immaterial.

Counterparty	Principal £000	Moody's Short Term Credit Rating	Historic Risk of Default	Expected Credit Loss £
Santander UK PLC	2,000,000	P1	0.024%	478
Santander UK PLC	3,000,000	P1	0.024%	717
HSBC UK Bank	5,000,000	P1	0.004%	206
HSBC UK Bank	2,000,000	P1	0.004%	82
Bank of Scotland PLC	2,000,000	P1	0.017%	335
Goldman Sachs International Bank	1,000,000	P1	0.003%	27
Goldman Sachs International Bank	1,000,000	P1	0.003%	32
Bank of Scotland PLC	2,000,000	P1	0.021%	417
Bank of Scotland PLC	2,000,000	P1	0.029%	582
Santander UK PLC	1,000,000	P1	0.006%	60
Bank of Scotland PLC	1,000,000	P1	0.035%	348
Bank of Scotland PLC	1,000,000	P1	0.035%	348
Svenska Handelsbanken PLC	3,400,000	AA	0.000%	2
	26,400,000			3,634

Amounts arising from Expected Credit Losses

The following analysis summarises the Council's potential maximum credit risk exposure, based on the experience gathered over the last five financial years, on the level of default on loans and receivables and adjusted for current market conditions:

	Value at 31 March 2020 £000	% Default based on previous experience	% Default adjusted for current market conditions	Estimated maximum exposure to default £000
Deposits with banks and other financial institutions	31,021	Nil	Nil	0
Gross Operational Debtors	5,599	44.24%	25.44%	1,424
				1,424

The percentage defaults shown in the above table are high due to the potential bad debt provision of £1,386,000 in relation to Housing Benefit overpayments. The remainder of the bad debt provision relates to sundry debtors and car park fines.

The Council does not expect any losses in respect of non-performance by counter-parties in relation to its wholesale deposits.

The Council does not generally allow credit to its customers. The current value at 31 March 2020 of outstanding debt excluding Housing Benefit Overpayments is £1.678million. Of this amount £0.962million is past its due date for payment. The aged-debt analysis of this sum is as follows:

2018/19 £000		2019/20 £000
376	Less than 3 months	715
8	3-5 months	9
213	More than 5 months	238
597	Total	962

In determining expected credit losses for trade receivables, the Council utilises the lifetime expected credit loss measurement basis under the simplified approach as per the Code of Practice. This approach determines the age of debts and applies the historical likelihood of debt recovery for debts of similar ages.

During the period the movement on the bad debt provision that related to customers including Housing Benefit Overpayments was as follows:

2018/19 £000		2019/20 £000
1,512	Opening Balance	1,502
(94)	Write Offs in Year	(111)
84	(Decrease)/Increase to Provisions	33
1,502	Closing Balance	1,424

(g) Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The budget set in February 2020 has identified a future borrowing requirement in order to finance new capital expenditure.

The maturity analysis of loans and borrowings within financial liabilities is as follows:

2018/19 £000		2019/20 £000
482	Less than 1 year	15,978
15,000	Between 1 and 2 years	950
0	Between 2 - 5 years	1,425
0	Over 5 years	10,912
15,482	Total	29,265

(h) Market Risk

The Council is exposed to some risk due to movements in interest rates on its loans and investments. As nearly all of the Council's borrowing and investments have been placed at fixed rates, this risk has to a large extent been minimised. Nevertheless, there remain some risks:

- An increase in interest rates will result in a fall in the fair value of borrowings and investments.

- A decrease in interest rates will result in a rise in the fair value of borrowings and investments.
- The value of interest received from investments will rise or fall depending on increases and decreases in interest rates and will impact on the Comprehensive Income and Expenditure Statement.

Borrowings and short-term investments are not carried in the Balance Sheet at fair value, so nominal gains and losses on fixed rate financial instruments have no impact on the Comprehensive Income and Expenditure Statement.

If interest rates had been 1% higher and all other variables were held constant the financial effect would have been:

	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Impact on Surplus/Deficit on provision of services	0
Decrease in Fair Value of investments (Excluding Property Fund)	0
Decrease in Fair Value of Borrowings	(1,445)

The approximate impact of a fall in interest rates by 1% would have had the same impact as above but would have reversed the movements.

The Council carries out its borrowing and investment function within parameters set out in its Treasury Management Strategy, which assesses interest rate exposure to feed into the budget process. Forecasts are updated regularly throughout the year, which allows any significant changes to interest rates to be reflected in current budget projections. The Treasury Management Strategy also advises on the limits for new variable and fixed-rate borrowing for the year.

4.33 Short Term Debtors

2018/19 £000		2019/20 £000
448	Central Government Bodies	574
224	Other Local Authorities	203
3,975	Bodies external to government	6,676
(1,702)	Expected Credit Losses	(1,659)
2,945	Total	5,794

4.34 Cash and Cash Equivalents

2018/19 £000		2019/20 £000
(481)	Cash and Bank	1,243
1,600	Short Term Investments with maturity of less than 3 months	3,400
1,119	Total	4,643

4.35 Assets Held for Sale

2018/19 £000		2019/20 £000
382	Balance outstanding at 1 April	0
0	Assets newly classified as held for sale:	0
(382)	Property Plant and Equipment	0
	Disposals	
0	Balance outstanding at 31 March	0

4.36 Short and Long-Term Creditors

2018/19 £000	Short Term Creditors	2019/20 £000
(3,120)	Central Government Bodies	(1,585)
(838)	Other Local Authorities	(1,203)
(3,018)	Other Entities and Individuals	(2,574)
23	Employee Benefits	(92)
(6,953)	Total	(5,454)

Long Term Creditors relate to Section 106 agreements received that will be payable after 12 months. These are funds that have been received as part of planning consents agreed by the Council for further amenity work and projects that will be ongoing as part of a development. The long-term element of these amounts to £1,764,349 in 2019/20 (2018/19: £1,077,689).

4.37 Provisions

The movement in the level of provisions held by the Council during 2019/20 is as follows: -

	1 April 2019	Additions in year	Used in year	Unused Amounts reversed	31 March 2020
	£000	£000	£000	£000	£000
Insurance Claims	174	54	(73)	0	155
Cemeteries Perpetuity Fund	75	1	(1)	0	75
Land Charges Provision	59	0	(25)	0	34
Rickergate Properties Ringfenced Account	143	43	(13)	0	173
Other Provisions	77	94	(12)	0	159
Total	528	192	(124)	0	596
Business Rate Appeals (City Council Share)	1,321	701	(328)	0	1,694
Total (All Provisions)	1,849	893	(452)	0	2,290
Split as:					
Falling due within 1 year	1,495	755	(401)	0	1,849
Falling due after 1 year	354	137	(50)	0	441

(i) Insurance Claims

The Council has established a provision totalling £155,000 to meet insurance claims arising from public liability, employer's liability, motor vehicle and other claims. This figure is based on the estimated gross value of claims against the Council at 31 March 2020 and the insurance provision will therefore cover this value in full. However, it is expected that £131,000 will be reimbursed by the Council's insurers and through other third-party claims. It is difficult to predict the expected timings of any outflows relating to insurance claims due to their complicated nature.

(ii) Municipal Mutual Insurance (MMI)

The Council has a liability under the scheme of arrangement entered into following the transfer of the assets and goodwill of MMI Ltd. to Zurich Municipal on the 1 April 1993. The liabilities of MMI Ltd were not, however, transferred to Zurich Municipal and the company is exploring ways in which these liabilities can be transferred to another insurance company to enable MMI Ltd. to be wound up. During 2012/13 the Scheme of Arrangement was triggered giving rise to a liability for the Council. At 31 March 2020 the estimated maximum amount liable to clawback, in the event of the scheme being triggered, was £1,042,318. An initial levy of 15% was set by the Scheme administrators, Ernst and Young in January 2014, and this was increased to 25% in April 2016 in order to achieve a solvent run off for MMI. A total levy of £253,638 has been paid by the Council to date.

(iii) Other Provisions

a. Business Rate Retention Appeals

An appeals provision has been established in accordance with the new scheme. The City Council share of the outstanding appeals is £1,694,000 and this is also reflected in the Collection Fund Statement. The overall provision for appeals within the Collection Fund is £4,235,000.

b. Cemeteries Perpetuity Fund

This fund is used to maintain and repair cemetery headstones where owners cannot be contacted. It was agreed in 2009 to use the fund to carry out essential repair work on memorials.

c. Land Charges Provision

A provision set up to meet the potential liabilities of claims relating to potential refunds of personal search fees.

d. Rickergate Properties Ringfenced Account

This provision was previously held as a creditor and represents the net income from properties purchased in Rickergate with funds from North West Regional Development Agency. The Homes and Communities Agency have now taken over control of this scheme and have informed the Council that this income does not need to be repaid to it as was previously the case and can be used to fund any future costs on the scheme with their approval.

e. Other Provisions

The Council holds other minor provisions for liabilities with uncertain timing or amounts.

4.38 Unusable reserves**(a) 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

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

2018/19 £000		2019/20 £000
26,903	Balance at 1 April	27,969
1,357	Upward Revaluation of Assets	2,388
(30)	Downward Revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services	(186)
1,327	Surplus or Deficit on Revaluation of Non Current Assets not posted to the Surplus or Deficit on Provision of Services	2,202
(261)	Difference between Fair Value Depreciation and Historic Cost Depreciation	(275)
0	Accumulated gains on assets sold or scrapped	0
27,969	Balance at 31 March	29,896

(b) Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

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

Note 4.4 provides details of the source of all the transactions posted to the Account.

2018/19 £000		2019/20 £000
114,754	Balance at 1 April	111,796
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
(2,285)	Charges for depreciation and impairment of non-current assets	(2,359)
(28)	Amortisation of Intangible Assets	(14)
188	Revaluation losses on Property, Plant and Equipment	267
(2,853)	Revenue Expenditure Funded from Capital under Statute	(3,890)
(668)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(3,092)
(5,646)		(9,088)
261	Adjusting Amounts written out of the Revaluation reserve	275
(5,385)	Net written out amount of the cost of non-current assets consumed in the year	(8,813)
109,369		102,983
	Capital Financing Applied in the year	
607	Use of Capital Receipts Reserve to finance new capital expenditure	3,299
2,089	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,234
0	Application of grants to capital financing from the Capital Grants Unapplied Account	0
21	Statutory provision for the financing of capital investment charged against the General Fund	21
2,110	Capital expenditure charged against the General Fund	1,742
4,827		7,296
(2,400)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(2,336)
111,796	Balance at 31 March	107,943

(c) 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 Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/19 £000		2019/20 £000
(34,938)	Balance at 1 April	(41,080)
(4,568)	Remeasurements of the net defined benefit liability/(asset)	(2,100)
(4,498)	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	(7,168)
2,924	Employer's pensions contributions and direct payments to pensioners payable in the year	3,026
(41,080)	Balance at 31 March	(47,322)

(d) Collection Fund Adjustment Account

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

2018/19 £000		2019/20 £000
(165)	Balance at 1 April	305
470	Amount by which council tax income and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(567)
305	Balance at 31 March	(262)

(e) Accumulated Absences Account

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

2018/19 £000		2019/20 £000
(174)	Balance at 1 April	(151)
174	Settlement or cancellation of accrual made at the end of the previous period	151
(151)	Amounts accrued at the end of the current year	(243)
23	Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration charged in the year in accordance with statutory requirements	(92)
(151)	Balance at 31 March	(243)

(f) Pooled Investment Fund Adjustment Account

The Pooled Investment Fund Adjustment Account contains the cumulative gains and losses made by the Council arising from increases in the fair value of its investments classified as fair value through profit and loss in accordance with Statutory Instrument 2018/1207 – Local Authorities (Capital Finance and Accountancy) (England) (Amendment) Regulations 2018, regulation 30K.

2018/19 £000		2019/20 £000
546	Balance at 1 April	599
53	Upward/(Downward) Revaluation of Investments	(123)
53		(123)
599	Balance at 31 March	476

4.39 Capital Expenditure and Capital Financing

2018/19 £000		2019/20 £000
12,657	Opening Capital Financing Requirement	13,683
	Capital Expenditure	
3,004	Property, Plant and Equipment	4,035
6	Investment Properties	169
0	Intangible Assets	6
1	Heritage Assets	11
2,853	Revenue Expenditure funded from Capital Under Statute	3,890
5,864		8,111
	Sources of Finance	
(607)	Capital Receipts used to finance expenditure	(3,299)
(1,760)	Government Grants and Contributions	(1,900)
(2,110)	Revenue Financing & Reserves	(1,742)
(21)	Minimum Revenue Provision	(21)
(11)	Transferred Debt	(11)
(329)	Contributions from other bodies	(334)
(4,838)		(7,307)
13,683	Closing Capital Financing Requirement	14,487
	Explanation of Movements in year	
1,026	Increase in underlying need to borrow (unsupported by Government Finance Assistance)	804
1,026	Increase/(decrease) in Capital Financing Requirement	804

4.40 Leases

The Council acts as lessor in respect of land and property owned by it and leased to tenants, and for sub-leases on contract hire cars supplied to its staff. The value of the income from rents associated with these agreements, and included within the Council's Comprehensive Income and Expenditure Statement in 2019/20 was £4.181million (£4.474million 2018/19). At 31 March 2020 the minimum lease payments under operating leases and contract hire agreements were as follows:

2019/20	Property Leases £000
Not later than 1 year	835
Later than 1 year and not later than 5 years	2,962
later than 5 years	49,221
Total	53,018

2018/19	Property Leases £000
Not later than 1 year	786
Later than 1 year and not later than 5 years	2,844
later than 5 years	45,457
Total	49,087

The capital value held within the balance sheet at 31 March 2020 in respect of land and property generating leasehold income is £79.905million (£85.038million 2018/19). This figure represents the gross value of the Investment Properties and as these are non-operational fixed assets, they are not subject to a depreciation charge. The total contingent rents recognised as income in the period were £2,933,394; (2018/19: £2,958,577).

4.41 Disclosure of Net Pension Assets/Liabilities

As part of the terms and conditions of employment of its officers, the Council offers retirement benefits. Although these will not become payable until relevant employees retire, the Council has a commitment to make the payments that should be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme as administered by Cumbria County Council. This is a funded defined benefit final salary scheme which means that both the Council and employees, who are members of the Scheme, pay contributions into a fund independent of the Council's own assets. The contributions are calculated at a level estimated to balance the pension liabilities with investment assets.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated by to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather when the benefits are eventually paid as pensions. However, the charge that is made against council tax is based on the cash payable in the year, resulting in the real cost of providing retirement benefits being reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during 2019/20.

2018/19 £000		2019/20 £000
	Comprehensive Income and Expenditure Statement	
	<u>Net Cost of Services</u>	
3,403	Current Service Costs	3,696
3	Past Service Costs / (Gain)	2,068
232	(Gains)/Losses from Settlements	431
	<u>Financing and Investment Income & Expenditure</u>	
860	Net Interest Expense	973
4,498	Total Post Employment Benefits charged to Surplus or Deficit on Provision of Services	7,168
	<u>Other Comprehensive Income and Expenditure</u>	
	Remeasurements of the net defined benefit liability comprising:	
(5,019)	Return on Plan Assets (excluding the amount included in the net interest expense)	6,764
0	Actuarial (Gains) and losses arising on changes in demographic assumptions	(7,342)
9,587	Actuarial gains and losses arising on changes in financial assumptions	(3,162)
	Experience (Gains)/Losses	5,840
4,568	Total Other Comprehensive Income & Expenditure	2,100
9,066	Net Charge to the Comprehensive Income & Expenditure Statement	9,268
	Movement in Reserves Statement	
4,498	Reversal of net charge made for retirement benefits in accordance with IAS 19	7,168
(2,924)	Actual amount charged against the General Fund Balance for pensions in the year	(3,026)
1,574	Contribution (to) / from Pension Reserve	4,142

There have been reductions in the discount rates during the year and an increase in the CPI inflation assumption. There are also gains in investment markets over the period although there will be significant variation depending on the asset portfolio of the individual fund. The overall effect of these changes will vary from employer to employer but are likely to see deficits increase over the year.

(a) Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities (Defined Benefit Obligation):

31 March 2019 £000		31 March 2020 £000
180,451	Benefit Obligation at beginning of period (1 April)	193,296
3,341	Current Service Cost	3,609
4,665	Interest on Pension Liabilities	4,626
665	Member Contributions	744
0	Remeasurement (Gains) and Losses:	
0	Experience (Gains)/losses	5,840
0	Actuarial (Gains)/losses arising from changes in demographic assumptions	(7,342)
9,587	Actuarial (Gains)/Losses arising from changes in financial assumptions	(3,162)
3	Past Service Cost	2,068
232	Losses/(Gains) on Curtailments	431
(6,583)	Benefits/transfers paid	(6,518)
935	Lump Sum Pension Deficit repayment	956
193,296	Benefit Obligation at end of period (31 March)	194,548

Reconciliation of the Movement in Fair Value of the scheme (Plan assets):

31 March 2019 £000		31 March 2020 £000
147,404	Fair Value of plan assets at beginning of period (1 April)	153,172
3,805	Interest on Plan Assets	3,653
	Remeasurement gain/(loss):	
5,019	The return on plan assets, excluding the amount included in the net interest expense	(6,764)
(62)	Other - Administration Expenses	(87)
2,924	Employer Contributions	3,026
665	Member Contributions	744
(6,583)	Benefits/transfers paid	(6,518)
153,172	Fair Value of plan assets at end of period (31 March)	147,226

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 plan is as follows:

31 March 2019 £000		31 March 2020 £000
193,296	Present value of the defined benefit obligation	194,548
(153,172)	Fair Value of Plan Assets	(147,226)
40,124	Net Liability arising from defined benefit obligation	47,322

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 was a loss of £5,435,000 (2018/19: a gain of £8,824,000).

(b) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Council's liabilities within the Cumbria County Council Pension Fund have been assessed by Mercer Human Resource Consulting Ltd, an independent firm of actuaries, with estimates being based on the latest full valuation of the scheme effective from 1 April 2017.

The main assumptions used in their calculations are:

2018/19		2019/20
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
23.20	Men	22.60
23.30	Women	25.20
	Longevity at 65 for future pensioners:	
25.50	Men	24.20
25.60	Women	27.10
2.20%	Rate of Inflation (CPI)	2.10%
3.70%	Rate of Increase in Salaries	3.60%
2.30%	Rate of increase in Pensions	2.20%
2.40%	Rate of discounting Scheme Liabilities	2.40%

Assets in the Cumbria Local Government Pension Scheme are valued at fair value, mainly market value for investments, and consist of the following categories by proportion:

2018/19		2019/20
£000		£000
72,605	Equity Investments	54,474
27,418	Government Bonds	33,862
9,649	Bonds	0
14,245	Property	12,808
7,505	Cash/Liquidity	5,742
21,750	Other Assets	40,340
153,172		147,226

The table below shows the sensitivity impact on actuarial assumptions of a change in the assumptions used

2019/20		+0.1% p.a. discount Rate	+0.1% p.a. inflation	+0.1% Pay Growth	1 Year Increase in Life Expectancy	+/-1% change in 2019/20 investment returns	
£000		£000	£000	£000	£000	£000 +1%	£000 -1%
194,548 (147,226)	Liability Assets	191,323 (147,226)	197,827 (147,226)	194,941 (147,226)	199,844 (147,226)	194,548 (148,689)	194,548 (145,763)
47,322	Deficit / (Surplus)	44,097	50,601	47,715	52,618	45,859	48,785
3,474	Projected Service Cost for Next Year	3,378	3,575	3,474	3,577	3,474	3,474
1,109	Projected Net Interest Cost for Next Year	1,074	1,190	1,121	1,239	1,074	1,144

(c) Impact on the Council's Cash Flow

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation was completed on 31 March 2020.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, establishing new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The authority anticipated to pay £2,608,036 expected contributions to the scheme in 2019/20. For 2020/21 the Council expects to pay total employer contributions of £2,250,000.

The weighted average duration of the defined benefit obligation for scheme members is 17 years in 2019/20 (17 years in 2018/19).

The annual report of the Cumbria Local Government Pension Scheme is available from Cumbria County Council, Cumbria House, Carlisle.

(d) Impact of McCloud Judgement

The Pension Liability reported in these statements take account of the recent judgement made in the Court of Appeal in the Sargeant/McCloud cases that ruled that the transitional protections afforded to older members when the Public Service Pension schemes were amended, constituted unlawful age discrimination.

4.42 Contingent Assets and Liabilities

There are no contingent assets for 2019/20. The items below are classified as contingent liabilities:

(a) Home Group

During 1992/93 the City Council entered into a joint scheme with Home Group to secure the development of two sites at Heysham Nursery and Gelt Road, Brampton to provide houses to rent. To fund the development programme, Home Group have raised a total of

£100million through a stock issue, which will mature in 2037. In order to enable Home Group to raise private finance from institutional investors all participating authorities, of which there were 29 in total, were required to enter into a standard form of guarantee in which they jointly and severally guaranteed the loan stock raised by Home Group. The maximum liability of each authority under the guarantee is £100million but because the liability is jointly and severally guaranteed, authorities would obviously not be prepared to expose themselves to the risk, however remote, of having to meet the full liability of the stock issue under their individual guarantee. Accordingly, there is a counter indemnity and contribution arrangement whereby each participating authority undertakes to reimburse any other authority, or authorities, paying more than their proportionate share of the guarantee. An authority's proportionate share is determined by reference to the estimated development expenditure in that authority's area. If the guarantee were called in, the worst situation for this Council would be that once it had recovered any contribution from other authorities it would be left to fund no more than the cost of the development in its own area. The guarantee figure as at 31 March 2020 was £2,299,000. This cost would be offset wholly, or partly, by the sums recovered from repossessing the units from Home Group and selling them on.

(b) Riverside (Formerly Carlisle Housing Association (CHA))

On 9 December 2002 the City Council completed the transfer of its housing stock to Riverside. Under the terms of the transfer the City Council is committed to providing, from the date of transfer, certain environmental and non-environmental warranties in favour of Riverside and lenders to the Association for periods of 25 years and 18 years respectively. The Council had insurance cover in place to meet the cost of claims arising from any breach of the environmental warranties in the first 12 years following the date of transfer. The reserve to the value of £488,000 which was set up to meet the future cost of insurance premiums in years 13 to 25 (£292,000) and the potential costs of any future claims (£196,000) was transferred into the General Fund Balance during 2015/16. In the period from the date of the transfer to 31 March 2020, the Council has not received any claims in respect of either environmental or non-environmental warranties.

(c) Environmental Enhancements

The Council recognises its responsibilities in relation to potential contamination works in the Carlisle area. Any potential works required would be included in the Council's capital programme as required.

(d) Business Rate Appeals

A provision has been included within the Collection Fund in relation to likely appeals made against Business Rates up to 31 March 2020. Local businesses can appeal against the rating list in 2017/18 and beyond. Because the majority of appeals against the 2010 Rating List will now have been lodged, it is difficult to quantify any potential new appeals against the updated 2017 list. Due to the uncertainty around these potential appeals the provision that has been included in the accounts is based on historical evidence of appeals being made and being successful, however it is recognised that any appeals could result in a liability for the Council if submitted that may not be covered by the appeals provision established.

(e) Dangerous Structures

The Council recognises it may have future responsibilities in relation to potential expenditure on dangerous structures in and around the Carlisle area that pose a risk to public safety in accordance with Section 78 of the Building Act 1984. During 2019/20 the Council used £1,338,000 of capital funding to make dangerous structures safe and similar obligations could arise in the future. No provision has been made for these in these accounts as it is not known if and when a transfer of economic benefit could occur and how much this could be.

4.43 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Corporate Director of Finance and Resources on 27 August 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

As highlighted previously the Council has received significant grant allocations to allow it to deal with the COVID-19 impact. These grants will be accounted for in the 2020/21 statement of accounts.

The Council repaid the £15million stock issue loan (shown in short term liabilities on the balance sheet) on 22 May. No further borrowing to replace it has yet been undertaken.

The NHS has been given leave for appeal against the High Court decision in the NHS charitable relief claim for business rates. The leave to appeal was granted on 28 July 2020. The potential appeal and provision for repayment of any business rates has not been included in the appeals provision on the balance sheet due to the continued uncertainty as to whether the leave to appeal will be proceeded with and also the uncertainty around its potential success.

4.44 Authorisation for Issue

The draft Statement of Accounts were authorised for issue on 27 August 2020 by the Corporate Director of Finance and Resources, Alison Taylor CPFA. This is the date up to which post balance sheet events have been considered.

Cash-Flow Statement

4.45 Cash Flow Statement – Operating Activities

2018/19 £000		2019/20 £000
6,009	(Surplus) / Deficit on the Provision of Services	9,074
	Adjustments to the net surplus or deficit on the provision of services for non cash movements	
(2,125)	Depreciation and downward revaluation charges	(2,106)
(2,400)	Movement in Fair Value of Investment Properties	(2,336)
(668)	Carrying amount of non current assets sold	(3,092)
(1,574)	Pension (IAS 19)	(4,142)
4	Increase/(decrease) in inventories	11
(4,754)	Increase/(decrease) in debtors	1,138
(2,322)	(Increase)/decrease in creditors	(1,519)
(935)	Lump Sum pension deficit repayment	(956)
93	Other non-cash items charged to net surplus/deficit on provision of services	(129)
(14,681)		(13,131)
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	
607	Proceeds from the sale of property plant and equipment, investment property and intangible assets	3,299
169	Capital Grants charged to Comprehensive Income and Expenditure	247
776		3,546
(7,896)	Net Cash Flow from Operating Activities	(511)
	Shown within Net Cash Flow from Operating Activities	
1,305	Interest Payable	1,425
(281)	Interest Receivable	(427)
1,024		998

4.46 Cash Flow Statement – Investing and Financing Activities

2018/19 £000		2019/20 £000
	Investing Activities	
3,241	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	3,852
28,500	Purchase of Short Term and Long Term Investments	41,000
8	Other Payments for Investing Activities	0
(993)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(1,503)
(21,500)	Proceeds from Short Term and Long Term Investments	(32,500)
(61)	Other Receipts from Investing Activities	(851)
9,195	Net Cash Flows from Investing Activities	9,998
	Financing Activities	
	Other payments for financing activities	
0	Cash Receipts of short and long term borrowing	(14,000)
0	Repayments of short and long term borrowing	239
(1,629)	Movement in relation to Business Rates and Council Tax	750
(1,629)	Net Cash Flows from financing Activities	(13,011)

SECTION 5 – SUPPLEMENTARY FINANCIAL STATEMENTS

5.1 The Collection Fund Statement

The Collection Fund, established under the Local Government Finance Act 1988 (as amended), is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2018/19 Council Tax £000		2019/20 Council Tax £000
60,230	Amounts required by statute to be credited to the Collection Fund Council Tax (showing the amount receivable, net of benefits discounts for prompt payment and transitional relief)	63,675
60,230	Total Income	63,675
44,964	Amounts required by statute to be debited to the Collection Fund Precepts and demands from Major Preceptors and the Authority - Council Tax	47,259
7,854	Cumbria County Council	8,753
7,601	Police and Crime Commissioner for Cumbria	7,871
	Carlisle City Council	
	Impairment of debts/appeals for Council Tax	
(104)	Write Offs of uncollectable amounts	(100)
193	Allowance for Expected Credit Losses (Bad Debts)	353
97	Contribution towards previous year's estimated Collection Fund Surplus - Council Tax	50
60,605	Total Expenditure	64,186
937	Opening Fund Balance - Council Tax Surplus/(Deficit)	562
562	Closing Fund Balance - Council Tax Surplus/(Deficit)	51
(375)	Movement on Fund Balance - Council Tax	(511)

2018/19 Non-Domestic Rates £000		2019/20 Non-Domestic Rates £000
44,224	Amounts required by statute to be credited to the Collection Fund Non Domestic Rates (showing the amount receivable, net of discretionary and mandatory reliefs)	43,398
44,224	Total Income	43,398
	Amounts required by statute to be debited to the Collection Fund Shares of Non- Domestic rating income to major preceptors and the (billing) authority - Non-Domestic Rates	
4,076	Cumbria County Council	4,116
16,306	Carlisle City Council	16,466
20,377	Central Government	20,418
1,792	Transitional Protection payments non-domestic rates	567
179	Charge to General Fund for allowable collection costs for Non-Domestic Rates	179
319	Disregarded Amounts - Renewable Energy Schemes	351
5	Disregarded Amounts - Enterprise Zone	164
	Impairment of debts/appeals for Non-Domestic Rates	
316	Write Offs of uncollectable amounts	356
(27)	Allowance for expected credit losses (bad debts)	626
1,580	Movement in Provision for Appeals	932
(2,089)	Contribution towards previous year's estimated Collection Fund Surplus - Non-Domestic Rates	450
42,834	Total Expenditure	44,625
(1,252)	Opening Fund Balance - Non-Domestic Rates Surplus/(Deficit)	138
138	Closing Fund Balance - Non Domestic Rates Surplus/(Deficit)	(1,089)
1,390	Movement on Fund Balance - Non Domestic Rates	(1,227)

The Summary of the Collection Fund Balances is as follows:

2018/19 £000		2019/20 £000
(1,252)	Opening Fund Balance - Surplus/(Deficit) - Non-Domestic Rates	138
937	Opening Fund Balance - Surplus/(Deficit) - Council Tax	562
(315)	Total Opening Collection Fund Balance	700
1,390	Movement on Collection Fund - Non-Domestic Rates	(1,227)
(375)	Movement on Collection Fund - Council Tax	(511)
1,015	Total Movement on Collection Fund Balance	(1,738)
138	Closing Fund Balance - Surplus/(Deficit) - Non-Domestic Rates	(1,089)
562	Closing Fund Balance - Surplus/(Deficit) - Council Tax	51
700	Total Closing Collection Fund Balance - Surplus/(Deficit)	(1,038)

5.2 Notes to the Collection Fund

Council Tax

On the basis that surpluses and deficits are shared with the County Council and the Police and Crime Commissioner for Cumbria, the Council has accounted for the Collection Fund balance in its 2019/20 Statement of Accounts as follows:

- The £50,781 surplus is accounted for in line with the Code of Practice 2019 guidance, with the Council acting as the major precepting authorities' agent in the collection of Council Tax. The £6,197 Carlisle share of the surplus is shown as a balance on the Collection Fund Adjustment Account. The £37,644 share is attributable to the County Council and the £6,940 attributable to the Police & Crime Commissioner is used in the calculation for the difference in cash collected on behalf of the precepting authorities and that paid out to them and the corresponding year end debtor or creditor in the Balance Sheet.

Non-Domestic Rates

On the basis that surpluses and deficits are shared with Central Government and the County Council, the Council has accounted for the Collection Fund balance in its 2019/20 Statement of Accounts as follows:

The £1,089,131 deficit is accounted for in line with the Code of Practice 2019 guidance, with the Council acting as the major precepting authorities' agent in the collection of Business Rates. The £435,653 Carlisle share of the deficit is shown as a balance on the Collection Fund Adjustment Account. The £544,565 share is attributable to Central Government and the £108,913 attributable to the County Council is used in the calculation for the difference in cash collected on behalf of the precepting authorities and that paid out to them and the corresponding year end debtor or creditor in the Balance Sheet.

Council Tax base calculation

The council tax base set for 2019/20, as a Band D equivalent, was as follows:

Band	No. of Properties	Ratio	Band D Equivalent
Disabled	33.07	5/9	18.37
A	14,597.09	6/9	9,731.39
B	10,074.15	7/9	7,835.45
C	6,911.72	8/9	6,143.75
D	5,158.17	9/9	5,158.17
E	2,650.57	11/9	3,239.59
F	1,103.42	13/9	1,593.83
G	363.68	15/9	606.13
H	19.70	18/9	39.40
	40,911.56		34,366.08
Second Homes	186.97		186.97
Relevant Amount	40,724.59		34,179.11
Estimated Collection Rate			98.50%
Council Tax Base = Relevant Amount (Band D Equivalent) x Collection Rate			33,666.42

Income from Business Ratepayers

National Non-Domestic Rates (NNDR) are paid by businesses. The Government specifies an annual rate in the pound (50.4p in 2019/20), and local businesses pay an annual NNDR bill calculated by multiplying the rateable value of their business premises by this annual rate. The Council is responsible for collecting rates due from the ratepayers in its areas

The total rateable value for the Council's area was £110,206,166 for the year (2018/19: £108,269,928).

Billing and Precepting Authorities

Carlisle City Council is the billing authority for council tax and NNDR bills and therefore collects all the income due for the year. The Council pays over to Cumbria County Council and Cumbria Police Authority amounts they have requested to provide their services in the Council area. These sums are known as precepts and for 2019/20 the values were: -

2018/19 £		2019/20 £
7,600,663	Carlisle City Council	7,870,724
44,963,681	Cumbria County Council	47,259,200
7,854,375	Cumbria Police Authority	8,752,780

Included in the amount for the City Council is a precept of £637,627 (2018/19: £598,221) which is collected on behalf of Parish Councils. This is paid in full directly from the Councils Comprehensive Income and Expenditure Statement.

Debtors for Local Taxation

The total arrears on Council Tax at 31 March 2020 was £3,535,473. The City Council share of these arrears can be analysed as follows:

2018/19 £000		2019/20 £000
	Council Tax	
10	Less than three months	10
18	Three to Six months	18
158	Six months to One year	156
185	More than One year	183
371	Total	367

The total arrears on business rates at 31 March 2020 was £1,865,930 (including costs of £10,622). The City Council share of these arrears can be analysed as follows:

2018/19 £000		2019/20 £000
	Non-Domestic Rates	
23	Less than three months	37
47	Three to Six months	69
157	Six months to One year	237
264	More than One year	403
491	Total	746

SECTION 6 – ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Carlisle City Council ('the Council') is responsible for ensuring that its business is conducted both in accordance with the law and proper, appropriate standards. In addition, the Council must seek to ensure that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The Council has approved and adopted a local Code of Corporate Governance ('the Code'), which is consistent with the principles of the CIPFA/Solace Framework 'Delivering Good Governance in Local Government'. A copy of the Code can be obtained from the Council's Corporate Director of Finance & Resources. The Council has also recognised the requirements of the 2010 CIPFA application note 'Statement on the Role of the Chief Financial Officer in Local Government (2015)' and the CIPFA Statement on the 'Role of the Head of Internal Audit (2010)'.

This statement explains how the Council has complied with the Code and application note and also meets the requirements of regulation 6(1) and (2) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control – the Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost- effective services.

The system of internal control is a significant part of the Council's framework and is designed to enable it to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore provide only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
- to evaluate the likelihood of those risks being realised and, if so realised, their impact; and,
- to manage the identified risks efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2020 and up to the date of approval of the Statement of Accounts for 2019/20. It should be noted that from the end of March 2020 the Council was significantly affected by the Covid-19 Global Pandemic and has had to change some processes and adapt to new ways of working; however, the principles of the Council's governance framework are unchanged.

The Governance Framework

The following are the key elements of the systems and processes that comprise the Council's governance arrangements:

The Council's vision of its purpose and intended outcomes

The Council's vision is proposed by the Executive as part of the Carlisle Plan ("the Plan") which is debated and agreed by full Council. This vision is then communicated through the Carlisle Plan itself, which is a guiding document for staff and members. An annual report will communicate the outcomes and performance of the Plan to residents and the end of year performance report presents the key outcomes to the Executive and Overview & Scrutiny Panels. The Carlisle Plan was updated in 2015/16 to better reflect the Executive's current priorities and the plan for 2015-2018 was adopted by full Council in November 2015. The plan time period has now expired, and it will be refreshed in 2020/21 based on the agreed priorities of the new Executive (there was a change of administration following the reorganisation of the Council in May 2019). Due to the aforementioned change, during 2019/20 the Council continued to progress and report on the priorities listed in the 2015/18 plan.

The Council's vision – implications for governance arrangements

The Carlisle Plan not only contains the Council's vision but also the key objectives to be delivered in support of it. The plan is accompanied by a 'Plan on a Page', this sets out the key actions for fulfilling the plan.

Arrangements for Overview and Scrutiny are reviewed every year as part of the annual report - thus ensuring consistency with council priorities. Portfolios on the Executive are reviewed every year by the Leader of the Council.

Measuring the quality of service for users

The Council's Performance Management framework, including Service Standards ensures that elected Members and officers monitor performance in key service areas on a regular basis. User satisfaction is measured through a variety of channels such as Carlisle Focus, Customer Contact Centre, online surveys and social media. The Council has set equality objectives to further improve services for all users; these objectives are reported upon annually alongside an action plan for improvement. Impact of key decisions are recorded in each of the Executive papers ensuring that appropriate assessments form part of all the Council's key and non-key decisions.

The work of the Transformation SMT sub-group has continued to develop service delivery following the launch of a new 'carlisle.gov' website. The focus is on the development of digitising Council Services, with an emphasis on using SharePoint websites and developing Information Governance. Performance in services provided to customers is monitored through management information indicators, highlighting short and medium term trends which are reported to the corporate Senior Management Team¹. Progress against Carlisle Plan priorities and key actions is reviewed quarterly and reported through the Executive² and relevant Overview & Scrutiny Panels with progress made in 2019/20 detailed below:

¹ The Chief Executive, Deputy CEO, S151 Officer, Monitoring Officer and Corporate Director of Economic Development.

² See Report to Executive for full details, 4th Quarter Performance Report 2019/20

During 2019/20 the Council was subject to a peer review from the Local Government Association. An action plan to address further improvements to the governance and decision-making process has been agreed and will be initiated in 2020/21.

PRIORITY – Support business growth and skills development to improve opportunities and economic prospects for the people of Carlisle

The City Centre redevelopment projects have been a focus, promoting the development opportunities and regeneration opportunities within the city centre (including Carlisle Station, Caldew Riverside, The Citadel, English Street and The Pools), with a draft business case prepared for the Future High Street Fund and shared with MHCLG. Ongoing development of the outline business cases has continued in the year to support the Borderlands Inclusive Growth Deal.

Support has continued for the delivery of a Carlisle Enterprise Zone at Kingmoor Park. So far this has delivered of approximately 200,000sqm of new employment related floor space, across 73ha creating an additional 3,000 jobs and representing private sector investment of £109m. The Enterprise Zone is effective from 1st April 2016 with the retention of business rates for a period of 25 years.

The Carlisle Lake District Airport commenced commercial passenger flights on 4 July 2019. We will continue to work with Carlisle Airport to support any future development plans.

The £345 million Borderlands Inclusive Growth Deal was awarded in March 2019. The Heads of Terms agreement were signed in June 2019 prior to the summer recess of the Scottish Government, it can typically take twelve months to agree and sign a deal based on the experience of other areas. The deal would then progress to the implementation and delivery phase, timescales for which would be dependent on individual projects or programmes. The key projects for Carlisle are Carlisle Railway Station, Citadels and Caldew Riverside.

The Infrastructure Delivery Plan remains aligned to the Carlisle District Local Plan 2015-30 and is critical to development of a masterplan and delivery strategy for St. Cuthbert's Garden Village. Progress includes ongoing engagement with infrastructure providers, continued research into funding streams and ongoing viability work.

The Local Industrial Strategy (LIS) was adopted by the LEP in 2019, we have continued engagement with the LEP and subgroups to ensure support to the LIS and emerging projects.

The Council continues to support the delivery of the city region Skills Plan aligned to business growth, sustainability requirements and the LEP Skills Strategy. The emerging Economic Strategy will contribute significantly towards the achievement of this objective through the exploration of the requirements of businesses and therefore linking requirements with targeted support, including through the Growth Hub.

The St Cuthbert's Garden Village Masterplan covering housing, design, employment land, community facilities, transport and infrastructure has been incorporated into a Development Plan Document (DPD), with an ongoing review of viability options and engagement with infrastructure providers.

PRIORITY - Further develop sports, arts and cultural facilities to support the health and wellbeing of our residents

The Council has completed an assessment of updated costs for the proposed Sands Centre Redevelopment and a decision was made by Council in June 2019 to progress the delivery of new leisure facilities at the Sands Centre. The Council's capital programme reflects the £25.5million scheme and funding with completion of the scheme anticipated in mid-2021. Progress continues to be made enabling work on-site and at the former Newman School site. Due to the Coronavirus epidemic some challenges have been encountered with regard to supply of materials and labour. In addition, the Sands Centre events hall was requisitioned as a Covid-19 Recovery Centre and was for a period converted into a temporary hospital facility.

The Council continues to work with key partners to deliver the World Health Organisation Phase VI Healthy City Action Plan. Phase VII details were released in 2019 for review. Work on mapping the links to the Cumbria Health and Wellbeing Strategy, Cumbria Public Health Strategy and the 6Ps will assist in action plan development. The Carlisle Partnership has completed further development of the Place Standard, with a funding submission to the National Lottery being successful.

The Carlisle Partnership continues to support and develop the Food City Partnership which includes: Local Healthy Eating Options; Carlisle Food Charter; food sector supply chain development; food skills; education and tourism. A mapping document has been developed to capture activity and identify need. The City Council was successful in its application to Sustainable Food Cities for both the campaigns grant and the coordinator grant, the award has been extended due to the current Covid-19 crisis.

Work has been undertaken with partners to promote workplace health across the partnership. The Council has led by example by achieving the Better Health at Work Silver Award (December 2019), we are now working towards a Gold Award.

PRIORITY – continue to improve the quality of our local environment and green spaces so that everyone can enjoy living, working and visiting in Carlisle

Kerbside recycling collections were extended to additional properties across Carlisle and at the same time the range of recyclable material collected from households was extended. Website pages and new literature have been developed to promote recycling and address some public misconceptions. Technical Officers have carried out resident surveys and supported events in supermarkets. This work was reviewed in year and considered as business as usual. It will be delivered through service planning with progress being monitored through existing KPIs.

Air Quality Assessment has been approved and monitoring results continue to show downward trends. We participated in the Clean Air Day on the 20th June and an Air Quality Report was presented to the Health and Wellbeing Scrutiny Panel on the 11th July. This work was reviewed in year and considered as business as usual, to include KPIs and dedicated report for Scrutiny.

PRIORITY – Address current and future housing needs to protect and improve residents' quality of life

A Draft Strategic Housing Market Assessment has now been received and is being finalised. This evidence base will feed into the Emerging Housing Strategy.

Work with partners to monitor progress against Carlisle's Inter-agency Homelessness Strategy 2015-20 continues. The current strategy ends in 2020 and as such a thorough review has been undertaken in 2019/20 in line with statutory guidelines to shape the next 5

years' priorities in line with local needs and government priorities. National and Countywide external funding streams and commissioned services are in place to positively address homelessness issues.

The drive to improve standards in the private rented sector (including student accommodation) through inspections, advice and, where necessary, enforcement continues.

The Council continues to develop and promote the Council's Empty Homes Service by delivering advice and information to empty homes owners.

The annual mandatory Disabled Facilities Grant Programme in respect of applications received has been completed. The revised Regulatory Reform Order Strategy is in place to improve expenditure compatible with the discretionary grant.

The Council has developed local solutions to ensure opportunities to maximise the delivery of affordable homes which respond to locally evidenced needs. We work proactively towards maximising the affordable housing delivery, through working in partnership with local Housing Associations, developers, HCA, and strategic partnership groups – such as the Cumbria Housing Supply Group and Cumbria LEP.

PRIORITY – Promote Carlisle regionally, nationally and internationally as a place with much to offer – full of opportunities and potential

A rolling events programme is in place to raise the profile of the city, with new events in 2019/20. A new star gazing event was held at Talkin Tarn, organised in partnership with the North Pennines AONB. A successful 'City of Lights' four-day event was delivered with partners. The centre-piece of the City of Lights event was a stunning visual spectacle in Carlisle Cathedral, visitors could see numerous buildings and local landmarks in the Court Square and Citadels area of the city illuminated with coloured lights and projections.

Work continues with Carlisle Ambassadors to raise the profile of Carlisle through business engagement. Over 190 businesses are now members and Carlisle Young Ambassadors has been established with growing interest. Carlisle Ambassadors had a presence at Lakes Hospitality Trade Show in February and Shout Network Greater Manchester Business Expo.

Roles and Responsibilities

The City Council comprises 39 elected Members (following a boundary review in May 2019) during 2019/20 and holds elections by thirds in three years out of every four. The Council operates executive arrangements under the Local Government Act 2000 and has done so since September 2001. The Council operates the "Strong Leader" model whereby the Council appoints the Leader for a four-year period, who then nominates his/her Executive Portfolio Holders and decides the scope of their portfolios and the extent of delegated powers to each.

For 2019/20 the Executive comprises the Leader and five Executive Members, one of whom the Leader is required to nominate as Deputy Leader. The operation of the Executive itself is prescribed by the Executive Procedure Rules set out in the Council's Constitution. It meets normally on a four-weekly cycle, with the Leader having oversight over both the agenda and the Notice of Key Decisions to be considered by the Executive over the coming month.

The Leader has set out the powers and responsibilities that they have delegated to both Portfolio Holders and Officers in an extensive Scheme of Delegation, incorporated into the Constitution, that they review at least annually but usually more frequently in practice. Any amended Scheme of Delegation is held within the Governance Directorate and all Members of the Council receive a copy. The document is available to all on the Council's website. All decisions made by the Executive, whether collectively or individually, are properly recorded and subject to call in and scrutiny by the Council's Overview and Scrutiny Panels, subject, of course, to the provisions applying to matters deemed urgent.

Under the Executive arrangements, the full Council is responsible for setting the Council's budget and policy framework within which the Executive must operate. The Council has three Overview and Scrutiny Panels: Health & Wellbeing, Economy Growth and Business & Transformation. These Panels undertake the statutory scrutiny role set out in the Act and assist with examining and commenting on those policies proposed by the Executive for adoption as part of the policy framework. The three Panels are supported by a dedicated Scrutiny Officer who services solely the scrutiny function of the Council to ensure transparency in the process.

Each Panel also has a nominated member of the Council's Senior Management Team to support it in its scrutiny function. The operation of the scrutiny function is set out in the Overview and Scrutiny Procedure Rules in the Council's Constitution.

The Council's Constitution reserves only 11 policies to full Council (meaning only Council can change or amend the 11 policy areas) and this means that decisions are able to be taken in a clear, transparent manner and, from a corporate governance perspective, it is a great deal more certain where responsibility for decision making rests, i.e. with the Council or the Executive.

The executive/scrutiny functions of the Council are supplemented by a number of regulatory Committees, established to deal with development control, licensing and certain non-executive employment matters. Their powers and Terms of Reference are set out in the Constitution, together with the delegated powers given by the Council to both the Committees and officers in respect of the various matters falling within the responsibility of the Committees. These powers are reviewed and approved by the Council annually.

The Council has an officer structure in place with roles, responsibilities and lines of communication clearly defined. Officers are led by the Senior Management Team, which, during 2019/20, comprised a Chief Executive, a Deputy Chief Executive and three Directors. The Team meets on a fortnightly basis to discuss corporate issues.

Codes of Conduct and Standards

The Council has formally adopted a Code of Conduct for its elected Members, underpinned by the Nolan principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty & leadership) together with approved arrangements for dealing with standards matters. These form part of the Council's suite of constitutional documents and all Members undertake to adhere to its provisions (standards of behaviour, declarations of interest, register of gifts/hospitality etc.) as part of their Declaration of Acceptance of Office when elected. The new Code of Conduct arrangements have been standardised across Cumbria as far as possible.

Oversight of the Members' Code of Conduct, to ensure both compliance and the proper training of Members, rests with the Council's Standards Committee, which comprises of 7 Members of the City Council who are advised by an Independent Person (appointment of 2 Independent Persons, ratified by Council). A Parish Member would be invited to attend the

Committee if any complaint or matter related to a Parish Member. Training on both the Code itself and the ethical principles behind it is provided to all newly elected Members of the Council as part of the standardised induction process and it will also be available to all members of the Council to participate in. Further training for Members on relevant Standards issues is provided by way of follow-up sessions as issues arise.

The Members' Code of Conduct is supplemented by a protocol governing Member and Officer working which was adopted by the Council as an additional guide to the Council's expectations and its cultural approach to the day-to-day working relations between Members and Officers. Training on this, is again, provided as part of the Member Induction Programme. Other supplemental guidance documents, adopted by the Council to assist with probity and best practice, include the Planning Code of Conduct for those Members serving on the Development Control Committee and the Members' Protocol on the Use of IT provided by the Council. Training is again provided in the Member Induction Programme. In-year training is also given to Members of the Development Control and Licensing Committees on the specialist issues and considerations that arise because of the particular work of those Committees.

The Council has its own Code of Officer Conduct (built under the same Nolan principles). The Code was formally approved by Members in September 2010 and forms part of the Constitution. The Council also has employee and management competency standards which highlight expected methods of work and behaviours – these were reviewed and updated in 2019/20. There is also a formal induction procedure for all new staff, supplemented by other information e.g. the Constitution, disciplinary procedures, etc.

During the year, the Council continued to develop and deliver its training schedule for both Members and officers to raise awareness of ethical governance issues across the Council, such as, for example, Procurement & Contracts and Budgetary Control issues and a Management Development Programme. This forms part of the Council's training programme with the Member programme being considered and agreed by the Members' Learning and Development Group.

Numerous e-learning packages (mandatory and optional) are also available to supplement the training schedule with further ones planned for future development; these will ensure that appropriate training can be targeted at relevant officers.

Standing Orders/Financial Procedure Rules

The Council's Contracts Procedure Rules and Financial Procedure Rules, together with the extent of delegation to officers in these areas, are set out extensively in the Council's Constitution. They define the overarching rules governing procurement by the Council and the powers and constraints on Members and officers in respect of the exercise of financial powers. The core documents, including authorised levels of spend, virement and "key decision" financial limits, are reviewed at least annually (and more frequently if circumstances arise) and updated by the Council. During the year the Directorate Scheme of Sub-Delegations to Officers continued to be developed which clearly set out any functions and named officers subject to such delegations and any terms and conditions attached to the sub-delegations.

The Council has revised and developed its risk management arrangements and has implemented a Risk Management Assurance Framework, incorporating the three lines of defence assurances model. Risk assessment is overseen in the Council by a formal Corporate Risk Management Group (CRMG) made up of relevant officers and the Portfolio Holder for Finance, Governance and Resources. A representative from the Council's Insurance Brokers/Advisers provides ad-hoc support, as required. The Group, led by the

Deputy Chief Executive, oversees the compilation and updating of both the corporate and operational risk registers maintained by the Council, where the main corporate and directorate-specific risks faced by the Council are scored against an agreed matrix and appropriate steps identified to mitigate such risks as far as possible. All risks are monitored through a management monitoring function in SharePoint.

A Risk Management SMT Subgroup supplements the CRMG and part of its remit is to monitor each operational risk register in place within the Council; to raise and discuss any emerging risks, audit risks and H&S risks, with regular updates being provided on the Council's Insurance provision, one of the mitigating control strategies we have in place to manage risk.

Over the last four years the Council has offered Risk Management/Liability workshops and training days to Members, Senior Management and key officers. Risk management training has been provided alongside training sessions on specific issues such as managing events safely and carrying out risk assessments. Following the flood in December 2015 work has continued to develop a programme to utilise the risk management training days with our insurers with the Council's usual Corporate Risk Management Policies & Processes training session being delivered to Members and Officers through the annual Ethical Governance training programme.

The Council has introduced an Information Governance Framework including guidance on various requirements of the General Data Protection Regulation (GDPR), information governance risk assessment, the retention of records and, continues to develop records management arrangements. Face to face training and guidance on data protection continues to be delivered to Members and Officers during the year as well as the requirement for staff to undertake refresher e-learning training. The Information Governance Manager monitors compliance, amongst other duties, with the new requirements of GDPR and undertakes random information governance spot checks which then inform feedback and learning. In addition, the Council's Internal Audit function continues to review records management as part of all individual audits.

Ensuring Effective Counter-fraud and Anti-corruption Arrangements are Developed and Maintained

In accordance with the "Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)", the Council has a Counter Fraud and Corruption Policy in place as well as an Anti-Money Laundering Policy. Training on Fraud & Corruption has been undertaken during the year and an e-learning module on Money Laundering is also available to all staff. Any investigations carried out during the year in relation to suspected fraud and corruption were undertaken by appropriately trained/experienced officers. As from 2019/20 Internal Audit deliver an annual review of counter-fraud arrangements to identify improvements against best practice. In 2019/20 work was undertaken to improve fraud awareness through the inclusion of fraud and whistle-blowing as part of the Council's induction hand-book.

Ensuring effective management of change and transformation

The Council developed a savings strategy several years ago to deliver efficiency savings under the Government's efficiency agenda and has been successful in achieving a significant amount of revenue savings. Its current transformation programme has identified that a further £1.850 million is required to be found by 2023/24. Until further details are known of how the Fair Funding Review, Comprehensive Spending Review and the Business Rate Retention Scheme are to affect the Council, these savings have been found on a non-recurring basis where possible. The impact of COVID-19 on the Council's financial position will continue to be closely monitored during 2020/21 with shortfalls of income,

additional expenditure, and the overall economic recovery and the impact on the Collection Fund being the main risks.

Managing transformational change effectively is critical to the successful delivery of the transformation programme and the delivery of the wider ambitions set out within the Carlisle Plan. The Deputy Chief Executive and the Corporate Director of Finance & Resources, supported by SMT, provides accountability for the delivery of the savings strategy thus ensuring that the transformation of Council services is controlled and managed effectively; with appropriate Corporate Directors being responsible for delivering individual schemes within the overall programme.

Financial Management Arrangements

The Council has a duty to comply the key principles contained within the revised CIPFA statement of the 'Role of the Chief Financial Officer in Local Government' and during 2019/20 the Council continued to comply with 5 key principles of the CIPFA statement.

The Council's Corporate Director of Finance & Resources is a qualified accountant and is a key member of both Senior Management Team (SMT) and Joint Management Team (JMT) and as such, has direct access to the Chief Executive. They lead and direct an adequately resourced, fit for purpose, finance function, comprising 20 officers, who support the proper administration of the Council's financial affairs, including leading the promotion and delivery of good financial management to safeguard public money at all times; to ensure the effective, efficient and economic use of resources; and to ensure that the short and long term implications of all material business decisions are fully considered and aligned to the Council's Medium Term Financial Plan.

The main controls for financial management are set out in the Constitution – these are the Budget and Policy Framework and the Financial Procedure Rules. These cover the arrangements for Financial Management, Financial Planning, Risk Management and Control of Resources, Financial Systems and Procedures and External arrangements. The Council also complies with the Prudential Framework for Local Authority Finance.

The Council has a Medium-Term Financial Planning process (MTFP) which integrates budget and corporate planning to match resources to the corporate priorities. The planning and monitoring framework is co-ordinated through the JMT which consists of the Executive Members and SMT. The MTFP for 2021/22 to 2025/26 will be presented to Executive, Business & Transformation Scrutiny Panel (BTSP) and Council between July and September 2020. All executive decisions are subject to a full impact assessment from a financial, economic and legal perspective. In addition, full option appraisals are included for all business cases for specific projects.

The Council has a Procurement and Commissioning Strategy that ensures best value is achieved (supported by the financial procedures and standing orders) whilst ensuring obligations to stakeholders are achieved through the setting out of clear social, economic and environmental responsibilities.

Value for Money benchmarking exercises are undertaken across service areas when required. The cost and performance of services are compared with other authorities both locally (Cumbria wide) and nationally. These profiles and benchmarks are used to inform Senior Managers and Members of service areas, which should be targeted for further challenge and improvement review.

Regular meetings are held with identified budget managers from which budget-monitoring reports are prepared for both Capital and Revenue expenditure and considered by the

Executive and BTSP. The Council is committed to improving the effectiveness of its budget monitoring arrangements and in strengthening the links between budget and performance monitoring.

The annual Statement of Accounts has been produced in accordance with the statutory deadlines (revised by the Government as a result of the Covid-19 pandemic) and year-end actual results are reported against budgets. The summary revenue position is shown within the narrative statement, comparing actual results against revised budgets. Out-turn reports produced for revenue and capital expenditure are presented to the Audit Committee and are considered by Executive, BTSP and Council. The Council is committed to making continuous improvements to comply with the Local Authority Code of Practice and International Financial Reporting Standards.

Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function

The Corporate Director of Governance & Regulatory Services is the Council's Monitoring Officer with the Legal Services Manager acting as the deputy. These officers have a duty to report to the Council and the Executive in any case where they believe any proposal, decision or omission will give rise to unlawfulness or if any decision or omission has given rise to or would constitute maladministration.

The Council's Code of Corporate Governance determines that the Monitoring Officer is 'responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with'. In addition to this, the Monitoring Officer provides a range of functions relating to the conduct of Councillors (for example maintaining the Register of Members' Interests, Code of Conduct complaints etc), advising the Audit Committee and providing commentary on every report to the Executive and Council. The Monitoring Officer conducts annual reviews of the Council's Constitution and makes recommendations for change, which are adopted by Council in May of each year.

As a member of the Senior Management Team and reporting directly to the Chief Executive, the Monitoring Officer has regular meetings (in addition to the actual meetings of SMT) with the Chief Executive and S151 officer in order to review current and likely future issues with legal, constitutional or ethical implications; thus ensuring the effective undertaking of his duties. The Authority also provides the Monitoring Officer with sufficient resources to undertake the role as required by the Local Government and Housing Act 1989.

Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

The Council's Head of Paid Service is the Town Clerk and Chief Executive and contained within the Council's Code of Corporate Governance is the principle of 'Developing the entities capacity, including the capacity of its leadership and individuals within it' incorporating the requirement of 'ensuring that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained'. The Council's Constitution clearly sets out his role and responsibilities in respect of management structures and the discharge of functions by the Council. He will report to Council on:

- the manner in which the discharge of functions is co-ordinated;
- the number and grades of officers required for the discharge of functions;
- the organisation of officers.

He is currently supported in his role by a Deputy and three Corporate Directors and has regular access to and contact with the Leader of the Council and the Executive, through formal meetings of the Executive and informal Joint Management Team meetings. The Chief Executive supports the Business and Transformation Scrutiny Panel and currently has direct line management responsibilities for Customer Services, Revenues & Benefits and ICT Services.

The Head of Paid Service introduced the concept of SMT sub-groups to encourage greater cross-directorate working on operational and corporate projects. Four sub-groups are established, each led by a member of SMT, and each with clear functions and terms of reference. The aim is to promote a culture of empowerment thus ensuring that operational decisions can be made at the correct level within the organisation. SMT receive regular feedback on the work of each sub-group.

Audit Committee

As a means of ensuring best practice, the Council has an established Audit Committee to oversee the workings of the corporate governance arrangements of the Council and to report to Council on these and related financial probity issues. The Audit Committee operates in accordance with CIPFA's "Audit Committees – Practical Guidance for Local Authorities (2013)". This is supplemented by the Council's Standards Committee, established under the Act to be responsible for conduct issues relating to elected Members. The Council was due to complete an effectiveness review of the Audit Committee in March 2019, but this exercise has been postponed due to the Covid-19 pandemic

The Council has a duty to comply with the key principles contained within the 2010 CIPFA statement of the 'Role of the Head of Internal Audit' and during 2019/20 the Council continued to comply with 5 key principles of the CIPFA statement.

The Designated Head of Internal Audit is the Council's Financial Services Manager, who manages an in-house Internal Audit team comprising a Principal Auditor and two Auditors. Controls have been put into place to maintain the team's organisational independence, which are documented in the approved Internal Audit Charter.

The scope of internal audit work covers all aspects of the organisation's risk management, internal control and governance frameworks and the Internal Audit annual report feeds into the preparation of the Council's Annual Governance Statement. Where appropriate, Internal Audit advises the organisation on emerging risks and undertake priority risk audit (hot assurance) work on new projects and developments as they take place.

An annual audit opinion is provided to the Audit Committee based on the work undertaken by Internal Audit during the year from the agreed risk-based audit plan, which includes a wide range of council operations along with risk management, internal control and governance considerations. A **reasonable assurance** has been provided on the adequacy and effectiveness in respect of 2019/20, though the opinion notes a high level of recommendations relating to ICT Services due to a) limited progress in implementing existing recommendations and b) the deferral of remaining ICT work, as it was mutually agreed between Internal Audit and Senior Management that control concerns existed and further audit work would not add value. This is predominately due to the level of vacancies within the team, including the Head of Service. The Council are looking to recruit to this post during 2020/21 and Internal Audit will continue to work with the service to address identified concerns.

The Internal Audit team were subject to an External Quality Assessment in 2018/19. The assessment found the team to be compliant with Public Sector Internal Audit Standards.

Actions to address minor recommendations for improvement have all been implemented during the year. The team continue to perform annual self-assessments against the requirement of the Standards, with improvements for the coming year identified and actioned.

The Designated Head of Audit reports directly to the Council's section 151 officer and has direct access to the Senior Management Team (SMT) and Chief Executive as required. The Designated Head of Internal Audit and Principal Auditor attend all Audit Committee meetings and have the opportunity for private dialogue with the Chair as appropriate. The Principal Auditor also has the authority to report directly to the Chief Executive/Chair of Audit Committee if they have concerns about the suppression of audit evidence or the conduct of the designated Head of Internal Audit.

The resource available within Internal Audit is subject to a regular review and was assessed as fit for purpose for 2019/20. The audit team has a range of skills and qualifications. The Designated Head of Internal Audit is CIPFA qualified and has 6 years' experience in Local Government Internal Auditing. The Principal Auditor is PIIA qualified and has 10 years' experience in local government internal auditing.

Ensuring Compliance with Relevant Laws

Systems are in place to ensure that appropriate legal and financial advice is provided at relevant points in the decision-making process to ensure the vires of decisions made by the Council. All reports to Members requiring a decision incorporate an addendum from the Corporate Director of Governance & Regulatory Services (the Council's Monitoring Officer) and from the Corporate Director of Finance & Resources. This ensures that checks are made on the legal and financial consequences of any course of action prior to a decision being made. Both statutory officers are also members of the Joint Management Team and the Senior Management Team to ensure that financial and legal advice is available at the inception of any particular matter and when any issues relating to the Council's powers and duties are under consideration.

Similar representation by legal and financial officers is provided for on Officer Working Groups dealing with relevant policy issues so that a check is maintained on vires and financial issues at that level. Legal representation and advice is also provided as a matter of course at the Development Control, Regulatory and Licensing Committees to ensure that the quasi-judicial functions carried out by those Committees are undertaken lawfully. A legal adviser is also present at meetings of the Audit Committee, Standards Committee and Employment Panel and also at Appeal Panel meetings if necessary.

The Council has a variety of methods of receiving updates in legislative changes. In addition to the departmental roles in keeping up to date with legislative, regulatory and guidance changes, the Council subscribes to a corporate legal updating service which provides for daily updates directly to officers. The usual method of direct notification of legislative changes by Central Government also occurs on an ongoing basis. In addition, the legal services section ensures appropriate bulletins are promulgated to relevant clients.

Complaints and Whistle blowing

The Council operates a formal Corporate Complaints System in accordance with best practice recommended by the Local Government Ombudsman, giving members of the public capacity to complain about aspects of the Council's services with which they may be dissatisfied. The objective of the complaints process is to endeavour to resolve the complaint satisfactorily at local level, rather than it being referred to the Ombudsman,

although this, of course, is always an entitlement of the complainant if they remain dissatisfied with the Council's handling of the matter.

The basis of the corporate complaints process is that the relevant Directorate deals with the complaint initially but, in the event of the complainant still being dissatisfied, the process provides an internal Right of Appeal initially to the Chief Executive or nominee and then, if necessary, to a small panel of three elected Members who review the position. This includes a formal hearing at which the complainant may attend, in an endeavour to resolve the matter. Members of the Council's Appeal Panels receive training on the type of matters that they may consider in that role.

The Council has a Confidential Reporting Policy that is available to all members of staff.

Identifying the development needs of Members and senior officers

The Council has a formal appraisal scheme, which is mandatory for all officers, including all senior managers, which was reviewed and stream-lined in 2019/20. It is carried out each year and forms part of the review of the Carlisle Plan. Appraisals are recorded and there is monitoring of compliance by SMT along with an annual report to Members of the Business and Transformation Scrutiny Panel which includes the key findings of the biennial Employee Opinion Survey. The appraisal process has been developed to include team reflection on the cultures and values of the organisation as defined by the 3 C's; clear, committed and confident, and recruitment policies are in place that support the achievement of the Council's ethical values. A Workforce Development Plan has been prepared and approved and Service Plans include workforce planning and needs.

The management competency framework was developed further with ongoing provision of a range of workshops to enhance the skills and knowledge of managers and supervisors to fulfil their roles more effectively whilst promoting the culture, values of the organisation as well as the expected behaviour of all employees. A member mentoring programme is in place for members and a coaching programme has been introduced for employees.

The Council has signed the 'Time to Change' pledge to stop stigma about mental health and achieved the Silver Better Health at Work Award in 2019/20 (having previously held the Bronze award). There is an employee well-being programme in place, incorporating an employee assistance programme, occupational health and counselling services to all officers of the Council. Regular health checks are offered to staff through health and wellbeing days, lunchtime learning sessions and access to Occupational Health nurses.

Clear channels of communication

The Council's Communication Policy and Consultation Policy clearly set out its commitment to high quality, open, timely, relevant communications and consultation that encourage feedback from all sections of its local communities. All decisions and reports are publicly available unless justifiable reasoning is provided to maintain confidentiality and the Council is dedicated to ensuring transparency through adherence to the Local Government Transparency Code. These policies underpin the Council's developing Community Empowerment and Engagement Policies that will ensure local people's involvement in the design and delivery of more responsive local services.

The Council works closely with local groups representing those that are in a minority in the local communities, including those with a disability and ethnic minorities, to ensure that their communications and consultation needs are met. There is an annual budget consultation involving the public, local businesses, staff and the Trade Unions. Further stakeholder engagement with the public is achieved through media such as the Carlisle Focus

magazine and other online surveys, alongside continued growth in social media capacity, notably including a virtual consultation exercise for the St Cuthbert's Garden Village project. The Council also engages with its institutional stakeholders through the Carlisle Partnership, a strategic partnership with local authorities, health, police, public agencies and the business sector.

Enhancing the accountability for service delivery and effectiveness of other public service providers

Whilst the Council continues to deliver most of its key services directly there are a number of areas where services are commissioned. Arrangements are in place, to monitor both the administration of the services and the quality of that service and this information is reported back into the Council and monitored through the Overview and Scrutiny process.

These monitoring arrangements cover all those organisations deemed to be significant partnerships. However, many partnerships are contractual arrangements and definitions have been reviewed and revised to accommodate future monitoring and reporting requirements. This continues to form part of the monitoring process.

Enhanced monitoring arrangements for specific public services are embedded within the Council, and more robust challenges are made to partners/contractors to ensure that they are fulfilling their obligations and that the service provided continues to meet Members expectations. In respect of shared service agreements, the robust governance arrangements set up at the inception of the shared service continues to ensure that service delivery is effective and meets the partner's expectations.

The Council continues to review those organisations which receive grant aid from the Council. Many of these relate to third sector organisations with a significant contribution sum being made to local Community Centres.

Good governance in respect of Partnerships

The Council's key governance arrangements and procedures ensure that partnerships are entered into for the right reasons, all factors/implications are fully considered as part of the set-up process, the Council's role is clearly defined, expected outputs and outcomes are identified and the appropriate monitoring arrangements are in place. In all, the Council has robust management arrangements in place and a clear framework in which to operate. It is important to note that whilst these central control mechanisms exist, the actual appliance of and delivery of partnerships is the responsibility of individual service areas. Key control measures are outlined below:

The Council has a robust Partnership Policy in place that provides guidance on the nature and risks of partnerships. This Policy includes a clear definition of a partnership and, more specifically, what constitutes a significant partnership. Responsibilities for setting up, delivering and monitoring partnerships are clearly defined both in the Policy and in general working practices.

The Corporate Partnerships Register, maintained by Financial Services, is the central monitoring tool used to track all partnerships in progress. Consideration is given towards Exit / Succession strategies (if appropriate) at the initial set up and as part of the Annual Review.

A Business Case model, based around good practice measures, is used for all new proposed partnerships. These are considered by SMT. Proposed significant partnerships are also reported to the Executive.

The Council's Financial Procedure Rules contains specific guidance on officers' duties and responsibilities regarding partnerships. A flowchart provides an aid for officers to guide them through the partnership process. Supplementary guidance notes are also in place as well as the availability of one to one training and support to guide officers setting up new partnerships, through to annual reviews.

Operationally, risk assessments are maintained and shared with partners throughout the life of the partnership. Emerging significant risks are brought to the attention of the Council's Risk Management Group. Strategically, the Council manages the potential risk of new and existing partnerships through the Corporate Risk Register. The Corporate Risk Register is reviewed quarterly by the Risk Management Group and reported to Business and Transformation Scrutiny Panel and the Audit Committee.

Significant partnerships are subject to a robust set of measures. Annual reviews are undertaken for all significant partnerships, which has been extended to include all Shared Service arrangements, the results of which form part of the proposed annual summary reporting on partnership working arrangements. This reporting is co-ordinated by Financial Services and is considered by SMT and the Business and Transformation Scrutiny Panel.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment, the Designated Head of Internal Audit's annual report, and by comments made by the External Auditors and other reviewing agencies and inspectorates. A peer review was carried out of the Council in late 2019/20 by the Local Government Association. An action plan to address the 2019/20 peer review will inform updates and improvements to the framework during 2020/21.

The following processes have been applied in maintaining and reviewing the effectiveness of the governance framework:

An effective Governance Framework is maintained by ensuring that the Council's Constitution is reviewed and up-dated on a regular basis. This includes both the Council's and the Leader's Schemes of Delegation for Corporate Directors and Chief Officers, and encompasses and defines the roles of the Council, the Executive and the standing Committees including Overview and Scrutiny, Standards Committee and the Audit Committee. A full review of the Constitution is in train following the recent Peer Review.

Regular meetings of the Council and its Committees are held during each year and all reports to the Executive include comments from the Council's Corporate Director of Finance & Resources and the Corporate Director of Governance & Regulatory Services – the latter also being the Council's Monitoring Officer. The aforementioned statutory officers also oversee the reports considered by the Council's Regulatory and Audit Committees.

The Council also undertakes a continuous review of its risk-management responsibilities by ensuring that each Directorate maintains an up-to-date Operational Risk Register. Any risks that are considered to affect the Council as a whole are incorporated into the Corporate Risk Register (CRR). This is reviewed and updated by the Corporate Risk Management Group that meets on a regular basis. Progress on the CRR is reported half yearly to Members. In accordance with the requirements of the CIPFA Code of Practice for Internal Audit, the Designated Head of Internal Audit reports to the Audit Committee on a regular

basis, to appraise Members of any emerging control/governance/risk issues. The Designated Head of Internal Audit also presents an annual report that includes a statement of assurance relating to the Council's overall standard of internal control, which includes assurances obtained from self- assessment questionnaires of individual directorates, alongside the results of audit activity. The Council has also received external assurances in 2019/20 regarding the suitability of its disclosure and barring processes.

The Council also receives assurances for its external auditors, Grant Thornton, who provides annual opinions on the accuracy of the annual Statement of Accounts and on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (VFM conclusion). All recommendations provided through these opinions receive a management response and are implemented during the following year with progress being monitored by the Audit Committee.

The requirements outlined in the CIPFA/SOLACE document "Delivering Good Governance in Local Government" have been assessed. Where necessary any areas where action is required to ensure that the Council meets all of the defined requirements are identified on the Action Plan that forms part of this Statement.

We have been advised on the implications following the review of the effectiveness of the governance framework by the Audit Committee and that they continue to be regarded as fit for purpose in accordance with the governance framework.

We propose, over the coming year, to monitor and implement improvements to further enhance our governance arrangements. However, we are satisfied that any necessary improvements that were identified in the review of effectiveness are not deemed to be significant in nature, and are therefore not reported as part of this statement.

Signed on behalf of Carlisle City Council

John Mallinson
Leader of Council

Jason Gooding
Chief Executive

Alison Taylor
Corporate Director of Finance & Resources

Date: 27 August 2020

SECTION 7 - FINANCIAL ABBREVIATIONS USED IN THIS DOCUMENT

AGS	Annual Governance Statement
AMP	Asset Management Plan
CAA	Capital Adjustment Account
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CIES	Comprehensive Income and Expenditure Statement
DWP	Department for Work and Pensions
DFG	Disabled Facilities Grant
FRS	Financial Reporting Standards
IIA	Institute of Internal Auditors
IAS	International Accounting Standards
ISA	International Standards in Auditing
IFRS	International Financial Reporting Standards
JMT	Joint Management Team
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LGPS	Local Government Pension Scheme
MHCLG	Ministry for Housing, Communities and Local Government
MTFP	Medium Term Financial Plan
MRP	Minimum Revenue Provision
NNDR	National Non-Domestic Rates
PPE	Property, Plant and Equipment
PSIAS	Public Sector Internal Auditing Standards
RSG	Revenue Support Grant
SeRCOP	Service Reporting Code of Practice
SMT	Senior Management Team
VFM	Value of Money
WGA	Whole of Government Accounts