

Buckinghamshire County Council



Statement of Accounts

For the year ended 31 March 2020



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The Council's Responsibilities

The Council is required to:

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

The Service Director – Corporate Finance Responsibilities

The Service Director – Corporate Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code).

In preparing this Statement of Accounts, the Service Director – Corporate Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Authorised issue of the Financial Statements

The Service Director – Corporate Finance authorised the issue of the financial statements on x November 2020.

Certificate of the Service Director – Corporate Finance

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

Richard Ambrose

Date: November 2020

Service Director – Corporate Finance

Independent Auditor's Report to Members of Buckinghamshire County Council

This Page is held for the Audit Opinion

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Introduction

This Section has been compiled to provide a summary of the development and performance of the Council over the financial year, outline planned future developments in service delivery, including revenue and capital investment plans and to aid in understanding the financial statements and the Council's financial position.

Annual Update 2019/20

Following the announcement of a brand new, single council for Buckinghamshire in November 2018, work has proceeded at pace to bring the five councils together (Buckinghamshire County Council, Aylesbury Vale District Council, Wycombe District Council, South Bucks District Council and Chiltern District Council), with colleagues from across all the councils collaborating on key areas of work.

The new Buckinghamshire Council successfully went live on the 1st April 2020 following a year of transition.

Highlights over the past year of delivering the unitary programme include:

- appointing a really strong senior team that will put our exciting new organisation in the best possible position as we go live and for the future
- Setting a robust and balanced budget for the new Council
- agreeing a new logo for the council following design work from a team of officers drawn from the existing councils
- agreeing proposals on Localism, including devolution, Community Boards and Council Access Points.

Martin Tett
Leader of Buckinghamshire County Council



Below details the vision and priorities that Buckinghamshire County Council aim to achieve

SAFEGUARDING OUR VULNERABLE



The Council aims for all residents to be safe, happy and healthy. Most residents live healthy lives but some need extra support. The Council, working closely with our partners, is successful in equipping our most vulnerable children, adults and families with the support and skills they need to do more for themselves and to get back their independence at the earliest opportunity.

CREATING OPPORTUNITIES AND BUILDING SELF-RELIANCE



Buckinghamshire residents have the aspiration and opportunities to lead successful and independent lives, taking responsibility for their own health and wellbeing and supporting each other in their communities. Children should have the best start in life, and young people should thrive in Buckinghamshire schools, enabling them to progress to good jobs and training opportunities in the county.

ENSURING BUCKINGHAMSHIRE IS THRIVING AND ATTRACTIVE



Buckinghamshire is growing rapidly, and its economy is one of the strongest in the country. As it grows our challenge is to shape quality places, ensuring they are prosperous, thriving and attractive. We will continue to plan and deliver early interventions with our partners to drive forward and secure good jobs, good road, rail and other essential infrastructure, which will meet the current and future needs of our residents. We will proactively protect and mitigate the impact of development on the County's unique natural environment.

Revenue budget

The outturn position is an underspend for the year ending 31 March 2020. At a Portfolio level, there are significant overspends in Children's Social Care (£3.30m = 4.3%), Education & Skills (£0.77m = 3.0%) and Health and Wellbeing (£0.46m = 0.3%). These overspends are partially offset by an underspend in Planning & Environment (-£0.57m = -6.0%), giving an overall Portfolio position of £3.66m overspent (1.1%). An underspend of £4.19m in non-Portfolio budgets, where contingency budgets for high risk service areas such as placement costs were provided for, gives an overall outturn position for the Council of an underspend of £0.53m.

The revenue outturn is summarised below:

Portfolio Area	Outturn £000	Budget £000	Variance £000	Variance %
Leader	7,915	7,988	(72)	(0.9%)
Community Engagement	8,698	8,917	(219)	(2.5%)
Health & Wellbeing	140,726	140,271	456	0.3%
Children's Services	79,599	76,303	3,295	4.3%
Education & Skills	25,956	25,191	765	3.0%
Resources	23,364	23,339	25	0.1%
Planning & Environment	8,911	9,481	(570)	(6.0%)
Transportation	29,174	29,195	(21)	(0.1%)
Subtotal - Portfolios	324,343	320,684	3,659	1.1%
External Financing	(356,312)	(356,312)	-	0.0%
Corporate Costs	31,436	35,628	(4,192)	(11.8%)
Overall BCC	(533)	(0)	(533)	

Operating Surplus

The Comprehensive Income and Expenditure Statement (CIES) shows the net surplus or deficit in the provision of services on an accounting basis. An operating deficit of £64.991m (2018/19 £92.595m) is reported in the CIES as the Council is funded through Council Tax and government grants on a different basis to the accounting basis. The Movement in Reserves Statement (MiRS) represents the actual impact of income and expenditure during the year on the funds available to the Council. This shows the General Fund increase of £4.5m (2018/19 decrease of £0.973m), comprising of a £0.5m surplus, as reported to Members in the outturn report to Cabinet, in addition to a planned £4m contribution to General Fund during 2019/20. The General Fund balance has increased to £31m and this will roll forward into the General Fund balances of the new Buckinghamshire Council.

The Expenditure and Funding Analysis statement provides a direct reconciliation between the operating deficit and the overall surplus reported in the outturn; the main differences being the inclusion of depreciation, revaluation gains and losses and other capital adjustments required under the accounting basis but not charged to the General Fund or Council Tax, in line with recognised practice.

Statement of Accounts

Capital budget

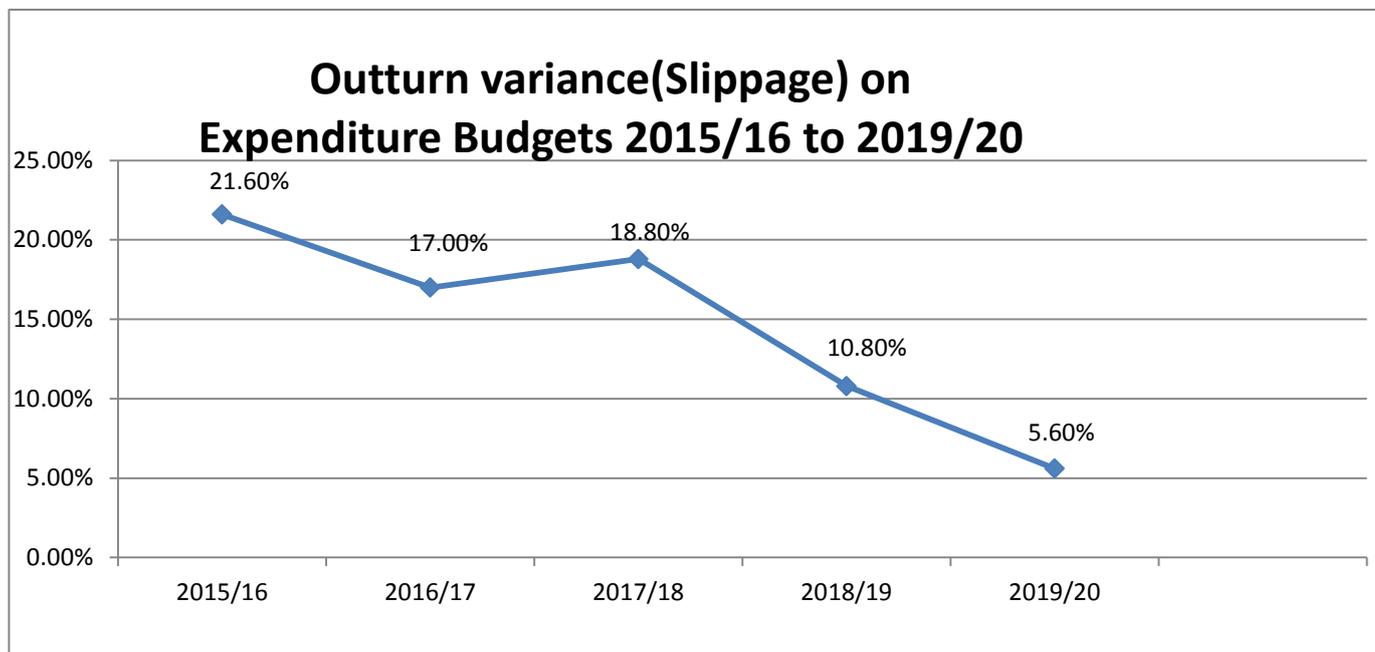
There is an overall underspend/slippage of £5.46m (5.9%) on the 2019/20 Capital Programme

The Capital outturn is summarised below:

Portfolio Area	Outturn £000	Budget £000	Variance £000	Variance %
Leader	10,119	9,004	1,115	12.4%
Community Engagement	10	263	-253	-96.2%
Health & Wellbeing	9	225	-216	-96.0%
Children's Services	567	1,032	-465	-45.1%
Education & Skills	25,909	30,971	-5,062	-16.3%
Resources	8,120	8,551	-431	-5.0%
Planning & Environment	2,804	3,042	-238	-7.8%
Transportation	39,884	39,498	386	1.0%
Subtotal - Portfolios	87,422	92,586	-5,164	-5.6%
Corporate		300	-300	-100.00%
Overall BCC	87,422	92,886	-5,464	-5.9%

The main variance as detailed above was within the Education and Skills portfolio, this was mainly due to slippage on primary and secondary school places projects due to delays on land purchases and building delays. A comparison of slippage over the last 5 years is shown below.

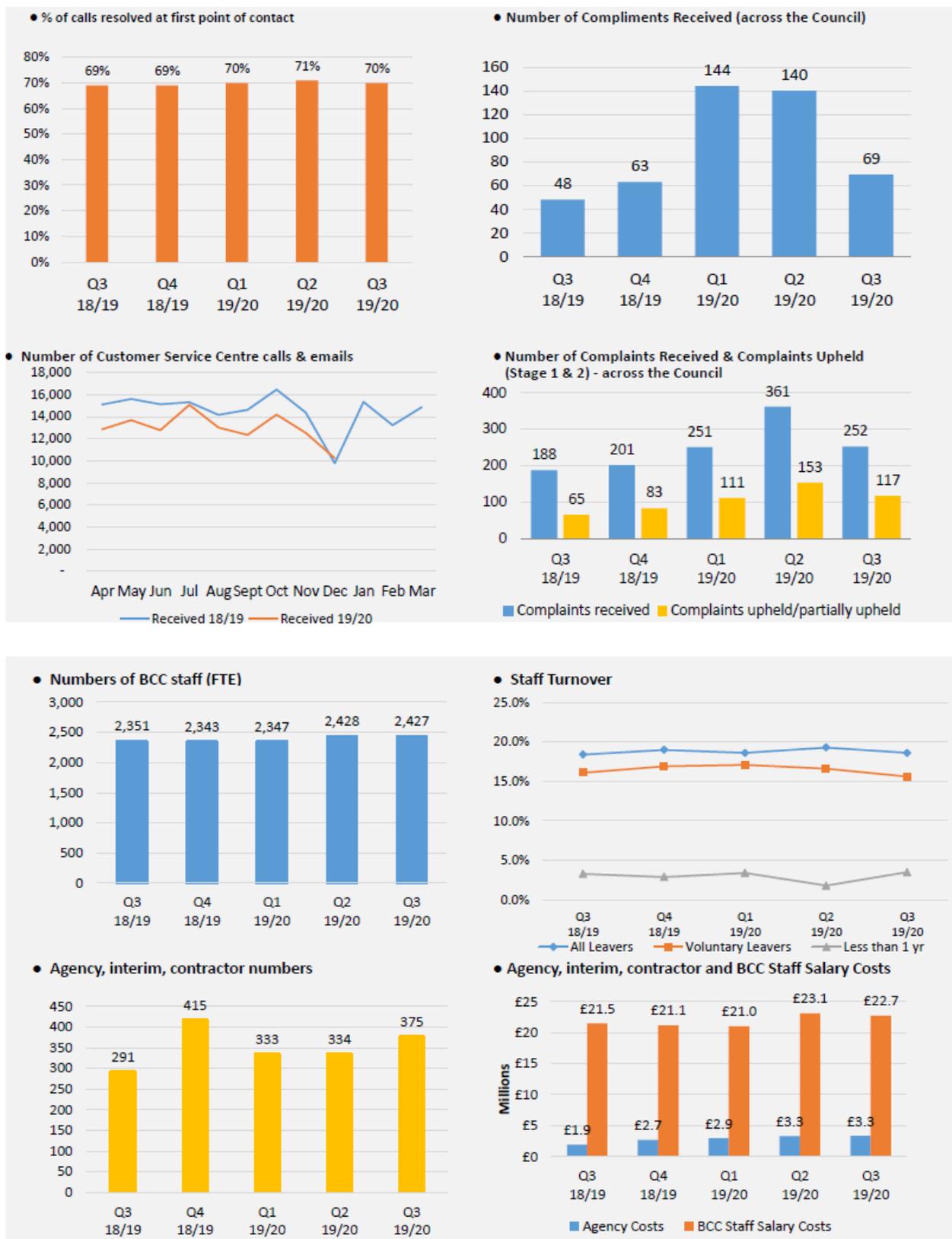
This details slippage, including underspends brought forward from previous years. Scheduled expenditure for 2019/20 slipped by 5.6% for portfolios.



Operational performance

The Council's performance management framework focuses on four key elements of performance: managing resources, customer service, strategic priorities and colleagues, self & partners. The Business Improvement Performance Indicators provide information on the progress in achieving the Council's priorities as detailed in the Strategic Plan.

Performance as at Quarter 3 for customer service and colleagues, self & partners are shown below:



The Financial Challenge

The UK was put into lockdown on 23rd March 2020, just days before the financial year end, the impact on 2019/20 accounts has been marginal in respect of loss of income and additional costs. These losses and costs are already reflected in the 2019/20 accounts.

The majority of the impact will be in financial year 2020/21 with the full impact currently uncertain as the situation is constantly evolving. The duration and severity of these consequences, effectiveness of government and central bank responses, remains unclear at this time. Therefore, it is not possible to reliably estimate the impact on the financial position and performance of the Council for future periods although the new Council is regularly monitoring and reporting on the latest forecast position. The Council has determined that these events are non-adjusting subsequent events. Accordingly, the financial position for the year ended 31 March 2020 has not been adjusted to reflect their impact.

As a Local Government body, the Council provides statutory and vital services to its residences which will continue for the foreseeable future as part of the new Council. The MHCLG have already made many announcements regarding additional funding to meet the costs arising from Covid19 and has made commitments to support Local Government through this process. In addition to this, the Corporate Management Team and Cabinet Members are lobbying Central Government, in order to ensure the continued financial sustainability of Buckinghamshire Council.

Buckinghamshire Council cannot be dissolved without statutory prescription and therefore the functions of Buckinghamshire County Council will continue in the new Council. Hence, it is appropriate for the accounts to be prepared on a going concern basis.

We will ensure that Buckinghamshire Council is financially fit, efficient and responsive to change. We will maintain robust financial planning, scrutinise budgets closely and be prudent in managing risks. Like all local authorities, we face challenging financial circumstances. There are more people turning to the Council for support, but the resources available to help them have not fully increased to match the demand, however the Council has received funds due to the Covid-19 impact for Council Tax hardship and Business Grants. We have to be realistic and focus on greater efficiency and value for money.

However, we are still ambitious to keep investing in our communities, sustaining the vital services on which our most vulnerable residents rely. We will manage our assets to create long term benefits and additional income, reducing our dependency on the taxpayer.

Key Financial Risks

Future risks, both on service expenditure and in the wider Local Government funding environment, are as follows:

- The continued growth in demand and complexity of cases managed in Social Care services;
- The sustainability of providers within the Social Care market;
- The continued uncertainty in Local Government funding as a result of delays to the Fair Funding Review, 75% Business Rate Retention and the Social Care Green Paper;
- The on-going impacts of the Covid-19 pandemic on service demands and income receipts,
- The future impact of Brexit on national and local tax receipts, and on staffing availability in key service providers;
- New pressures arising as a result of the creation of the new council.

Financial Position

Net Asset Position

The Council has net assets of £681.834m (2018/19 £490.931m) backed by usable reserves of £129.933m (2018/19 £135.908m) and unusable reserves of £551.901m (2018/19 £355.023m). This is shown in the Balance Sheet which shows how the resources available are held in the form of assets and liabilities. There have been a number of significant movements within assets and liabilities that are detailed below.

Pensions Liability

Pensions Liability shows the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The net liability has decreased to £624.509m as at 31 March 2020 (2018/19 £762.653m). The main factors impacting on this are:

- There has been a decrease in the discount rate from 2.4% to 2.35%. The discount rate is used to translate future costs into today's prices and a higher discount rate reduces the value of future cashflows for the impact of items such as inflation. The discount rate used is the annualised yield at the 18-year point on the Merrill Lynch AA-rated corporate bond yield curve.
- The pension increase assumption has increased by 0.50% (from 2.40% to 2.90%) which has increased the estimated liability.
- This has been a relatively flat year in relation to asset growth with a net decrease in assets of £9.968m.
- Statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.
- The deficit on the local government scheme will be made good by additional contributions to meet the liabilities over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. The triennial revaluation of the Pension Fund undertaken during 2019/20 has resulted in employer contribution rates of 26.4% in 19/20, however since the amalgamation of the five councils the rate from 20/21 onwards has been set at 25.7% which is intended to recover the underlying deficit over 12 years.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Adequacy of Reserves

As well as a contingency budget to enable those more uncertain budgets to be managed, General Reserves (unallocated) are also held to meet unforeseen spending requirements and to provide stability in Medium Term Financial Planning. The level of reserves should consider the strategic, operational and financial risks facing the authority and, as such, a review of the level of reserves has been undertaken as part of the budget formulation.

There is an overall decrease in usable reserves of £5.975m (2018/19 decrease of £15.833m). This decrease comprises:

- a net General fund increase of £4.538m;(2018/19 decrease of £0.973m)
- a net decrease on schools balances of £1.825m (2018/19 increase of £3.231m);
- a net decrease of earmarked reserves of £6.424m (2018/19 decrease £17.211m)
- a net decrease of £2.261m (2018/19 decrease of £0.879m) of capital reserves.

The table below summarises the Council's usable reserves:

	Balance at 31 March 2019	Balance at 31 March 2020
	£m	£m
General Fund	26.4	31.0
Schools Balances	15.9	14.0
Earmarked Reserves	82	75.6
Capital Grants unapplied Reserve	11.6	9.3
Total	135.9	130.0

Statement of Accounts

Treasury Management

The Council's Treasury Management Strategy sets out the Council's aims and objectives in relation to the management of the Council's investments and cash flows, its banking, money market and capital market transactions and borrowings or loan portfolio.

Borrowing Strategy

The Council's borrowing objectives are:

- To minimise the revenue costs of debt whilst maintaining a balanced loan portfolio;
- To manage the Council's debt maturity profile, leaving no one future year with a disproportionate level of repayments;
- To maintain a view on current and possible future interest rate movements and borrow accordingly;
- To monitor and review the balance between fixed and variable rate loans against the background of interest rate levels and the Prudential Indicators.

The actual external borrowing as at 31 March 2020 was £320.664m. During 2019/20 £59.5m of PWLB debt was repaid and £62.9m new borrowing from the PWLB was taken out to optimise overall cash balances in line with the Council's Treasury Management Strategy.

Temporary borrowing amounts have varied during the year. The mix of temporary and fixed rate borrowing continues to be reviewed in line with advice from our Treasury advisors.

Capital Financing Requirement

Our Capital Financing Requirement (the Council's underlying need to borrow) is £487.570m. The Council has borrowed £320.7m externally, enabling the Council to optimise cash flow and lower our costs.

The Cash Flow Statement shows how the movement in resources has been reflected in cash flows. The net increase in cash and cash equivalents during the year was £7.493m (2018/19 net decrease of £1.009m).

Revenue and Capital Budgets

On the 27th February 2020 the Shadow Authority approved future Revenue and Capital budgets for the new Buckinghamshire Council, as well as the Treasury Management Strategy and capital and Investment Strategy.

General Accounting 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 Accounts have been prepared in accordance with the statutory framework established

by the Accounts and Audit (England) Regulations 2015; with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) and supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. 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 is recognised in accordance with the requirements of the IFRS 15 accounting standard, using the five step model; 1) identify the contract(s) with a service recipient, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations in the contract, 5) recognise revenue when (or as) the authority satisfies a performance obligation
- 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;
- where income and expenditure have been recognised but cash has not been received or paid, a trade receivable or trade payable for the relevant amount is recorded in the Balance Sheet;
- 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.

The specific Accounting Policies that explain how transactions and other disclosures are recognised and measured in the accounts are shown alongside the relevant note. Only accounting policies that have a material impact on the Accounts are disclosed. Those specific to the Pension Fund are set out in the Pension Fund Accounts.

Material and Unusual Charges or Credits in the Accounts

Significance of the Pensions Liability

The pensions liability shows the underlying commitments that the Council has in the long term to pay post-employment (retirement) benefits. The total liability of £624.509m (2018/19 £762.653m) has an impact on the net worth of the Council as recorded in the Balance Sheet.

Revaluation of Property Plant and Equipment

Land and Buildings are held in the Council's Balance Sheet based on valuations arrived at by the Council's qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors. These valuations can vary depending on changes to market conditions.

Interests in Companies and Other Entities

Buckinghamshire County Museum Trust

Statement of Accounts

On 1 July 2014, the operational running of the County Museum in Church Street, Aylesbury and the Museum Resource Centre in Halton transferred to the new Buckinghamshire Museum Trust. The Council is represented on the Trust Board. In line with the Charity Commission's rules around the independence of trustees, members of the Board must act solely in the interests of the Charity. The Trust is an independent charity and does not sit within the Council Group for accounting purposes.

The Adventure Learning Charity

On the 1 November 2013 the Council entered into a Partnership Agreement with The Adventure Learning Charity, a charitable trust developed to run the Council's two outdoor education centres, Green Park in Aston Clinton and Shortenills in Chalfont St Giles, in partnership with Marlow-based Longridge Activity Centre.

Group Accounts

For all entities that fall within the Councils group boundary, cumulatively there would be no material difference from the single entity accounts, if group accounts were prepared.

Accounting for Schools

The single entity financial statements are defined as including the income, expenditure, assets, liabilities, reserves and cash flows of the Council maintained schools in England and Wales within the control of the Council.

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

The Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2020 for 2019/20). Disclosure requirements are expected to be included in a subsequent edition of the Code.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

Changes in the 2019/20 Code of Practice that will be introduced in future versions of the accounts include:

- **IFRS 16 Leases** will require local authorities that are lessees to recognise most leases on their balance sheet as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2021. The impact of this is currently not known.

- **IAS 19 Employee Benefits** will require the Remeasurement of net pensions 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 the change to the plan. The updating of these assumptions only applies to changes from 1 April 2020 and, since this could result in positive, negative or no movement in the net pension liability, no prediction can be made of the possible accounting impact.

Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out throughout these accounts, 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:

Schools Non-current Assets the County Council has made an assessment of the balance sheet treatment of schools' non-current assets in accordance with IAS 16 Property, Plant and Equipment and IAS17 Leases. Where assets are owned by the Council and used by maintained schools, the economic benefits and service potential of the asset is considered to be within the control of the Council and therefore the assets are recognised on the Council's balance sheet. Where they are owned by trustees and used by maintained schools (in most cases Voluntary Aided and Voluntary Controlled schools) the Council has assessed that the trustees permit the assets to be used for voluntary education and have not reassigned rights to the assets to the school or governing body. Therefore, the asset is not recognised on the Council's balance sheet. The value of these assets is estimated at £108m.

Group Accounts the Council has not prepared Group Accounts on the basis that there would be no material difference to the Single Entity Accounts. Details of the Councils interests in other companies and other entities are within the Narrative Report.

Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation (and amortisation of intangible assets)	Useful lives of assets are estimated, and components are only recognised and depreciated separately where the asset value is greater than £1m. The Council relies on the expertise of a qualified valuer to provide these estimates based on his professional opinion and experience.	Any increase or decrease in component values and useful lives will affect the level of depreciation and the carrying value of the assets. Since each asset has a different remaining useful life, it is not practicable to quantify the potential impact of any changes on the figures that appear in the Statement of Accounts. The carrying amount of assets subject to depreciation is £1.466bn.
Valuations/Impairments	Valuations and impairments are arrived at by a qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors. Actual values may be higher or lower depending on variations in market conditions.	It is impracticable to quantify. Assumptions are standard recommended practice for valuation of properties. The carrying amount of assets subject to revaluation and impairment is £1.202bn inclusive of investment properties.
Pensions Liability	The valuation of the liability is prepared in accordance with International Accounting Standard 19, by the Councils Actuary. Actual values may be higher or lower depending on variations in market	The value of the liability may increase/decrease. Sensitivity to some of the key assumptions is provided in Note 14. The carrying amount of the liability is £624.509m.

Statement of Accounts

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	conditions	
Fair Value	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets their fair value is measured using valuation techniques. Where there is no observable data judgement is required in establishing fair values. Changes in the assumptions used could affect the fair value of the Councils assets and liabilities.	The Council uses discounted cash flow (DCF) to measure the fair value of its adult social care re-provisioning. The significant unobservable inputs used in the fair value measurement include assumptions regarding rent growth and discount rates. 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.

Post Balance Sheet Events

Schools that have converted to Academy since 1 April 2020

St Mary's Church of England School and Curzon Church of England Combined School have converted to Academy status since the 31 March 2020. West Wycombe Combined School has also proposed that it will convert to an Academy on 1 Sept 2020.

- St Mary's Church of England School was valued at the 31 March 2020 as Building £2.006m and Land £0.522m
- West Wycombe Combined School was valued at the 31 March 2020 as Building £1.293m and Land £1.131m

These amounts will be derecognised from the Balance Sheet during 2020/21.

Local Government Reorganisation

On 1 November 2018 the Secretary of State for Housing Communities and Local Government announced a single Unitary authority for Buckinghamshire.

The new council is called Buckinghamshire Council and has now replaced – Aylesbury Vale District Council, Buckinghamshire County Council, Chiltern District Council, South Bucks District Council and Wycombe District Council.

On 1 April 2020 all the functions and services along with all the assets and liabilities of Buckinghamshire County Council transferred to Buckinghamshire Council under Local Government re-organisation. As the functions of the Council are continuing in Buckinghamshire Council it is appropriate for the accounts to be prepared on a going concern basis.

Covid-19: As the UK was put into lockdown on 23 March 2020, just days before the financial year end, the impact on 2019/20 accounts has been marginal in respect of loss of income and additional costs. These losses and costs are already reflected in the 2019/20 accounts.

The Buckinghamshire County Council cannot be dissolved without statutory prescription and therefore the functions of this Council will continue in the new Council. Hence, it is appropriate for the accounts to be prepared on a going concern basis.

Majority of the impact will be in financial year 2020/21 which are yet to be quantified and unknown. The duration and severity of these consequences, effectiveness of government and central bank responses, remains unclear at this time. Therefore, it is not possible to reliably estimate the impact on the financial position and performance of the Council for future periods.

However, management has put in place processes to assess and consider the financial impact and take appropriate actions. The table below contains details of the key areas of exposure to Covid-19 and what actions/plans are in place to mitigate some of these risks.

Working capital

The authority has considered short term liquidity and has avoided making term deposits, instead using overnight facilities and Money Market funds to ensure that the Council is as agile as possible to respond to not only expenditure pressures relating to the Covid19 crisis, but is also allowing for the impact on income streams. The Council has received funding in advance from government and is lobbying for measures that would further assist cashflow. In addition to this the Council has sufficient headroom (as at March 2020 £128m) in its borrowing limits due to deferred borrowing. This will provide flexibility to be able to drawdown further cash if necessary for which the Council has easy access to PWLB for its short-term and long-term borrowing requirements.

Staff Availability

Additional monitoring is in place for absence in respect of staff that are self-isolating/sheltering/sick due to Covid-19.

The impact of Covid has been in all areas of the business. We have asked for volunteers to support other parts of the organisation and are re-purposing staff and using agency workers/volunteers where required.

All staff have been and continue to work from home wherever possible. Work is in progress to prepare how the council will work best in the future as the government starts to ease the lockdown.

Initially some work such as the Transformation Programme, being a Bucks Manager and Corporate Inductions were delayed to free up capacity. As the Covid 19 work embeds in the day to day operation of the council, these programmes are being reviewed and prioritised in light of the available resources.

Income and Expenditure

The Council has implemented a robust response model to the Covid-19 pandemic. The Finance Leadership Team, consisting of the Service Directors for Finance and the Corporate and Directorate Heads of Finance, are embedded within all the 'Response Cells' in this model.

Through this embedded role all financial implications for the Council are being considered, quantified and captured for reporting and decision-making purposes. This process covers income in all forms (Business Rates, Council Tax, service income from fees and charges, and investment returns of all types) and expenditure in the form of additional costs in response to the pandemic, growth in demand, increases in price from suppliers, as well as less tangible items such as delays to proposed savings plans as a result of staff being diverted to responding to immediate needs.

A number of scenarios are being modelled, covering a range of different impacts and durations for the response and recovery phases, so that all aspects of the impact on income, expenditure and cash flow can be understood, considered and actively managed. This modelling also includes up to date assessments of funding streams from Central Government in support of the national policy responses to Covid-19 (Additional Business Rate Reliefs, Business Support Grants, Council Tax Hardship, Job Retention Scheme etc.) for both the Council itself and its supply chain.

The MHCLG has provided assurance that the Council will be reimbursed for additional costs arising from our response efforts and have implemented procedures in SAP to capture all costs which is being monitored.

In this fast-changing environment, the situation is still evolving, and likely impacts are being quantified. The Corporate Management Team are receiving reports on a regular basis and are lobbying Central Government, in order to ensure the continued sustainability of the Council.

In addition, the longer terms implications are being considered, with slippage of savings plans, a changing economic outlook and increasing central government debt raised to pay for the national response policies being factored into a model of future budget pressures.

GOING CONCERN ASSESSMENT AND IAS19 & FIXED ASSET VALUATIONS

Going Concern

Statement of Accounts

Local Government Reorganisation: On 1 April 2020 all the functions and services along with its assets and liabilities transferred to the New Council, under Local Government re-organisation. As the functions of the Council are continuing in Buckinghamshire Council it is appropriate for the accounts to be prepared on a going concern basis.

IAS 19 The liabilities valuation is assessed by rolling forward the latest funding (triennial) valuation as at 31 March 2019. The assets are valued as at March 2020.

The duration and severity of Covid-19 and the effectiveness of government and central bank responses remains unclear along with the impact on financial markets. Therefore, it is not possible to reliably estimate the financial impact of Covid-19 on the valuation of Pension assets and liabilities.

In the light of the above, the IAS19 reflects the fair value of assets and liabilities as at March 2020.

Fixed Assets

This in the main includes Council's Property Plant & Equipment (PPE) and Investment property assets.

PPE – Majority of the assets within this category are specialised assets such as leisure centers, theatres, parks & open spaces, Schools, Libraries, etc. which are valued at Depreciated Replacement Costs, infrastructure and plant & equipment valued at Historical costs and assets such as car parks are valued at Economic Use Value).

Buckinghamshire County Council has already seen a decline in use of car parks due to declining economic activity and change in consumer habits (online shopping) in the retail sector. This has already been reflected by the Valuers and the valuations of Car Parks as part of the rolling programme.

The Buckinghamshire Council cannot be dissolved without statutory prescription. The services of this Council will continue in the new Council and, therefore, existing assets will be used to provide these services. On this basis there is no change in the use of PPE and, therefore, at this stage in the absence of further evidence the PPE are stated at fair value as at 31 March 2020.

Investment Properties - Overall, the impact of Covid-19 is not yet reflected in the valuations as there has not been enough market activity since April 2020 in terms of commercial property portfolio to evidence this. Due to the central government support to businesses and until the lockdown is uplifted, the impact on rental income/voids will not be immediately evident and, therefore, currently there is no evidence to reflect this in the valuation of the investment property portfolio. The short-term impact of non-collection for rental income is already being considered as part of the revenue forecast.

In the absence of evidence, the investment properties are stated at fair value as at 31 March 2020.

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure (revenue or capital), or reduce local taxation) and unusable reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES (Comprehensive Income and Expenditure Statement). This is different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. Authorities raise taxation to cover expenditure in accordance with regulations. The Net Increase/Decrease

before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. The unusable reserves hold unrealised gains and losses (for example the Revaluation Reserve) and account for differences under regulations between accounting basis and funding basis which are detailed in Note 3.

	General Fund Balance £000	Earmarked Schools Balances £000	Earmarked General Fund Reserves £000	Total General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves* £000	Total Reserves £000
Balance at 1 April 2019	(26,420)	(15,858)	(82,024)	(124,302)		(11,604)	(135,906)	(355,022)	(490,928)
Movement in reserves during 2019/20									
(Surplus) or deficit on the Provision of Services	64,991	-	-	64,991	-	-	64,991	-	64,991
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(256,446)	(256,446)
Total Comprehensive Income and Expenditure	64,991	-	-	64,991	-	-	64,991	(256,446)	(191,455)
Adjustments between accounting basis & funding basis under regulations (Note 3)	(61,280)	-	-	(61,280)	-	2,261	(59,019)	59,569	550
Net (Increase) / Decrease before Transfers to Earmarked Reserves	3,711	-	-	3,711	-	2,261	5,972	(196,877)	(190,905)
Transfers to/(from) Earmarked Reserves (Note 4)	(8,248)	1,825	6,424	-	-	-	-	-	-
(Increase) / Decrease in 2019/20	(4,537)	1,825	6,424	3,712	-	2,261	5,973	(196,877)	(190,905)
Balance at 31 March 2020	(30,957)	(14,034)	(75,600)	(120,590)		(9,343)	(129,933)	(551,900)	(681,833)

Movement in Reserves Statement

Comparative Figures 2018/19

	General Fund Balance £000	Earmarked Schools Balances £000	Earmarked General Fund Reserves £000	Total General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2018	(27,393)	(12,627)	(99,235)	(139,256)		(12,483)	(151,739)	(306,490)	(458,229)
Movement in reserves during 2018/19									
(Surplus) or deficit on the Provision of Services	92,595	-	-	92,595	-	-	92,595	-	92,595
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(125,296)	(125,296)
Total Comprehensive Income and Expenditure	92,595	-	-	92,595	-	-	92,595	(125,296)	(32,701)
Adjustments between accounting basis & funding basis under regulations (Note 3)	(77,641)	-	-	(77,641)	-	879	(76,762)	76,764	1
Net (Increase) / Decrease before Transfers to Earmarked Reserves	14,953	-	-	14,953	-	879	15,832	(48,532)	(32,700)
Transfers to/(from) Earmarked Reserves (Note 4)	(13,980)	(3,231)	17,211	-	-	-	-	-	-
(Increase) / Decrease in 2018/19	973	(3,231)	17,211	14,954	-	879	15,833	(48,532)	(32,700)
Balance at 31 March 2019	(26,420)	(15,858)	(82,024)	(124,302)		(11,604)	(135,906)	(355,022)	(490,928)

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. The statutory General Fund position is shown in both the Expenditure and Funding Analysis (Note 1) and in the Movement in Reserves Statement.

2018/19			2019/20			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
194,362	(56,935)	137,427	Health & Wellbeing	205,945	(61,448)	144,497
81,292	(5,874)	75,418	Children's Services	87,981	(7,755)	80,226
413,876	(336,816)	77,060	Education & Skills	411,640	(334,907)	76,733
35,331	(24,063)	11,268	Community Engagement	32,996	(23,536)	9,460
25,813	(3,979)	21,833	Leader	18,621	(18,301)	320
30,132	(9,391)	20,740	Planning & Environment	34,931	(9,023)	25,908
66,756	(6,232)	60,524	Resources	64,524	(7,070)	57,454
48,845	(8,111)	40,734	Transportation	52,189	(9,275)	42,915
10,120	(931)	9,189	Corporate Costs	14,210	(1,278)	12,932
906,526	(452,333)	454,194	Cost of Services	923,036	(472,592)	450,444
7,207		7,207	Other Operating Expenditure (Note 5)	18,582	(7,646)	10,936
70,281	(10,387)	59,894	Financing and Investment Income and Expenditure (Note 6)	34,779	(13,985)	20,794
-	(428,700)	(428,700)	Taxation and Non-Specific Grant Income (Note 7)	-	(417,183)	(417,183)
984,014	(891,420)	92,595	(Surplus) or Deficit on Provision of Services	976,398	(911,406)	64,991
		(66,126)	(Surplus) or Deficit on Revaluation of Non-Current Assets (Note 26)			(78,284)
		(95)	Surplus or deficit on revaluation of financial assets (Note 26)			222
		(59,075)	Remeasurement of the defined benefit liability / (asset) (Note 14)			(178,384)
		(125,296)	Other Comprehensive Income and Expenditure			(256,446)
		(32,701)	Total Comprehensive Income and Expenditure			(191,455)

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.

31 March 2019 £000		Notes	31 March 2020 £000
1,407,759	Property, Plant & Equipment	15	1,460,948
7,524	Heritage Assets	17	7,524
193,050	Investment Property	19	187,021
2,088	Intangible Assets	18	2,260
2,258	Long Term Investments	21	3,249
12,208	Long Term Trade and Other Receivables	24	17,771
1,624,887	Long Term Assets		1,678,773
11,989	Short Term Investments	21	41,767
2,231	Temporary Loans	21	2,548
1,649	Assets Held for Sale	20	-
117	Inventories		99
45,447	Short Term Trade and Other Receivables	24	52,623
919	Cash and Cash Equivalents	23	8,413
62,352	Current Assets		105,450
(35,945)	Short Term Borrowing	21	(56,617)
(124,150)	Short Term Trade and Other Payables	24	(147,800)
(160,095)	Current Liabilities		(204,417)
(3,921)	Long Term Trade and Other Payables	24	(1,578)
(9,028)	Provisions and Long Term Liabilities	25	(7,837)
(260,611)	Long Term Borrowing	21	(264,048)
(762,653)	Pension Liability	14	(624,509)
(1,036,213)	Long Term Liabilities		(897,972)
490,931	Net Assets		681,834
(135,908)	Usable Reserves	MiRS*	(129,933)
(355,023)	Unusable Reserves	26	(551,901)
(490,931)	Total Reserves		(681,834)

The Cash Flow Statement shows the changes in cash and cash equivalents 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 from 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 (lenders) to the Council.

2018/19		2019/20
£000		£000
92,595	Net (surplus) or deficit on the provision of services	64,991
(132,144)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(124,785)
88,063	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	59,342
48,513	Net cash flows from operating activities (note 28)	(451)
133,747	Purchase of property, plant and equipment, investment property and intangible assets	59,473
938,808	Purchase of short-term and long-term investments	882,606
(2,172)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,579)
(948,555)	Proceeds from short-term and long-term investments	(913,693)
(86,060)	Other receipts from investing activities	(57,962)
35,768	Net cash flows from investing activities	(31,154)
163,421	Cash receipts of short and long-term borrowing	119,507
(246,693)	Repayments of short and long-term borrowing	(95,397)
(83,272)	Net cash flows from financing activities	24,110
1,009	Net (increase) or decrease in cash and cash equivalents	(7,495)
1,928	Cash and cash equivalents at the beginning of the reporting period	919
919	Cash and cash equivalents at the end of the reporting period	8,414

Notes to the Accounts

1 – Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Council (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	Net expenditure per outturn	Transfers (to) / from earmarked reserves (Note 4)	Net expenditure chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 3)	Net Expenditure in the CIES
	£000	£000	£000	£000	£000
Health & Wellbeing	140,726	190	140,917	3,581	144,497
Children's Services	79,599	45	79,643	583	80,226
Education & Skills	25,956	3,877	29,833	46,900	76,733
Community Engagement	8,698	(802)	7,896	1,564	9,460
Leader	7,915	(2,749)	5,167	(4,847)	320
Planning & Environment	8,911	522	9,432	16,476	25,908
Resources	23,364	16,227	39,591	17,863	57,454
Transportation	29,174	748	29,922	12,993	42,915
Corporate costs	11,307	(8,137)	3,170	9,762	12,932
Net Cost of Services	335,649	9,920	345,570	104,874	450,444
Other Income and Expenditure in CIES	(351,449)	2,021	(349,428)	(35,566)	(384,994)
(Surplus) or Deficit on Provision of Services	(15,800)	11,941	(3,858)	69,308	65,450
Adjustments under Regs	11,266	(3,693)	7,573	(69,308)	(61,735)
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(4,533)	8,248	3,714	-	3,714
Transfers to / (from) earmarked reserves	-	-	-	-	-
(Increase) / Decrease in 2019/20	(4,533)	-	3,714	-	3,714
General Fund Balance as at 31 March 2019					(124,304)
General Fund Balance as at 31 March 2020					(120,590)
Net Budget (surplus) / deficit	(4,533)				

Comparative Figures 2018/19

	Net expenditure per outturn	Transfers (to) / from earmarked reserves (Note 4)	Net expenditure chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 3)	Net Expenditure in the CIES
	£000	£000	£000	£000	£000
Health & Wellbeing	134,152	568	134,720	2,707	137,427
Children's Services	73,762	604	74,365	1,053	75,418
Education & Skills	24,064	4,336	28,400	48,660	77,060
Community Engagement Leader	9,424	(186)	9,238	2,030	11,268
Planning & Environment	6,954	15,118	22,072	(239)	21,833
Resources	8,668	(1,636)	7,032	13,708	20,740
Transportation	25,528	13,610	39,138	21,386	60,524
Corporate costs	28,904	(29)	28,874	11,859	40,734
	6,677	(5,760)	916	8,272	9,189
Net Cost of Services	318,131	26,625	344,756	109,437	454,193
Other Income and Expenditure in CIES	(303,982)	(4,322)	(308,304)	(53,295)	(361,599)
(Surplus) or Deficit on Provision of Services	14,149	22,304	36,453	56,142	92,595
Adjustments under Regs	(13,176)	(8,324)	(21,500)	(56,141)	(77,641)
Net (Increase) / Decrease before Transfers to Earmarked Reserves	973	13,980	14,953	1	14,954
Transfers to / (from) earmarked reserves	-			1	
(Increase) / Decrease in 2018/19	973	13,980	14,953		14,954
General Fund Balance as at 31 March 2018					(139,257)
General Fund Balance as at 31 March 2019					(124,303)
Planned Use of General Fund					
Net Budget (surplus) / deficit	973				

Notes to the Accounts

Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the CIES amounts

This note explains the main adjustments from Net Expenditure Chargeable to the General Fund and reported to Cabinet and the amounts in the Comprehensive Income and Expenditure Statement.

2018/19					2019/20			
Capital Adjustments	Pensions Adjustments	Other Differences	Total Adjustments		Capital Adjustments	Pensions Adjustments	Other Differences	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
2,009	1,241	(544)	2,706	Health & Wellbeing	3,573	929	(921)	3,581
618	1,283	(848)	1,053	Children's Services	466	1,033	(916)	583
53,822	4,998	(10,160)	48,660	Education & Skills	43,693	7,868	(4,661)	46,900
1,820	588	(377)	2,030	Community Engagement	1,230	373	(39)	1,564
(47)	-	(192)	(239)	Leader	(4,599)	0	(248)	(4,847)
12,442	354	912	13,708	Planning & Environment	14,906	288	1,281	16,476
14,817	2,873	3,697	21,386	Resources	11,772	2,234	3,857	17,863
11,866	266	(273)	11,859	Transportation	13,569	195	(771)	12,993
-	8,082	190	8,272	Corporate costs	0	9,301	461	9,762
97,347	19,685	(7,595)	109,437	Net Cost of Services	84,612	22,220	(1,957)	104,874
(79,333)	19,436	3,371	(56,526)	Other Income and Expenditure in CIES	(47,515)	18,020	(6,527)	(36,022)
18,014	39,121	(4,224)	52,911	(Surplus) or Deficit on Provision of Services	37,097	40,240	(8,484)	68,853

Capital adjustments incorporate depreciation, impairment, and revaluation gains and losses in the Portfolio or Services line. In 'other income and expenditure' line it includes adjustments to record the profit or loss on disposal of assets; the reversal of the statutory charges for capital financing i.e. Minimum Revenue Provision and the inclusion of capital grants.

Pension's adjustments show the impact of the removal of actual pension contributions replaced by the IAS 19 Employee Benefits pension related expenditure and income.

Other differences relate to the inclusion of the accrual for accumulated absences (employees annual leave); the difference between the accrual for future surpluses and deficit on the Collection Fund and the amounts chargeable under regulations for Council Tax and NNDR; and the removal of interest & investment income (including Investment Properties) recorded in the Portfolio or Service line to report instead under Other Income and Expenditure in the CIES.

2 - Expenditure and Income analysed by Nature

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

2018/19		2019/20
£000		£000
(99,070)	Fees, charges & service income	(145,736)
(10,390)	Interest and investment income	(2,655)
(301,159)	Income from Council Tax, NDR	(340,683)
(480,801)	Government Grants and contributions	(414,684)
	Gain & loss on disposal of non-current assets	(7,646)
(891,420)	Total Income	(911,403)
342,587	Employee benefit expenses	363,942
482,079	Other Service Expenses	485,551
37,613	Interest expenses	8,561
114,528	Depreciation, amortisation and impairment	99,699
481	Precepts & Levies	552
6,727	Gain & loss on disposal of non-current assets	18,549
984,015	Total Expenditure	976,853
92,595	Surplus or Deficit on Provision of Services	65,450

Voluntary Aided and Foundation School employees are not employees of the Council but are required to be consolidated into the single entity financial statements. Included in the total for Employee benefit expenses is £59.907m (2018/19 £57.030m) relating to employees of Voluntary Aided and Foundation Schools.

Segmental income

Income received on a segmental basis is analysed below:

2018/19	Revenues from external customers	2019/20
£000		£000
(21,625)	Health & Wellbeing	(23,816)
(4,168)	Children's Services	(2,151)
(21,903)	Education & Skills	(21,645)
(2,260)	Community Engagement	(2,509)
(1,940)	Leader	(16,874)
(9,210)	Planning & Environment	(9,234)
(12,976)	Resources	(16,436)
(6,571)	Transportation	(7,795)
(421)	Corporate costs	(259)
(81,074)		(100,717)

3 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note analyses the differences between the CIES compiled in accordance with proper accounting practice and the resource specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Notes to the Accounts

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. The General Fund Balance summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment 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. The reserve is restricted by statute from being used other than to fund new capital expenditure or to repay debt. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied Reserve

The Capital Grants Unapplied 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.

Adjustments between Accounting Basis and Funding Basis under Regulations 2019/20

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation and impairment of non-current assets	(45,336)	-	-	45,336
Revaluation losses on Property, Plant and Equipment	(25,250)	-	-	25,250
Fair Value gains / losses on Investment Properties	(6,076)	-	-	6,076
Amortisation of Intangible Assets	(823)	-	-	823
Capital grants and contributions applied	41,069	-	-	(41,069)
Revenue Expenditure Funded from Capital Under Statute	(22,213)	-	-	22,213
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the CIES	(20,072)	-	-	20,072
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment (minimum revenue provision)	7,474	-	-	(7,474)
Capital expenditure financed from the General Fund	21,275	-	-	(21,275)
Voluntary minimum revenue provision	1,961	-	-	(1,961)
Adjustments primarily involving the Capital Grants Unapplied Reserve:				
Capital grants and contributions unapplied credited to the CIES	16,893	-	(16,893)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	18,604	(18,604)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the CIES	1,579	(1,579)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	3,281	-	(3,281)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(1,702)	-	1,702
Write Down of deferred capital receipts	-	-	-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	8,046	-	-	(8,046)
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	734	-	-	(734)
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(80,040)	-	-	80,040
Employer's pension contributions and direct payments to pensioners payable in the year	39,800	-	-	(39,800)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax and NNDR income credited to the CIES is different from Council Tax and NNDR income calculated for the year in accordance with statutory requirements	(635)	-	-	635
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	335	-	-	(335)
Total Adjustments	(61,280)		1,711	59,569

Notes to the Accounts

Adjustments between Accounting Basis and Funding Basis under Regulations 2018/19

2018/19

	able Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation and impairment of non-current assets	(37,696)	-	-	37,696
Revaluation losses on Property, Plant and Equipment	(23,366)	-	-	23,366
Fair Value gains / losses on Investment Properties	(11,706)	-	-	11,706
Amortisation of Intangible Assets	(773)	-	-	773
Capital grants and contributions applied	83,832	-	-	(83,832)
Writedown of final deferred charges	-	-	-	-
Revenue Expenditure Funded from Capital Under Statute	(40,987)	-	-	40,987
Expenditure recategorised as REFCUS financed in prior year	-	-	-	-
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the CIES	(8,927)	-	-	8,927
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment (minimum revenue provision)	6,455	-	-	(6,455)
Capital expenditure financed from the General Fund	14,019	-	-	(14,019)
Voluntary minimum revenue provision	1,961	-	-	(1,961)
Adjustments primarily involving the Capital Grants Unapplied Reserve:				
Capital grants and contributions unapplied credited to the CIES	2,228	-	(2,228)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	3,106	(3,106)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the CIES	2,201	(2,201)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	3,734	-	(3,734)
Contribution from the Capital Receipts Reserve towards the costs of non-current asset disposals	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(1,562)	-	1,562
Write Down of deferred capital receipts	-	-	-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustments primarily involving the Financial Instruments Adjustment Account:				
	(28,014)	-	-	28,014
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(76,934)	-	-	76,934
Employer's pension contributions and direct payments to pensioners payable in the year	37,813	-	-	(37,813)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax and NNDR income credited to the CIES is different from Council Tax and NNDR income calculated for the year in accordance with statutory requirements	59	-	-	(59)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,222	-	-	(2,222)
Total Adjustments	(77,641)	(1)	878	76,764

4- Transfer To/From Earmarked Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from 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 against the Surplus or Deficit on the Provision of Services in the CIES. 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.

	Balance at 31 March 2018	Transfers Out 2018/19	Transfers In 2018/19	Balance at 31 March 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 March 2020
	£000	£000	£000	£000	£000	£000	£000
Earmarked General Fund Reserves							
Health & Wellbeing	(1,892)	318	(1,359)	(2,933)	388	(706)	(3,251)
Children's Services	(2,212)	632	(542)	(2,122)	339	(595)	(2,378)
Education & Skills	(7,678)	4,728	(852)	(3,802)	4,198	(321)	76
Community Engagement	(342)	267	(139)	(213)	138	(287)	(362)
Leader	(26,807)	16,458	(11,839)	(22,188)	26,967	(30,385)	(25,607)
Planning & Environment	(6,308)	291	(2,177)	(8,194)	3,015	(2,982)	(8,161)
Resources	(16,248)	9,767	(3,414)	(9,895)	1,499	(1,597)	(9,993)
Transportation	(6,934)	830	(1,216)	(7,320)	837	(2,268)	(8,751)
Corporate Costs	(30,815)	15,734	(10,275)	(25,356)	21,969	(13,786)	(17,173)
Subtotal	(99,236)	49,024	(31,813)	(82,024)	59,352	(52,928)	(75,600)
Earmarked for Schools							
Earmarked Schools Revenue Balances	(10,799)	10,876	(12,780)	(12,703)	18,014	(17,062)	(11,752)
Earmarked Schools Devolved Formula Capital	(1,828)	1,828	(3,155)	(3,155)	3,155	(2,281)	(2,282)
Subtotal	(12,627)	12,704	(15,935)	(15,858)	21,168	(19,344)	(14,034)
Total	(111,863)	61,728	(47,748)	(97,883)	80,520	(72,271)	(89,634)

The General Fund Reserve for Schools contains the balances held by schools under delegated schemes that are ring-fenced. Further details of the balances earmarked for schools are shown in the table below:

	Balance at 31 March 2019	Balance at 31 March 2020
Devolved Formula Capital carried forward	(3,155)	(2,281)
Surpluses carried forward*	(14,882)	(14,792)
Deficits carried forward*	2,179	3,040
Total	(15,858)	(14,033)

*Excluding Academy Schools

Corporate Costs reserves include the Revenue Contribution to Capital Reserve (£23.6m) which is used for the financing of capital expenditure and receives appropriations from the revenue account; the balance largely

Notes to the Accounts

represents slippage from prior year capital schemes. It also includes new reserves, Budget Equalisation (£1.4m), Budget Smoothing (£1.2m) and Business Rates Smoothing (£3.5m) to smooth the effect of budget changes over the forthcoming years.

Children's Services reserves include grant funding to be used in future years such as Families First (£0.9m) and Troubled Families (£0.5m). It also includes £0.2m for Ofsted Improvement Plan and a new reserve for The Vines (£0.2m).

Community Engagement reserves include £0.4m for Local Priorities.

Education & Skills reserves include School Improvement Monitoring and Brokering monies (£1.0m). The DSG reserve is in deficit (£1.2m) but this is ring-fenced and cannot be set against General Fund

Health & Wellbeing reserves include the Public Health Reserve which holds grant funding of £2.4m that will be used in future years. It also includes £0.9m set aside for Adult Social Care Transformation

Leader's reserves include Aylesbury Eastern Link Road Reserve (£10.0m), Strategic Development (£1.4m), Broadband (£0.3m) and Unitary Reserve (£12.2m)

Planning & Environment reserves include a Waste reserve of £6.8m to smooth the effect of volatility in third party income and selling electricity. Also included are the Country Parks Reserves (£1.2m)

Resources reserves include the Insurance Reserve (£6.5m) which relates to the estimated liabilities in respect of insurance claims not yet notified. Also included is the Energy Efficiency & Salix Reserve (£0.7m) which is called on to finance initial expenditure on projects that will lead to longer-term savings; the repayment of Salix loans is recycled to fund further projects. The Strategic Asset Development Reserve (£0.9m) and the Revenue Invest to Save Reserve (£0.7m) enables the Council to invest in existing or new assets in order to generate an income stream or future savings. The Investment Properties Reserves holds £1.3m.

Transportation reserves include monies set aside for Adverse Weather (£2.0m), revenue contribution to East West Rail (£4.2m), Fleet Renewals (£0.8m) and Highways and Transportation Procurement (£1.1m)

Schools Reserve the Earmarked reserve contains the balances held by schools under delegated schemes that are ring-fenced (£14.0m)

5 - Other Operating Expenditure

2018/19		2019/20
£000		£000
4,287	(Gain)/losses on the disposal of non-current assets	(3,534)
2,440	Loss on de-recognition of Academies non-current assets	13,981
481	Levies - Environment Agency	489
7,207	Total	10,936

6 - Financing and Investment Income and Expenditure

2018/19		2019/20
£000		£000
37,764	Interest payable and similar charges	8,626
19,436	Net interest on the defined pension liability	18,020
(2,638)	Interest receivable and similar income	(3,110)
545	Impairment Loss Allowance	733
	Impairment of Financial Assets	63
4,787	Investment Properties Income and expenditure and changes in Fair Value	(3,538)
59,893	Total	20,794

7 - Taxation and Grant Income

Council tax and business rates are collected by the four District Councils ('billing authorities') on behalf of the County Council ('a major preceptor') and themselves under an agency arrangement. Transactions and balances are allocated between the billing authorities and the major preceptors. The income included in the CIES is the accrued income for the year (i.e. it reflects the Council's proportion of the net billing authorities' surplus or deficit). The difference between the income included in the CIES and the amount required under Regulations to be credited to the General Fund is taken to the Collection Fund Adjustment Account. The Balance Sheet reflects the attributable share of Council Tax and business rates trade receivable, overpaid Council Tax, business rates trade payable, and the net trade receivable / payable between the Council and the billing authorities.

Government grants and third-party contributions and donations are credited to the CIES where:

- The grant has been received (or there is reasonable assurance that the grant will be received) and no specific conditions or stipulations are attached ('Non-ringfenced grants'), or
- the Council has complied with the conditions attached to the payments

Conditions are stipulations that specify that the grant or contribution must be applied as specified or returned to the transferor. Monies advanced as grants and contributions for which conditions have not yet been satisfied are carried in the Balance Sheet as trade payables.

Where capital grants are credited to the CIES, 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.

The Council credited the following from taxation, grants, contributions and donations to the CIES in 2019/20.

Notes to the Accounts

Taxation and Non Specific Grant Income

2018/19		2019/20
£000	Grants Held Centrally	£000
(283,258)	Council Tax	(296,842)
(17,901)	Locally Retained Non Domestic Rates	(43,841)
(28,283)	NNDR Top up Grant	
(13,198)	Non-ringfenced Government Grants *	(18,539)
(86,060)	Capital Grants and Contributions	(57,962)
(428,699)	Total	(417,183)

2018/19		2019/20
£000	Non-ringfenced Government Grants	£000
(1,057)	Independent Living Fund	(1,024)
(2,262)	New Homes Bonus	(2,149)
(2,023)	Small Business Rates Relief	(7,724)
(4,702)	Adult Social Care Grant	(6,077)
(3,154)	Total of other grants below £1m each	(1,564)
(13,198)	Total	(18,538)

2018/19		2019/20
£000	Grants Credited to Services	£000
(275,086)	Dedicated Schools Grant	(285,908)
(20,539)	Public Health Grant	(19,997)
(4,394)	Education Funding Agency 16-19	(2,993)
(3,613)	Skills Funding Agency	(3,586)
(2,870)	PE and Sports Grant	(2,817)
(1,465)	Department of Transport Grant	(465)
(5,471)	Universal Free School Meals	(5,345)
(8,677)	Pupil Premium	(1,963)
(2,761)	Devolved Formula Capital Grant	(998)
(3,725)	Disabled Facilities Grant	(3,583)
(1,671)	Winter Pressure	(1,671)
	Asylum seekers	(1,474)
(5,530)	Total of other grants below £1m each	(5,150)
(335,801)	Total	(335,951)

8 - Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). An element of DSG is recouped by the DfE to fund academy schools in the Council's area.

DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2017.

The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2019/20:

	Central Expenditure £000	Individual Schools Budgets £000	Total £000
Final DSG for 2019/20 before Academy recoupment			443,728
Academy figure recouped for 2019/20			(164,768)
Total DSG after Academy recoupment for 2019/20			278,960
Brought forward from 2018/19			2,939
Carry-forward to 2020/21 agreed in advance			(1,566)
Agreed initial budgeted distribution in 2019/20			280,333
In year adjustments		551	551
Final budgeted distribution for 2019/20	76,165	203,963	280,884
Less Actual central expenditure	(80,484)		(80,484)
Less Actual ISB deployed to schools		(203,120)	(203,120)
Plus agreed carry-forward for 2020/21			
Carry Forward to 2020/21	(4,319)	843	(1,154)

9 - Members Allowances

2018/19 £000		2018/19 £000
566	Salaries	584
65	Employer Contributions	69
351	Allowances	381
982	Total	1,034

Notes to the Accounts

10 - Related Parties

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

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 and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax). Grants received from Government Departments are set out in Note 7 Taxation and Grant Income.

Pension Fund

The Council charged the Pension Fund £2.34m in 2019/20 (2018/19 £2.2m) for expenses incurred in administering the Pension Fund.

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 9. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at County Hall during office hours.

TWK Transit

One of the Council's members is the Director and majority shareholder of TWK Transit, a specialist transport management company that has both private and public sector contracts providing transport services. TWK Transit is part of the Khattak Group of companies including Redline Buses, Red Eagle Buses Ltd and Red Rose Buses. During 2019/20 TWK Transit provided the Council with transport services to the value of £1.82m (2018/19 £1.58m). Collectively the Khattak Group have provided services to the value of £4.37m (2018/19 £3.84m).

Interests in Companies and Other Entities

Local Authority Companies

The following company is regulated under the Local Authorities (Companies) Order 1995, by virtue of the Council's interest and any other interest held by other local authorities:

Buckinghamshire Advantage

Buckinghamshire Advantage is an independent company limited by guarantee, and owned by the Council, the four District Councils and Bucks Business First. During 2019/20 the Council has made a contribution towards operating costs of £0.06m (2018/19 £0.07m).

11 - Officers Remuneration

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense in the year in which employees render service to the Council. The remuneration paid to the Council's senior employees during 2019/20 was as follows:

	Employee Name	Salary, Fees and Allowances £	Pension Contributions £	Total 2019/20 £	Total 2018/19 £
Chief Executive	R Shimmin	223,909	59,112	283,021	273,664
Director of Finance & Procurement (S151 Officer)	R Ambrose	122,701	32,393	155,094	153,159
Director of Public Health	J O'Grady	125,807	18,091	143,898	143,898
Resources/Deputy Chief Executive					
Executive Director (Resources/Deputy Chief Executive)*	S Ashmead	174,850	42,060	216,910	192,431
Executive Director (Resources)		135,806	35,853	171,659	
Children's Services					
Executive Director (Children's Services)	A Vouyioukas	164,300	43,296	207,596	210,124
Communities, Health & Adult Social Care					
Executive Director (CHASC)	G Quinton	174,681	42,994	217,675	215,387
Transport, Economy, Environment					
Executive Director (TEE)		117,778	-	117,778	114,733
		1,239,832	273,798	1,513,631	1,303,395

*Executive Director (Resources/Deputy Chief Executive) changed jobs within the year

Notes to the Accounts

The Council's employees (not including those listed above) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	2018/19			2019/20		
	Non Schools	Schools	Total	Non Schools	Schools	Total
£50,000 - £54,999	93	61	154	79	61	140
£55,000 - £59,999	30	45	75	54	48	102
£60,000 - £64,999	39	31	70	26	33	59
£65,000 - £69,999	29	24	53	35	26	61
£70,000 - £74,999	14	12	26	17	15	32
£75,000 - £79,999	6	5	11	11	7	18
£80,000 - £84,999	5	7	12	4	8	12
£85,000 - £89,999	4	1	5	4	1	5
£90,000 - £94,999	2	2	4	4	3	7
£95,000 - £99,999	2	-	2	4	-	4
£100,000 - £104,999	1	-	1	1	-	1
£105,000 - £109,999	1	-	1	1	-	1
£110,000 - £114,999	2	-	2	2	-	2
£115,000 - £119,999	1	-	1	1	-	1
£120,000 - £124,999	1	-	1	3	-	3
£125,000 - £129,999	-	-	-	2	-	2
£130,000 - £134,999	1	-	1	-	-	-
£135,000 - £139,999	-	-	-	-	-	-
£140,000 - £149,999	-	-	-	-	-	-
£150,000 - £154,999	1	-	1	-	-	-
£155,000 - £159,999	-	-	-	-	-	-
£160,000 - £164,999	-	-	-	-	-	-
£170,000 - £174,999	-	-	-	-	-	-
£175,000 - £179,999	-	-	-	-	-	-
£180,000 - £184,999	1	-	1	-	-	-
£185,000 - £189,999	-	-	-	-	-	-
£190,000 - £194,999	-	-	-	-	-	-
£195,000 - £199,999	-	-	-	-	-	-
£200,000 - £224,999	-	-	-	-	-	-
	233	188	421	248	202	450

12 - Termination Benefits

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

The Council terminated the contracts of a number of employees in 2019/20, incurring liabilities of £1.478m (2018/19 £1.063m). The table below details the total number of exit packages and total cost per band.

	Number of compulsory redundancies		Number of other departures agreed		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	2019/20
	£000	£000	£000	£000	£000	£000	£000	£000
£0 - £19,999	13	2	52	61	65	63	444	537
£20,000 - £39,999		1	11	13	11	14	335	417
£40,000 - £59,999			2	3	2	3	95	137
£60,000 - £79,999			1	1	1	1	64	74
£80,000 - £99,999		1		1		2		197
£100,000-£199,999		1	1		1	1	125	116
	13	5	67	79	80	84	1,063	1,478

13 - Pension Schemes Accounted for as Defined Contributions Schemes

The NHS Pension Scheme is an unfunded multi-employer defined benefit scheme administered by NHS Pensions that covers NHS employers. In 2019/20 the Council paid an estimated £0.116m to NHS Pensions in respect of public health staff retirement benefits (2018/19 £0.162m). The expected contribution to be paid by the Council in relation to the NHS Pension Scheme for 2020/21 is estimated around £0.081m. This is charged to the Health & Wellbeing line in the CIES.

The arrangements for the NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if they were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

The Teachers' Pension Scheme is an unfunded multi-employer defined benefit scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. In 2019/20, the Council paid £16.631m (2018/19 £14.407m) to Teachers' Pensions in respect of teachers' retirement benefits. This is charged to the Education and Skills line in the CIES. There were no contributions remaining payable at the year-end. The estimated contribution to be paid by the Council in 2020/21 is £21.082m. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme.

Notes to the Accounts

14 - Defined Benefit Pension Schemes

Post-Employment Benefits

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. Employees of the Council are members of three separate pension schemes:

- **Local Government Pension Scheme**

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

- **Teacher's Pension Scheme** (see Note 13)
- **NHS Pension Scheme** (see Note 13)

Transactions Relating to Post-Employment Benefits

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

Discretionary Benefits

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

2018/19		2019/20
£000	Cost of Services	£000
56,787	Service Cost (comprising)	61,195
48,705	- current service cost	51,894
9,960	- past service costs	1,481
(1,878)	- settlements and curtailments	7,820
711	Administration expenses	825
	Financing and Investment Income and Expenditure	
19,436	Net interest on the defined liability	18,020
76,934	Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	80,040

2018/19	Other Comprehensive Income and Expenditure	2019/20
£000	Remeasurement of the defined benefit liability, comprising:	£000
22,488	Return on plan assets in excess of interest	(55,633)
	Actuarial gains and losses	5,898
(58,160)	Change in Financial assumptions	147,134
94,747	Change in demographic assumptions	22,692
	Experience gain/loss on defined benefit obligation	58,293
59,075	Total Post Employment Benefit charged to the CIES	178,384

2018/19	Movement in Reserves Statement	2019/20
£000	Movement in Reserves Statement	£000
	Reversal of net charges made to the Surplus/Deficit for the	
(76,934)	Provision of Services for post employment benefits in accordance with the Code	(80,040)
37,813	Actual amount charged against the General Fund balance employers' contributions payable in year to the scheme	39,800

The change in financial assumptions has resulted in a gain of £147.134m (18/19 loss of £58.160m) in respect of pensions liabilities (as shown above).

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Councils obligation in respect of its defined benefit plans and discretionary benefits is as follows:

	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	(1,168,307)	(1,511,758)	(1,546,590)	(1,577,513)	(1,437,165)
Fair value of plan assets	654,147	783,865	836,822	882,239	872,271
Net liability on Fund	(514,160)	(727,893)	(709,768)	(695,274)	(564,894)
Present value of unfunded obligation in respect of discretionary benefits	(71,823)	(76,348)	(72,839)	(67,379)	(59,615)
Net liability in Balance Sheet	(585,983)	(804,241)	(782,607)	(762,653)	(624,509)

Reconciliation of present value of the defined benefit obligation

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

Liabilities are discounted to their value at current prices, using a discount rate of 2.35% (2018/19 2.4%) based on the annualised yield at the 18-year point on the Merrill Lynch AA rated corporate bond curve. This is consistent with the approach used at the last accounting date.

Notes to the Accounts

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

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked;
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to Corporate Costs in the CIES;
- Net interest on the net defined benefit liability – the net interest expense that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability at the beginning of the period, adjusted for any changes in the net defined benefit liability during the period resulting from contribution and benefit payments;
- Contributions paid to the Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities, not accounted for as an expense;
- Re-measurements - the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) 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.

2018/19		2019/20
£000		£000
(1,619,429)	Opening balance at 1 April	(1,644,892)
(48,705)	Current service cost	(51,894)
(9,960)	Past service costs, including curtailments	(1,481)
(40,810)	Interest cost	(39,603)
(8,104)	Contributions by scheme participants	(8,596)
	Remeasurement gains and losses:	
(58,160)	- change in financial assumptions	147,134
94,747	- change in demographic assumptions	22,692
	- experience loss/(gain) on defined benefit obligation	58,293
1,109	Liabilities extinguished on settlements	(26,217)
39,628	Estimated benefits paid net of transfers in	42,970
4,792	Unfunded pension payments	4,814
(1,644,892)	Closing balance at 31 March	(1,496,780)

Reconciliation of the movement in the fair value of the scheme (plan) assets

The Pension Fund assets attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unitised securities – current bid price
- property – market value.

2018/19		2019/20
£000		£000
836,822	Opening balance at 1 April	882,239
21,374	Interest on assets	21,583
	Remeasurement gains and losses:	
22,488	- return on plan assets less the amount included in net interest expense	(55,633)
	- other actuarial gains/(losses)	5,898
(711)	Administration expenses	(825)
37,813	Employer contributions	39,800
8,104	Contributions by scheme participants	8,596
(44,420)	Estimated benefits paid plus unfunded net of transfers in	(47,784)
769	Settlement prices received/(paid)	18,397
882,239	Closing balance at 31 March	872,271

The Scheme Assets comprise:

2018/19		Type of Asset	2019/20	
£000	%		£000	%
108,889	12.3%	Gilts	75,098	8.6%
448,954	50.9%	UK Equities	459,525	52.7%
131,507	14.9%	Other bonds	160,610	18.4%
68,936	7.8%	Property	64,148	7.4%
28,202	3.2%	Cash	21,205	2.4%
6,761	0.8%	Alternative Assets	6,859	0.8%
47,552	5.4%	Hedge Funds	44,135	5.1%
41,438	4.7%	Absolute Return Portfolio	40,691	4.7%
882,239	100.0%	Total	872,271	100.0%

Actuarial methods and assumptions

Both the Local Government Pension Scheme liabilities and unfunded obligation in respect of discretionary benefits have been estimated by Barnett Waddingham Public Sector Consulting, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2019. The significant assumptions used by the actuary have been:

Notes to the Accounts

2018/19	Mortality assumptions:	2019/20
£000	Longevity at 65 for current pensioners:	
22.9 years	■ Men	21.8 years
24.8 years	■ Women	25.1 years
	Longevity at 65 for future pensioners:	
24.6 years	■ Men	23.2 years
26.6 years	■ Women	26.5 years
	Other assumptions:	
3.40%	RPI Increases	2.70%
2.40%	CPI Increases	1.90%
2.40%	Rate of increase in salaries*	2.90%
2.40%	Rate of increase in pensions	1.90%
2.40%	Rate for discounting scheme liabilities	2.35%
10.00%	Take-up option to convert annual pension into retirement lump sum	10.00%

*salaries are assumed to increase at 2.9% per annum until 31 March 2021 and continue at the same rate per annum thereafter

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that only the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity analysis		Present value of Projected service	
		total obligation	cost
		£000	£000
Current assumption	0.0%	1,496,780	47,105
Adjustment to discount rate	+0.1%	1,467,401	45,865
	-0.1%	1,526,776	48,380
Adjustment to long term salary increase	+0.1%	1,498,558	47,128
	-0.1%	1,495,017	47,082
Adjustment to pension increases and deferred revaluation	+0.1%	1,525,102	48,361
	-0.1%	1,469,008	45,881
Adjustment to mortality age rating assumption	+ 1 year	1,562,749	48,647
	- 1 year	1,433,783	45,612

In general, participating in a defined benefit pension scheme means that the employer is exposed to a number of risks: -

- **Investment Risk:** - The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real return over the long-term, the short term volatility can cause additional funding to be required if a deficit emerges;
- **Interest Rate Risk:** - The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- **Inflation Risk:** - All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation;
- **Longevity Risk:** - In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Councils Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

Other defined benefit plan information

Employees of the Council make contributions on a variable scale depending on their pensionable salary. The remaining contribution is funded by the Council. Based on historical data, the Council expects to make contributions of £33.801m in 2020/21. The estimated duration of the Employer's liability is 20 years.

Pension guarantees

In accordance with the terms of the Admission Agreement with the Adventure Learning Charity, the Council has provided the Administering Authority a guarantee to meet any pension deficit should the Trust become insolvent under the terms of the Admission Agreement and under the LGPS Regulations. No liability is currently recognised in respect of this guarantee. The Council has also provided pension guarantees in relation to Action for Children, Bucks County Museum and Connexions; these also have no liability currently recognised.

Notes to the Accounts

15 - 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. Where additions on any single suite of works falls below the de-minimis level of £10,000 this expenditure will be charged to revenue. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council does not capitalise borrowing costs.

Separate components are recognised where the individual gross replacement cost of the component exceeds 10% of the gross replacement cost of the whole asset (with a minimum of £200,000) and where the cost or Net Book Value of the whole asset is equal to or greater than £1,000,000.

The recognition of the non-current assets is based on the extent to which the Council controls the future service potential of the asset, rather than the ownership of the underlying assets. In respect of schools:

- Community Schools and Foundation Schools are recognised where either the Council or the School controls the service and economic potential of these assets;
- The Council recognises only the value of land it owns in relation to Voluntary Aided Schools and Voluntary Controlled Schools. Assets used by Schools under mere licences where the underlying rights to the property are held by the Dioceses are not recognised where the control of the asset has not passed to the school;
- The transfers of assets to Academies are subject to a formal lease agreement. The building element is not recognised in the Balance Sheet in accordance with the requirements of IAS 17. The land element is retained on the Balance Sheet but at notional value only, to reflect the unexpired residual term of the lease. Where a school transfers to Academy status assets held in the Balance Sheet are de-recognised and the loss on disposal is reversed out of the General Fund as it is not chargeable to Council Tax.

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 operation. Components are measured at gross replacement cost. Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost;
- operational assets providing service potential for the Council – 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, or the assets have short useful lives or low values, depreciated replacement cost (DRC) is used as an estimate of current value;
- All other assets – fair value, the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date in accordance with IFRS 13.

Assets included in the Balance Sheet are revalued every five years by an external valuer in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors (RICS). Components of assets enhanced or revalued are valued at gross replacement cost. Building Cost Information Service (BCIS) indices are applied to the gross replacement cost to calculate the net book value of the component.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for as follows:

- 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 CIES.

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.

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 and assets that are not yet available for use (i.e. assets under construction). No depreciation is charged in the year of acquisition however a full year's charge is made in the year of disposal.

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer;

Table shows range of assets useful lives for valuation years:

	2019/20	2018/19	2017/18	2016/17	2015/16
Minimum	15	15	20	16	28
Maximum	55	55	51	51	72

- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer;
- Infrastructure – straight-line allocation over 40 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are depreciated in the year of revaluation, except where there has been a material movement in the asset balance, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and De-recognition

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 CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES. When a component is replaced, the carrying amount of the old component is derecognised and the new component reflected at cost in the carrying amount of the overall asset. Such recognition and de-recognition takes place regardless of whether the replaced part has been depreciated separately. Any revaluation gains accumulated for the asset or component in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Notes to the Accounts

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Capital Receipts Reserve from the General Fund balance in the Movement in Reserves Statement.

Where the amount due in relation to the asset (including leased assets) is contingent on payments in future financial years, this is posted to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement and a long-term trade receivable is created in the Balance Sheet. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the future payments are received, the element of the capital receipt for the disposal of the asset is used to write down the long-term trade receivable. At this point, the Deferred Capital Receipts are transferred to the Capital Receipts Reserve. The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are charged with the following amounts to record the cost of holding non-current assets during the year:

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual minimum revenue provision (MRP) towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this contribution by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement. The MRP charge for 2019/20 is £7.474 (2018/19 £6.455m).

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Cost or Valuation						
At 1 April 2019	869,235	124,247	525,990	11,644	2,556	1,533,672
Additions	10,579	5,225	45,435	2,512	(468)	63,283
Revaluation increases recognised in the Revaluation Reserve	67,362	402		2		67,766
Revaluation (decreases) recognised in the Revaluation Reserve						-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(33,178)					(33,178)
Disposals	(5,040)	(77)		(33)		(5,150)
Derecognition						-
Derecognition - Academies	(19,002)					(19,002)
Assets reclassified	223					223
other movements in cost or valuation						-
At 31 March 2020	890,179	129,797	571,425	14,125	2,088	1,607,614
Accumulated Depreciation and Impairment						
At 1 April 2019	1,352	(10,988)	(111,278)	(4,999)	-	(125,913)
Prior period error						-
Depreciation charge	(24,485)	(4,336)	(14,081)		(2,070)	(44,972)
Depreciation written out to the Revaluation Reserve	28,043	(402)		(100)		27,541
Derecognition - Academies disposals	(1,911)					(1,911)
	(30)	61				31
Derecognition - other	(1,494)					(1,494)
Assets reclassified	52					52
At 31 March 2020	1,527	(15,665)	(125,359)	(5,099)	(2,070)	(146,666)
Net Book Value						
as at 31 March 2020	891,706	114,132	446,066	9,026	18	1,460,948
as at 1 April 2019	870,586	113,259	414,712	6,646	2,557	1,407,760

Notes to the Accounts

2018/19 Comparative Figures Property, Plant and Equipment

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Original	765,808	12,611	415,476	4,274	166,325	1,364,494
Prior year Adj	(89,539)					
Cost or Valuation						
At 1 April 2018	849,228	119,635	479,026	5,437	2,407	1,455,732
Additions	15,098	1,291	46,964	340	150	63,843
Revaluation increases recognised in the Revaluation Reserve	39,361	5,569		744		45,674
Revaluation (decreases) recognised in the Revaluation Reserve	(3,026)					(3,026)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(21,110)			(697)		(21,807)
Derecognition - disposals	(2,047)	(2,248)		(265)		(4,560)
Derecognition - Academies	(2,182)					(2,182)
Assets reclassified	(6,087)			6,085		(2)
At 31 March 2019	869,235	124,247	525,990	11,644	2,557	1,533,672
Accumulated Depreciation and Impairment						
At 1 April 2018	(3,565)	(9,047)	(98,371)	(1,485)	-	(112,468)
Prior period error	(3)					(3)
Depreciation charge	(20,608)	(4,170)	(12,907)		-	(37,685)
Depreciation written out to the Revaluation Reserve	22,808			178		22,986
Derecognition - disposals	355	2,229		50	-	2,634
Derecognition - other	(1,385)					(1,385)
Assets reclassified	3,750			(3,742)	-	8
At 31 March 2019	1,352	(10,988)	(111,278)	(4,999)	-	(125,913)
Net Book Value						
as at 31 March 2019	870,586	113,259	414,712	6,646	2,557	1,407,760
as at 1 April 2018	845,662	110,588	380,655	3,953	2,407	1,343,265

Capital Commitments

Project	Type of Contract	Name of Contractor	Contract Value £000	Amount Outstanding at 31st March 2020 £000
Mandeville Upper School	Construction	Furlong & Higgs Ltd	546	514
Chiltern Hills Academy	Construction	BAM construction	646	561
Kingsbrook Secondary School	Construction	ADP Architects	363	349
Denham Village Infant School	Construction	Boom Construction Ltd	1,119	1,119
Kingsbrook View Primary School	Construction	Morgan Sindall Construction & Infrastructure Ltd	527	374
Pebble Brook School	Construction	Alcema Ltd	1,302	1,225
Old County Offices	Construction	Campbell Reith Hill LLP	334	280
Old High Wycombe Library	Construction	Glenman Corporation Ltd	1,835	271
			6,672	4,693

At 31 March 2020, the Council has £4.693m capital commitments for the construction or enhancement of Property, Plant, Equipment and Intangible Assets. Commitments as at 31 March 2019 were £18.377m.

Revaluations

The following table shows the progress of the Council's five-year rolling programme for the revaluation of fixed assets. The valuations for 2019/20 have been carried out by RICS qualified external company, Carter Jonas. The valuation dates during the year have been either 31 December or 31 March 2020, depending on the specific assets.

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000
Carried at historical cost:		7,151	432,346	
Valued at fair value as at:				
31 March 2016 and older				
31 March 2017				
31 March 2018				
31 March 2019	648,343			
31 March 2020	267,141	106,981		9,027
Total Cost or Valuation	915,484	114,132	432,346	9,027

*For 18/19 year end an indexation exercise was needed to be performed; this exercise involved all assets that had not been valued during that year. The indexation was then applied to each asset and increased the carrying values. The table above now reflects that at 31 March 2019 all assets had been brought back to fair value.

The significant assumptions applied in estimating fair values are:

- Unless otherwise stated, the title of the properties is free from onerous and unusual restrictions;
- No structural surveys or internal inspections have been carried out;
- The properties are not affected by deleterious or hazardous materials, land contamination or adverse ground conditions, and no investigation has been carried out to determine the presence of any such contamination;
- Assets are unaffected by flooding, subsidence and any matters which would be revealed by local search;
- Fair Value in Existing Use is based on the 'modern equivalent asset'.

Notes to the Accounts

Revenue expenditure funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. This relates mainly to Schools where the Council funds capital developments, but the School is not recognised on the Balance Sheet. 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. Amounts charged to REFCUS are detailed in note 16 below.

16 - Capital Expenditure and Capital Financing

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

2018/19		2019/20
£000		£000
395,323	Opening Capital Financing Requirement	468,432
	Capital Investment	
63,843	Property, plant and equipment	63,283
78,830	Investment properties	678
596	Intangible assets	995
40,986	Revenue Expenditure Funded from Capital Under Statute	22,213
	Source of Finance	
(3,734)	Capital receipts	(3,281)
(86,938)	Government grants and other contributions	(59,673)
(14,019)	Direct revenue contributions	(21,275)
(6,455)	Minimum revenue provision	(7,474)
468,432	Closing Capital Financing Requirement	463,898
	Explanation of movements in year	
73,109	Increase/(decrease) in underlying need to borrowing (unsupported by government financial assistance)	(4,534)
73,109	Increase/(decrease) in Capital Financing Requirement	(4,534)

17 - Heritage Assets

Heritage Assets are those assets (either tangible or intangible) with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Where information is held on the cost or value of a Heritage Asset, the asset is recognised and measured (including the treatment of revaluation gains and losses and impairments) in accordance with the policy for Property, Plant and Equipment in respect of tangible heritage assets or in accordance with the policy in respect of intangible heritage assets. Where this information is not available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements, the assets are not recognised in the Balance Sheet. No depreciation or amortisation is charged on heritage assets which have indefinite lives.

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

	Historic Sites and Monuments	Kederminster Library and Pew	Museum Collections and Paintings	Total
	£000	£000	£000	£000
Valuation				
1 April 2019	787	1,056	5,681	7,524
31 March 2020	787	1,056	5,681	7,524
1 April 2018	787	1,056	5,681	7,524
31 March 2019	787	1,056	5,681	7,524

Historic Sites and Monuments

The Council has identified five Heritage Assets sited within Country Parks and Green Spaces, managed and maintained by Countryside Services;

- Cholesbury Camp
- Whiteleaf Cross and Woods
- Coombe Hill Monument
- The John Hampden Memorial
- Gott's Monument

Kederminster Library and Pew

Kederminster Library and the adjoining aisle and family vault were acquired by the Council in 1945 as part of the Langley Park estate. The Library contains a collection of 300 theological works and is housed in a highly ornate room provided by Sir John Kederminster in 1623.

County Museum Collections and Paintings

Buckinghamshire County Museum cares for more than 130,000 items, which represent the heritage of the county in collections built up over the last 150 years. The museum is accredited through the National Museum Accreditation programme. The Council also holds a series of paintings and portraits within the Judges Lodgings. These are reported at insurance value and are not normally open to the public.

Centre for Buckingham Studies

The Centre for Buckinghamshire Studies is located in the County Offices, Aylesbury, and provides the archive service covering the historical county of Buckinghamshire.

Notes to the Accounts

18 - Intangible Assets

Expenditure on non-monetary assets that do not have physical substance (e.g. software licences) is capitalised as Intangible Assets when it is expected that future economic benefits or service potential will flow to the Council, and to the extent that the asset is not an integral part of Property, Plant and Equipment.

Intangible assets are measured initially at cost. Amounts are not revalued as their fair value cannot be determined by reference to an active market. All software is given a finite useful life, which has been assessed as between 1 and 6 years, based on the period that it is expected to be used. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.823m charged to revenue in 2019/20 is absorbed as an overhead across all the service headings in the CIES. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

2018/19		2019/20
£000		£000
	Balance at start year:	
4,427	Gross carrying amounts	4,111
(2,163)	Accumulated amortisation	(2,024)
	Net carrying amount at start of year	
596	Purchases	995
(912)	Disposals	
912	Accumulated amortisation written out on disposal	
(773)	Amortisation for the period	(823)
2,088	Net carrying amount at end of year	2,260
	Comprising:	
4,111	Gross carrying amounts	5,106
(2,024)	Accumulated amortisation	(2,846)
2,088		2,260

19 - Investment Property

Investment properties are those that are used solely to earn rental income and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use taking into account a market participant's ability to generate economic benefits or by selling it to another market participant that would use the asset in its highest and best use and assuming that market participants act in their economic best interest. The highest and best use is assessed to be their current use. The fair value measurement assumes that the transaction to sell the asset takes place in the principal market for the asset.

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 CIES. 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. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund. The gains and losses are therefore reversed out of the General Fund 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.

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the CIES:

2018/19		2019/20
£000		£000
(7,901)	Rental income from Investment Property	(10,536)
982	Direct operating expenses arising from Investment Property	922
11,706	Revaluation gains and losses	7,202
4,787	Charge for the year	(2,412)

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

2018/19		2019/20
£000		£000
130,812	Balance at start of the year	193,050
78,830	Additions	678
(4,173)	Disposals	
(11,706)	Net gains / loses from fair value adjustments	(7,202)
(713)	Transfers to / from Property, Plant and Equipment	495
193,050	Balance outstanding at year end	187,021

Notes to the Accounts

Valuation Process for Investment Properties

All valuations are carried out by Carter Jonas 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 on a regular basis regarding all valuation matters.

Fair Value Hierarchy

The Council uses valuation techniques that are appropriate for investment property and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value for the investment properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy. There were no transfers between Levels 1 (quoted prices (unadjusted) in active markets for identical assets) and Level 2 during the year.

Other Significant Observable Inputs (Level 2)	Fair Value as at 31 March 2019		Other Significant Observable Inputs (Level 2)	Fair Value as at 31 March 2020
43,133	43,133	Agricultural estate	47,771	47,771
149,916	149,916	Commercial Units	139,250	139,250
193,049	193,049	Total	187,021	187,021

20 - Assets Held for Sale

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

2018/19		2019/20
£000		£000
1,278	Balance outstanding at start of the year:	1,650
	Assets newly classified as held for sale:	
707	Property, Plant and Equipment	
378	Revaluation gains	118
(11)	Depreciation	(25)
	Assets declassified as held for sale:	
(702)	Assets sold	(973)
	Transfer from non-current to current	(770)
1,650	Balance outstanding at year end	-

21 - Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

Financial Assets

To meet new Code requirements, financial assets are now classified into one of three categories:

- Financial Assets held at amortised cost
- Fair value Through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit and Loss (FVTPL)

Financial Assets held at Amortised Cost

Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.

Fair value Through Other Comprehensive Income

These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.

Fair Value Through Profit and Loss

These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

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 CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Premiums and discounts on the early redemption of loans are charged to the CIES when incurred, however Regulations allow the impact on the General Fund to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund is managed by a transfer to or from the Financial Instruments Adjustment Account in the MiRS.

Notes to the Accounts

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

	31-Mar-19	31-Mar-19	31-Mar-20	31-Mar-20
	Long Term	Short Term	Long Term	Short Term
	£000	£000	£000	£000
Fair Value through Other Comprehensive Income				
Investments				
Fair Value Through Profit or Loss				
Investments*		11,989		41,767
Financial Assets at Amortised Cost				
Investments-money market investments	2,088		3,079	
Temporary Loans		2,231		2,548
Loans and Receivables		45,447		52,623
Loan to Local Authority company and other entities	170		170	
Cash and Cash Equivalents		919		8,413
Total of Assets	2,258	60,586	3,249	105,351
Less items to be excluded				
Payments in Advance		(4,522)		(4,385)
Collection Fund Adjustment		(9,281)		(11,891)
Her Majesty's Revenue and Customs		(7,127)		(8,076)
Total to be Deducted from Assets		(20,930)		(24,352)
Total Financial Assets	2,258	39,656	3,249	80,999
Financial Liabilities at Amortised Cost				
Borrowing	(260,610)	(35,945)	(264,048)	(56,616)
Trade and other payables		(124,150)		(147,800)
Total Financial Liabilities	(260,610)	(160,095)	(264,048)	(204,416)
Less items to be excluded				
Receipts in advance and deferred income		27,578		43,880
Collection fund adjustment		3,269		7,621
Her majesty's revenue and customs		30		93
Total to be Deducted from Liabilities		30,877		51,594
Total Financial Liabilities at Amortised Cost	(260,610)	(129,218)	(264,048)	(152,822)

*Investments includes Money Market Funds and accrued CCLA Interest

	31-Mar-19	31-Mar-19	31-Mar-20	31-Mar-20
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Fair Value through Other Comprehensive Income				
Investments				
Fair Value Through Profit or Loss				
Investments	11,989	11,989	41,767	41,767
Financial Assets at Amortised Cost				
Investments	2,088	2,088	3,079	3,079
Temporary Loans	2,231	2,231	2,548	2,548
Loans and Receivables	45,447	45,447	52,623	52,623
Loan to Local Authority company and other entities	170	170	170	170
Cash and Cash Equivalents	919	919	8,413	8,413
Total to be Deducted from Assets	(20,930)	(20,930)	(24,352)	(24,352)
Total Financial Assets	41,914	41,914	84,248	84,248

Financial Liabilities at Amortised Cost

Borrowing	(296,555)	(327,458)	(320,664)	(376,577)
Trade and other payables	(124,150)	(124,150)	(147,800)	(147,800)
Total to be Deducted from Liabilities	30,877	30,877	51,594	51,594
Total Financial Liabilities	(389,828)	(420,731)	(416,871)	(472,783)

Income, Expenditure, Gains and Losses

	2018/19				2019/20			
	Financial Liabilities measured at amortised cost	Financial Assets: Assets at amortised cost	Financial Assets: Assets at fair value through other comprehensive Income	Total	Financial Liabilities measured at amortised cost	Financial Assets: Assets at amortised cost	Financial Assets: Assets at fair value through other comprehensive Income	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Interest Expense	9,016			9,016	8,626			8,626
Fee expense	28,748			28,748				-
Total expense in Surplus or Deficit on the Provision of Services	37,764	-	-	37,764	8,626	-	-	8,626
Interest Income		(2,289)	(349)	(2,638)		(3,107)		(3,107)
Total income in Surplus or Deficit on the Provision of Services	-	(2,289)	(349)	(2,638)	-	(3,107)	-	(3,107)
Gains on revaluation			(336)	(336)			222	222
Surplus / Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	(336)	(336)	-	-	222	222
Net loss/(gain) for the year	37,764	(2,289)	(685)	34,790	8,626	(3,107)	222	5,741

Notes to the Accounts

Fair Value of Financial Assets

Investment Assets are measured at fair value on a recurring basis. The valuation techniques used to measure them maximise the use of relevant observable inputs and minimise the use of unobservable inputs and are categorised as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council 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.

Recurring fair value measurements using:

	2018/19			2019/20				
	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	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
Investments	6,217	5,772		11,989	5,994	35,774	-	41,768
Total	6,217	5,772	-	11,989	5,994	35,774	-	41,768

The Fair Values of financial assets and financial liabilities that are not measured at fair value (but for which Fair Value disclosures are required)

Except for Financial Assets carried at fair value (described in the table above), all other financial liabilities and financial assets, loans and receivables and long-term trade receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- The fair value of PWLB loans as at 31 March 2020 is the repayment cost calculated using the repayment interest rates at 31 March 2020. The relevant interest rates are published on the Debt Management Office website
- The fair value of the Lender Option, Borrower Option loans (LOBOs) are based on calculations using the market interest rates available for similar loans from similar lenders at 31 March 2020
- The fair values for the LOBO and PWLB loans are calculated by Arlingclose, in their role as an external valuation specialist
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- Other long-term debtors are valued by calculating the present value of the cash flows that will take place over the remaining life of the contracts.
- No fair value disclosures are provided for trade receivables and payables as the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value:

	Fair Value Level	31-Mar-19 Carrying amount £000	31-Mar-19 Fair Value £000	31-Mar-20 Carrying amount £000	31-Mar-20 Fair Value £000
Financial Assets					
Other loans and receivables	2	2,158	2,158	2,249	2,249
Soft Loans	3	2,401	2,401	2,548	2,548
Total Financial Assets		4,559	4,559	4,797	4,797
Financial Liabilities					
Loans and borrowings	2	(296,555)	(347,459)	(320,664)	(376,577)
Total Financial Liabilities		(296,555)	(347,459)	(320,664)	(376,577)

Assets and liabilities at level 2 are those whose values are based on quoted market prices that are not as active as level 1 markets or based on models whose inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Products classified as level 2 comprise bonds and loans, less liquid and restricted equity securities, absolute return funds and over the counter derivatives.

Other long-term debtors and soft loans are categorised as a Level 3 as there are no observable market inputs. The value of long-term debtors recorded in the balance sheet is based on the present value of the cash flows to the Council from access to below-market bed-spaces over the 30 year contracts in respect of a number of Care Homes as a result of Adult Social Care re-provisioning. The most significant inputs are the discount rate of 3.5% and rental inflation rate of 2.5%. Soft loans represent loans to lower-tier authorities, voluntary organisations, employees, local authority companies and related parties at less than market rates or where the credit rating of the body would make access to funding prohibitive.

22 - Nature and Extent of Risks Arising from Financial Instruments

The Council's overall treasury risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Treasury risk management is carried out by a central Treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

A country is assigned a sovereign rating which signifies the country's ability to provide a secure investment environment which reflects factors such as economic status, political stability and foreign currency reserves. The strongest sovereign rating that can be achieved is AAA; AA+ is the next strongest.

The Council invests in the UK or specified AAA and AA+ sovereign rated countries, the total maximum that can be invested in an individual AAA sovereign rated country is £20m and the total maximum that can be invested in an

Notes to the Accounts

individual AA+ sovereign rated country is £10m. Sovereign credit rating criteria and foreign country limits will not apply to investments in multilateral development banks (e.g. the European Investment Bank and the World Bank) or other supranational organisations (e.g. the European Union).

Creditworthiness

The Council follows the rating issued by the three main agencies (Fitch, Moody's and Standard and Poor) and defines the following as being of "high credit quality" for making investments, subject to the monetary and time limits shown.

Cash Limits (per counterparty)			
Credit Rating	Banks Unsecured	Banks Secured	Government
UK Govt	n/a	n/a	£ Unlimited 50 years
AAA	£5m 5 years	£10m 20 years	£10m 50 years
AA+	£5m 5 years	£10m 10 years	£10m 25 years
AA	£5m 4 years	£10m 5 years	£10m 15 years
AA-	£5m 3 years	£10m 4 years	£10m 10 years
A+	£5m 2 years	£10m 3 years	£5m 5 years
A	£5m 13 months	£10m 2 years	£5m 5 years
A-	£5m 6 months	£10m 13 months	£5m 5 years
BBB+	£3m 100 days	£3m 6 months	£3m 2 years
BBB	£3m next day only	£3m 100 days	n/a
None	£3m 6 months	n/a	£10m 25 years
Pooled Funds	£25m per fund		

Group Limits

The maximum amount invested with a connected group of counterparties is £10m (although the maximum investment with a single counterparty within any group is dependent on the bank's credit rating). Investments in part nationalised and nationalised banks are not subject to a government group limit.

Credit Watch / Outlook Overlay

From time to time an institution will be placed on negative watch or negative outlook, indicating that a downgrade is either likely or possible in the future. Watches are considered short term actions, whereas outlooks are considered over a longer time horizon. If an institution is on negative watch so that it is likely to fall below the above criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced.

Default

The Council defines default as a customer or borrower's failure to pay amounts owed to it. Counterparty is likely to be considered in default if:

- it is in administration, insolvency or winding up proceedings;
- it has entered into a scheme of arrangement with its creditors;
- it is in default on similar financial assets.

Exposure to Credit Risk

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and collectability over the last three financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2020 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2020 %	Estimated maximum exposure to default and uncollectability at 31 March 2020 £000	Estimated maximum exposure at 31 March 2019 £000
	A	B	C	(A x C)	
Deposits with banks and financial institutions	35,690	0.006%	0.009%	3.21	0.49
Customers	21,511	-0.284%	11.468%	2,467.00	1,734.00
				2,470.21	1,734.49

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Of the £21.511m (2018/19 £15.812m) balance, £15.812m (2018/19 £14.575m) of trade receivables were individually assessed for impairments. A risk evaluation based on the value and types of debt was carried out to determine which debts to individually assess. This review resulted in a required provision of £2.467m (2018/19 £1.734m) to be made in respect of these trade receivables.

The Council does not generally allow credit for customers, such that £8.204m of the £21.511m balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2019		31 March 2020
£000		£000
3,956	Less than three months	1,362
771	Three to six months	1,308
684	Six months to one year	1,277
3,569	More than one year	4,257
8,979		8,204

Liquidity Risk

As the Council has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The profile of debt falling due is shown below

31 March 2019		31 March 2020
£000		£000
35,945	Less than one year	56,616
5,962	Between one and two years	6,435
28,334	Between two and five years	29,765
226,315	More than five years	227,848
296,556		320,664

Market Risk

Notes to the Accounts

Interest Rate Risk

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

- Borrowings at variable rates – the interest expense charged to the CIES will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the CIES will rise
- Investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so notional gains and losses on fixed rate borrowings would not impact on the CIES. However, changes in interest payable and receivable on variable rate borrowings and investments would be posted to the CIES and affect the General Fund pound for pound.

The Council has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs. If interest rates had been 1% higher with all other variables held constant, the financial effect in 2019/20 would have been:

31 March 2019		31 March 2020
£000		£000
(196)	Increase in interest payable on variable rate borrowings	-
69	Increase in interest receivable on variable rate investments	39
(127)	Impact on Surplus/Deficit on the Provision of Services	39
(44,145)	Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus/Deficit on the Provision of Services or other Comprehensive Income and Expenditure)	(50,078)

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

Price Risk

The Council invested £5m in the CCLA pooled property fund in 2013/14. This element of the Council's portfolio is exposed to the risk of rising and falling commercial property prices. A 5% fall in commercial property prices would result in a £0.25m fall in the Council's investment value. The Council intends to hold this pooled property fund for the long term to minimise the risk of volatility in commercial property prices resulting in a capital loss.

23 - 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.

31 March 2019		31 March 2020
£000		£000
919	Bank current accounts	8,413
919	Total Cash and Cash Equivalents	8,413

24 - Trade and Other Receivables and Payables

Short Term Trade and Other Receivables

31 March 2019		31 March 2020
£000		£000
878	Central Government bodies	896
7,127	HM Revenue and Customs	8,076
1,712	Other local authorities and NHS	1,018
9,281	Collection Fund adjustment	11,891
23,661	Sundry Trade and Other Receivables	28,824
4,522	Payments in advance	4,385
47,181	Total	55,090
(1,734)	Impairment Loss Allowance	(2,467)
45,447	Total Short Term Trade and Other Receivables	52,623

Long Term Trade and Other Receivables

31 March 2019		31 March 2020
£000		£000
12,193	Reprovisioning of Adult Social Care	11,248
	Finance lease	6,514
15	Other Long Term Trade and Other Receivables	9
12,208	Total Long Term Trade and Other Receivables	17,771

Short Term Trade and Other Payables

Notes to the Accounts

31 March 2019		31 March 2020
£000		£000
(30)	HM Revenue and Customs	(93)
(1,049)	Central Government bodies	(922)
(4,156)	Other local authorities and NHS	(1,919)
(3,269)	Collection Fund adjustment	(7,621)
(28,886)	Deposits from contractors and others	(37,945)
(49,592)	Other sundry creditors	(49,869)
(27,578)	Receipts in advance and deferred income	(43,880)
(9,590)	Capital expenditure	(5,551)
(124,150)	Total	(147,800)

Long Term Trade and Other Payables

31 March 2019		31 March 2020
£000		£000
(3,921)	Receipts in advance and deferred income	(1,578)
(3,921)		(1,578)

25 - 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. Provisions are charged as an expense to the appropriate service line in the CIES 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.

The following provisions have been made as at 31 March 2020:

	Long Term Provisions			
	Insurance	National Non-Domestic Rates	Other	Total
	£000	£000	£000	£000
1 April 2019	(5,644)	(3,027)	(357)	(9,028)
Additional provisions made	(10)	(1,921)	(56)	(1,987)
Amounts used	-		152	152
Unused amounts reversed	-	3,027	-	3,027
Balance at 31 March 2020	(5,654)	(1,921)	(261)	(7,836)

Long Term Provisions

- Insurance - these exist for meeting claims under a self-insurance scheme. There are cumulative limits to these, above which claims will be met by the Council's insurers. These cover areas of insurance such as motor, fire, maternity cover and employees. In addition, a provision is maintained for probable liabilities following the Municipal Mutual Insurance ceasing to undertake new business.
- The Local Government Finance Act 2012 introduced a business rates retention scheme which came into effect in 2013/14. District Councils are responsible for collecting business rates and are required to make provision for amounts that are likely to be repaid to ratepayers following successful appeals. The Council is required to separately disclose its share of these provisions.

26 - Unusable Reserves

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

March 31 2019		March 31 2020
£000		£000
(508,801)	Revaluation Reserve	(569,327)
(628,687)	Capital Adjustment Account	(620,343)
31,831	Financial Instruments Adjustment Account	31,098
(12,496)	Deferred Capital Receipts Reserve	(18,843)
762,653	Pensions Reserve	624,509
(2,984)	Collection Fund Adjustment Account	(2,349)
4,682	Accumulated Absences Account	4,346
(1,217)	Financial Instruments Revaluation Reserve	(994)
(355,019)	Total Unusable Reserves	(551,904)

Notes to the Accounts

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.

<u>Revaluation Reserve</u>		
2018/19		2019/20
£000		£000
(458,999)	Balance at 1 April	(508,801)
	(73,934) Upward revaluation of assets	(78,284)
	7,808 Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	
(66,126)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(78,284)
	6,081 Difference between fair value depreciation and historical cost depreciation	
	10,243 Accumulated gains on assets sold or scrapped	
16,324	Amount written off to the Capital Adjustment Account	17,758
(508,801)	Balance at 31 March	(569,327)

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 Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Capital Adjustment Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

2018/19		2019/20
£000		£000
(622,713)	Balance as restated as at 1 April	
	Reversal of items relating to capital expenditure debited or credited to the CIES:	(628,687)
37,696	- Charges for depreciation and impairment of non-current assets	45,336
23,366	- Revaluation losses on Property, Plant and Equipment	25,250
11,706	- Movements in the market value of Investment Properties	6,076
773	- Amortisation of intangible assets	823
40,987	- Revenue Expenditure Funded from Capital Under Statute	22,213
8,930	- Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	20,072
123,457		(508,917)
	Adjusting amounts written out of the Revaluation Reserve:	
(16,324)	- Net written out amount of the cost of non-current assets consumed in the year	(17,758)
	Capital financing applied in the year:	
(3,734)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(3,281)
(83,832)	- Capital grants and contributions credited to the CIES that have been applied to capital financing	(41,069)
(3,106)	- Application of grants to capital financing from the Capital Grants Unapplied Account	(18,604)
(6,455)	- Statutory provision for the financing of capital investment charged against the General Fund balance	(7,474)
(1,961)	- Voluntary provision for the financing of capital investment charged against the General Fund balance	(1,961)
(14,019)	- Capital expenditure financed from the General Fund	(21,275)
(129,431)		(111,422)
(628,687)	Balance at 31 March	(620,339)

Financial Instruments Adjustment Account

Notes to the Accounts

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for premiums and discounts on the early repayment of loans per statutory provisions. The premium or discount is spread over the unexpired term of the loan when it was redeemed. The premium incurred in 2019/20 will be charged over 60 years.

2018/19		2019/20
£000		£000
3,817	Balance at 1 April	31,831
28,748	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	
(734)	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(734)
28,014		(734)
31,831	Balance at 31 March	31,097

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2018/19		2019/20
£000		£000
(14,058)	Balance at 1 April	(12,496)
-	Write-down / impairment of benefit	(8,049)
1,562	Transfer to the Capital Receipts Reserve upon receipt of cash	1,702
(12,496)	Balance at 31 March	(18,843)

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 debit balance on the Pensions Reserve indicates a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them.

2018/19		2019/20
£000		£000
782,607	Balance at 1 April	762,653
(59,075)	Actuarial gains and losses on pensions assets and liabilities	(178,384)
76,934	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	80,040
(37,813)	Employer's pension contributions and direct payments to pensioners payable in the year	(39,800)
762,653	Balance at 31 March	624,509

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and National Non-Domestic Rates income in the CIES 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		2019/20
£000		£000
(2,925)	Balance at 1 April	(2,984)
871	Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	(1,472)
(930)	Amount by which National Non-Domestic Rates income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	2,107
(2,984)	Balance at 31 March	(2,349)

Accumulated Absences Account

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

2018/19		2019/20
£000		£000
6,904	Balance at 1 April	4,682
(6,904)	Settlement or cancellation of accrual made at the end of the preceding year	(4,681)
4,682	Amounts accrued at the end of the current year	4,346
(2,222)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(335)
4,682	Balance at 31 March	4,347

Financial Instruments Revaluation Reserve

The Financial instruments Revaluation Reserve contains the gains arising from increases in the fair value of investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are either revalued downwards or impaired and the gains are lost or disposed of and the gains are realised.

2018/19		2019/20
£000		£000
(1,122)	Balance at 1 April	(1,217)
(95)	Movements in reserve	222
(1,217)	Balance at 31 March	(995)

Notes to the Accounts

27 - External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors (Grant Thornton) appointed by the PSAA:

2018/19		2019/20
£000		£000
66	Fees payable with regard to external audit services carried out by the appointed auditor for the year for Buckinghamshire County Council	93
12	Fees payable for the certification of grant claims and returns for the year	8
78	Total	101

28 - Notes to the Cash Flow Statement

Note 28.1 - Cash Flow from Operating Activities

2018/19		2019/20
£000		£000
92,595	Net (surplus) or deficit on the provision of services	64,991
	Adjustments for non-cash movements	
(61,062)	■ Depreciation, impairment and downward valuations	(70,586)
(11,706)	■ Changes in fair value of Investment Properties	(6,076)
(773)	■ Amortisations	(823)
59	■ Increase in impairment for provision of bad debts	(733)
(11,679)	■ Increase / decrease in creditors	(15,756)
3,042	■ Increase / decrease in debtors	13,472
31	■ Increase / decrease in inventories	(18)
(2,638)	■ Interest received	(3,107)
37,764	■ Interest paid	8,626
(39,121)	■ Movement in Pension liability	(40,240)
(8,927)	■ Carrying amount of non-current assets sold or derecognised	(20,072)
(37,134)	■ Other non-cash items charged to the net Surplus or Deficit on the provision of services	10,529
(132,144)		(124,785)
	Adjustment for items that are Investing and Financing activities	
2,003	■ Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,381
86,060	■ Any other items for which the cash effects are investing or financing activities	57,962
88,063		59,342
48,513	Net cash flows from Operating Activities	(451)

Note 28.2 - Cash Flow from Investing Activities

2018/19 £000		2019/20 £000
133,747	Purchase of property, plant and equipment, investment property and intangible assets	59,473
938,808	Purchase of short-term and long-term investments	882,606
-	Other payments for investing activities	-
(2,172)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,579)
(948,555)	Proceeds from short-term and long-term investments	(913,693)
(86,060)	Other receipts from investing activities	(57,962)
35,768	Net cash flows from investing activities	(31,154)

Note 28.3 - Cash Flow from Financing Activities

2018/19 £000		2019/20 £000
(246,693)	Cash receipts of short and long-term borrowing	(95,397)
163,421	Repayments of short-term and long-term borrowing	119,507
83,272	Net Cash flows from financing activities	24,110

29 - Pooled Budgets

Better Care Fund

Since 2015, the Government's aims around integrating health, social care and housing, through the Better Care Fund (BCF), have played a key role in the journey towards person-centred integrated care. This is because these aims have provided a context in which the NHS and local authorities work together, as equal partners, with shared objectives.

The BCF is the national programme, through which local areas agree how to spend a local pooled budget in accordance with the programme's national requirements. Buckinghamshire County Council is the host for the pooled fund on behalf of the four District Councils and Milton Keynes and Buckinghamshire CCG.

The pooled budget is made up of CCG funding as well as local government grants (Disabled Facilities Grant & iBCF). iBCF was first announced in the 2015 Spending Review. The government grants and the iBCF is paid directly to Buckinghamshire County Council and the CCG funding is paid directly to CCG by NHS England and in turn BCC invoice the CCG on a quarterly basis in relation to the social care allocation.

The iBCG grant allocations were increased in the 2017 Spring Budget. The grant is to be used only for the purposes of meeting adult social care needs; reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready; and ensuring that the local social care provider market is supported. There is no requirement to spend across the purposes, or to spend a set proportion on each.

Notes to the Accounts

2018/19		2019/20
£000		£000
	Expenditure	
13,193	Expenditure met by Buckinghamshire County Council	14,980
18,923	Expenditure met by Buckinghamshire CCG	20,018
3,321	Expenditure met by District Councils	3,583
35,437	Total Expenditure	38,581
	Income	
(3,658)	Contribution from Buckinghamshire County Council	(4,893)
(28,458)	Contribution from Buckinghamshire Clinical Commissioning Group	(30,105)
(898)	Contribution from Aylesbury Vale District Council	(968)
(651)	Contribution from Chiltern District Council	(703)
(588)	Contribution from South Bucks District Council	(634)
(1,184)	Contribution from Wycombe District Council	(1,278)
(35,437)	Total Income	(38,581)

Integrated Mental Health Provision for Adults of Working Age Agreement

A Partnership with Oxfordshire and Buckinghamshire Mental Health Partnership NHS Trust (OBMH) since 2013 to provide the provision of mental health services for Adults. OBMH are the hosts of the pooled budget.

2018/19		2019/20
£000		£000
	Expenditure	
8,251	Expenditure met by Oxford Health NHS Foundation Trust	8,530
8,251	Total Expenditure	8,530
	Income	
(2,751)	Contribution from Buckinghamshire County Council	(2,846)
(5,500)	Contribution from Oxfordshire and Buckinghamshire Mental Health Trust	(5,684)
(8,251)	Total Income	(8,530)

Children and Adolescence Mental Health Services (CAMHS)

This is a partnership between the Council and two Clinical Commissioning Group. The Council is the host authority for the pooled fund arrangement.

2018/19		2019/20
£000		£000
	Expenditure	
7,089	Expenditure met by Buckinghamshire County Council	8,401
	Total Expenditure	8,401
	Income	
(1,599)	Contribution from Buckinghamshire County Council	(1,599)
(5,490)	Contribution from Buckinghamshire Clinical Commissioning Group	(6,802)
(7,089)	Total Income	(8,401)

Community Equipment Loan Service

Bucks County Council are the hosts for the Joint Integrated Pooled Community Equipment Service on behalf of NHS Buckinghamshire Commissioning and Buckinghamshire County Council (including Adult Social Care, Telecare and Children & Young People's Service) by way of a S75. The Joint Pooled Fund supports the procurement, storage, delivery, installation and technical demonstration and subsequent collection, cleaning, recycling, maintenance and repair of equipment for eligible client's use.

2018/19		2019/20
£000		£000
	Expenditure	
8,299	Expenditure met by Buckinghamshire County Council	8,572
	Total Expenditure	
	Income	
(2,591)	Contribution from Buckinghamshire County Council	(2,559)
(5,708)	Contribution from Buckinghamshire Clinical Commissioning Group	(6,013)
(8,299)	Total Income	(8,572)

Section 117 Aftercare

This is a partnership between the Council and Aylesbury Vale Clinical Commissioning Group. The Council is the host authority for the pooled fund arrangement.

2018/19		2019/20
£000		£000
	Expenditure	
15,409	Expenditure met by Buckinghamshire County Council	16,172
15,409	Total Expenditure	16,172
	Income	
(7,942)	Contribution from Buckinghamshire County Council	(7,925)
(7,467)	Contribution from Buckinghamshire Clinical Commissioning Group	(8,247)
(15,409)	Total Income	(16,172)

Integrated Therapies Contract (SALT, OT and Physiotherapy)

This is a partnership between the Council and Chiltern Clinical Commissioning Group. The Council is the host authority for the pooled fund arrangement.

2018/19		2019/20
£000		£000
	Expenditure	
3,764	Expenditure met by Buckinghamshire County Council	3,764
3,764	Total Expenditure	3,764
	Income	
(1,717)	Contribution from Buckinghamshire County Council	(1,717)
(2,047)	Contribution from Buckinghamshire Clinical Commissioning Group	(2,047)
(3,764)	Total Income	(3,764)

The Council has a number of other Pooled Budget arrangements; those with expenditure over £1m are listed below:

Notes to the Accounts

2018/19		2019/20
£000	Other Pooled Budget Arrangements	£000
2,880	Integrated Mental Health Provision for Older People Agreement	3,121
2,179	Residential Respite Short Breaks Pooled Fund	2,416

Integrated Mental Health Provision for Older People Agreement:

A Partnership with Oxfordshire and Buckinghamshire Mental Health Partnership NHS Trust (OBMH) since 2013 to provide the provision of mental health services for older people. OBMH are the hosts of the pooled budget.

The Council incurred expenditure of £852k, and £2,269k by Oxford Health NHS FT.

Residential Respite Short Breaks Pooled Fund:

The Council incurred expenditure of £2,416k, which was funded by a contribution of £1,879k from the Council and a contribution of £537k from Buckinghamshire CCG

30 - 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.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at fair value measured at the lease's inception and is subject to depreciation being charged over the shorter of the lease term and the asset's estimated useful life.

The Council has ten properties (libraries and offices) included in its asset register that are finance leases with a net book value of £10.580m (2018/19 £10.248m). All properties have rentals payable of less than £1k per annum, with the exception of Chiltern Area Office for which the rental is £12k per annum. As a result no corresponding liability has been recognised in relation to these assets.

31 March 2019		31 March 2020
£000		£000
10,248	Other Land and Buildings	10,580
10,248	Finance Lease Net Book Value	10,580

Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the asset. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease). The future minimum lease payments due under operating leases are:

Authority as a Lessee - Operating Leases

31 March 2019		31 March 2020
£000		£000
584	Amounts paid during the year	626
557	Not later than one year	539
331	Later than one year and not later than five years	2,144
122	Later than five years	891
1,010	Total Estimated Future Payments	3,574

31 March 2019		31 March 2020
£000		£000
584	Minimum lease payments	626
584	Total Amounts Paid In Year	626

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal; a gain or loss on disposal is credited to the CIES and matched by a lease (long-term trade receivables) asset in the Balance Sheet. Any consideration is treated as a capital receipt.

In 2007/08 the Council granted a finance lease to a company for rights to gravel extraction from Council land near Denham. The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the land when the lease comes to an end. During 2019/20 the Finance Lease was revalued and extended which resulted in the below increase in Gross Investment.

The minimum lease payments are apportioned between:

- settlement of the long-term trade receivables for the interest in the property acquired by the lessee; and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gross investment is made up of the following amounts:

31 March 2019		31 March 2020
£000		£000
	Finance lease debtor (net present value of minimum lease payments):	
483	■ current	968
	■ non-current	6,617
16	Unearned finance income	425
200	Unguaranteed residual value of property	200
699	Gross investment in the lease	8,210

Notes to the Accounts

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

Gross Investment in the Lease	Minimum Lease Payments		Gross Investment in the Lease	Minimum Lease Payments
31 March 2019	31 March 2019		31 March 2020	31 March 2020
£000	£000		£000	£000
883	483	Not later than one year	1,070	968
500		Later than one year and not later than five years	4,282	4,004
		Later than five years	2,876	2,612
1,383	483		8,228	7,584

The Council has granted a number finance leases to schools on obtaining Academy status for nil rentals. The value of buildings derecognised totals £222.594m 2019/20 (£239.246m 2018/19). Land is held at notional value only; no residual values are held in respect of buildings.

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. 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).

The Council leases some of its property and vehicles for a variety of purposes including agricultural tenancies, service tenancies, provision of community services, roundabout sponsorship and commercial lets. The future minimum lease payments receivable under these leases in future years are:

31 March 2019		31 March 2020
£000		£000
8,946	Not later than one year	9,192
30,537	Later than one year and not later than five years	30,726
26,727	Later than five years	22,071
66,210		61,989

Buckinghamshire County Council Pension Fund



Statement of Accounts

For the year ended 31 March 2020

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Pension Fund Accounts

Pension Fund Account for the Year Ended 31 March 2020

The Pension Fund Accounts contain two core statements, the Pension Fund Account and the Net Assets Statement. Each of the statements is accompanied by supplementary notes providing additional detail to the figures presented.

31 March 2019	Pension Fund Account	Note	31 March 2020
£000			£000
	Dealings with Members, Employers and Others directly Involved in the Fund		
	Income		
(137,260)	Contributions	3	(116,621)
(11,349)	Transfers in from other pension funds	4	(12,403)
(163)	Other income		(152)
<u>(148,772)</u>			<u>(129,176)</u>
	Benefits	5	
90,860	Pensions		95,975
21,210	Commutation of pensions and lump sums		23,045
	Payments to and on Account of Leavers	6	
804	Refunds of contributions		878
11,736	Transfers out to other pension funds		9,311
<u>124,610</u>			<u>129,209</u>
<u>(24,162)</u>	Net (Additions)/Withdrawals from Dealings with Members		<u>33</u>
<u>16,237</u>	Management expenses	7	<u>16,474</u>
<u>(7,925)</u>	Net (Additions)/Withdrawals including Fund Management Expenses		<u>16,507</u>
	Returns on Investments		
(47,693)	Investment income	8	(40,527)
(129,727)	Profits and losses on disposal of investments and changes in the market value of investments	9	116,993
471	Taxes on income	16	351
<u>(176,949)</u>	Net Returns on Investments		<u>76,817</u>
<u>(184,874)</u>	Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		<u>93,324</u>

Net Assets Statement

31 March 2019 £000	Net Assets Statement	Note	31 March 2020 £000
	Investments		
840	Long term investments		840
573,933	Equities - quoted		36,849
428,687	Bonds		421,714
1,690,849	Pooled investment vehicles		2,160,297
214,243	Unit trusts - property		213,484
80,693	Cash deposits		61,856
(34)	Derivative contracts		
10,489	Investment income receivable		7,873
2,999,700	Net Investments	11	2,902,913
21,694	Current assets	15	15,495
(14,370)	Current liabilities	15	(4,708)
3,007,024	Net Assets of the Fund Available to Fund Benefits at 31 March		2,913,700

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 18.

1 Description of the Fund

Buckinghamshire County Council Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Buckinghamshire County Council. Organisations participating in the Fund include the County Council, Milton Keynes Council, the district and parish Councils of Buckinghamshire, Thames Valley Police, Buckinghamshire Fire and Rescue Service, and other scheduled and admitted bodies. These are listed in Note 21 to these Financial Statements. Teachers, fire fighters and police officers, for whom separate pension schemes apply, are excluded from the Pension Fund. On the 1st April 2020 the administering authority Buckinghamshire County Council ceased to exist due to the County Council and all four District Councils becoming one Unitary Authority, Buckinghamshire Council. Therefore, going forward the administering authority is Buckinghamshire Council.

The purpose of the Pension Fund is to provide defined benefits for employees and their widows, widowers and children, based on pay and past service. The scheme is a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Employee contribution bands range from 5.5% to 12.5% of pensionable pay. In April 2014 a 50/50 option was introduced which means members can pay half their contribution rate and build up half the pension benefit whilst retaining full value of other scheme benefits such as death in service lump sum and ill health cover. Accrued pension is revised annually in line with the Consumer Prices Index. Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. More details of benefits provided under the scheme are available on the Council's pension website.

<https://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/scheme-members>

The Fund is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pensions Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)

Pension Fund Accounts

- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

In 2015 the government announced that they wanted the 91 Local Government Pension Scheme funds to pool their investments into larger pools in order to achieve savings in investment management costs. Brunel Pension Partnership Ltd was formed to implement the investment strategies for ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. The company Brunel Pension Partnership Ltd was formed on 14 October 2016. By 31 March 2020 the collective assets transitioned to Brunel portfolios were circa £12 billion.

The objective of pooling assets is to achieve savings over the longer term from both lower investment management costs and more effective management of the investment assets. The pool will look to deliver the savings based upon the collective buying power the collaboration initiative will produce. Local accountability will be maintained as each individual fund will remain responsible for strategic decisions including asset allocation. The pooling of assets will only affect the implementation of the investment strategy in terms of manager appointments. The transition of assets began in July 2018 and by the end of 2021 the majority of the assets will have transitioned, although illiquid alternative assets such as private equity may need a longer transition timetable. More information and updates can be found on the Brunel Pension Partnership website at: www.brunelpensionpartnership.org

The following summarises the membership of the Fund:

31 March 2019	Membership of the Fund	31 March 2020
24,141	Contributors	24,489
19,411	Pensioners	20,290
28,991	Deferred pensioners	29,936
72,543	Total Membership of the Fund	74,715

Investment Strategy Statement

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require administering authorities to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State. The Investment Strategy Statement can be viewed on the Council's website.

https://www.buckscc.gov.uk/media/4515323/2020_04_01-investment-strategy-statement-final.pdf

Further Information

The County Council publishes a separate Annual Report on the Pension Fund, which gives more detailed information, a copy can be viewed on the Council's pension website. <https://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/investment/pension-fund-annual-reports/>

Basis of Preparation

The accounts summarise the Fund's transactions for the 2019/20 financial year and its position at year end as at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code), which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed at Note 18 of these

accounts. The Pension Fund is administered by Buckinghamshire County Council, but the Fund balances are not included in Buckinghamshire County Council's Balance Sheet. Buckinghamshire Council replaced Buckinghamshire County Council as administering authority of the Fund on 1 April 2020.

2. Accounting Policies and Critical Judgements in Applying Accounting Policies

Accounting Policies

Accruals of Income and Expenditure

The financial statements are prepared on an accrual's basis, unless otherwise stated. That is, income and expenditure are recognised as they are earned or incurred, not as they are received or paid.

Contributions, benefits and investment income are included on an accrual's basis. All settlements for buying and selling investments are accrued on the day of trading. Interest on deposits is accrued if not received by the end of the financial year. Investment management expenses are accounted for on an accrual's basis. Administrative expenses are accounted for on an accruals basis, staff costs are paid by Buckinghamshire County Council then recharged to the Pension Fund at the year end and group transfers to and from the Fund are accounted for on an accruals basis unless it is too early in the negotiations for an estimate of the value to be available. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Net Assets Statement. Some additional payments are made to beneficiaries on behalf of certain employers. These payments are subsequently reimbursed by those employers. The figures contained in the accounts are shown exclusive of both payments and reimbursements.

Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Individual transfers in / out are accounted for when received / paid, which is normally when the member liability is accepted or discharged.

Investment Income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis. Investment income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as investment income. Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset. Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits / losses during the year.

Benefits Payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Management Expenses

All management expenses are accounted for on an accrual's basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. These are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition, the Fund has negotiated with the following managers that an element of their fee be performance related:

Pension Fund Accounts

- Investec Asset Management (now called Ninety One) – global equities
- Royal London Asset Management – bonds
- Aberdeen Standard – UK equities

Financial Instruments

Financial Instruments that are “held for trading” are classified as financial assets and liabilities at fair value through profit or loss when the financial instrument is:

- Acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
- Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or
- A derivative.

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value excluding transaction costs and carried at fair value without any deduction for transaction costs that would be incurred on sale or disposal.

Financial instruments have been classified as Loans and Receivables when they have fixed or determinable payments and are not quoted in an active market. Loans and receivables are initially recognised at Fair Value and carried at historic cost as they are all short term.

The value of market quoted investments is determined by the bid market price ruling on the final day of the accounting period. Fixed interest securities are recorded at net market value based on their current yields. Pooled investments in property funds, equity funds, fixed interest funds, private equity funds and hedge fund of funds are valued by the fund manager in accordance with industry guidelines. Note 12 includes commentary on the valuation methods that the Fund’s fund managers use.

Foreign Currency Transactions

Foreign currency transactions are translated into sterling at the exchange rate ruling at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Derivatives

The Fund uses derivative financial instruments to manage its exposure to certain risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. Currently the Fund only holds forward currency contracts. The future value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year end with an equal and opposite contract.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Contingent Assets & Liabilities and Commitments

Contingent liabilities are disclosed by way of a note when there is a possible obligation which may require a payment or a transfer of economic benefits. The timing of the economic transfer and the level of certainty attaching to the event are such that it would be inappropriate to make a provision.

Contingent assets are disclosed by way of a note where inflow or a receipt or an economic benefit is possible and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Pension Fund.

Pension Fund Accounts

Commitments are disclosed by way of a note when there is a contractual commitment which may require a payment. The timing of the payment is such that it would be inappropriate to make a provision. Commitments are accounted for at the best estimate of the obligation.

Critical Judgements in Applying Accounting Policies

Pension Fund Liability

The Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The last such valuation took place as at 31 March 2019, the funding level of the Fund as a whole increased from 87% to 94% between 31 March 2016 and 31 March 2019. All employers are projected to be fully funded by no later than 31 March 2035. The next valuation will take place as at 31 March 2022.

Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end date and the amounts reported for assets and liabilities at the year-end date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the net assets statement at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £95m a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £7m a one-year increase in assumed life expectancy would increase the liability by approximately £185m.
Private equity fund of funds (Note 12)	Private equity investments are valued at fair value in accordance with <i>International Private Equity and Venture Capital Valuation Guidelines</i> (2012). These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Private equity investments are valued at £143m in the financial statements. There is a risk that this investment may be under or overstated in the accounts by £38m.

Events after the Reporting Date

Since 31 March 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, organisations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of Non-essentials services have triggered significant disruptions to organisations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

There is potential for a reduction in the Council's income, in all forms (Business Rates, Council Tax, Service Income from fees, charges and investment returns of all types) and an increase in expenditure in the form of additional costs in response to the pandemic, growth in demand, increases in the price from suppliers, as well as less tangible items such as delays to proposed savings plans as a result of staff being diverted to responding to immediate needs. The Council has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and performance of operations as of and for the year ended 31 March 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and performance of the Council for future periods.

Accounting Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. Potentially relevant standards include annual improvements to IFRS standards 2014/2016, IFRIC 22 foreign currency transactions and advance considerations and amendments to IFRS9 financial instruments: prepayment features with negative compensation.

3. Contributions

Contributions relating to wages and salaries paid up to 31 March 2020 have been included in these accounts, there were no augmented employers' contributions received during 2018/19 or 2019/20.

2018/19 £000	Contributions by Category	2019/20 £000
	Employers' Contributions	
(87,302)	Normal Contributions	(64,063)
(19,829)	Deficit Recovery Contributions	(20,524)
<u>(107,131)</u>	Total Employers' Contributions	<u>(84,587)</u>
<u>(30,129)</u>	Members' Contributions	<u>(32,034)</u>
<u>(137,260)</u>	Total Contributions	<u>(116,621)</u>

2018/19 £000	Contributions by Authority	2019/20 £000
(40,308)	Administering authority	(42,780)
(92,413)	Scheduled bodies	(69,752)
(4,539)	Admitted bodies	(4,089)
<u>(137,260)</u>	Total Contributions	<u>(116,621)</u>

Pension Fund Accounts

4. Transfer Values

2018/19 £000	Transfers in from other pension funds	2019/20 £000
(2,159)	Group transfers	(2,059)
(9,190)	Individual transfers	(10,344)
<u>(11,349)</u>	Total Transfers in from other pension funds	<u>(12,403)</u>

The individual transfer values relate to transfers, which have been received during the financial year i.e. included on a cash basis. On 31 March 2020 there were 7 outstanding transfer values receivable greater than £50k, for which £1,211k had not been received. (On 31 March 2019 there were two outstanding transfer values receivable greater than £50k, for which £196k had not been received.)

On 31 March 2020 there were 3 group transfer to the Fund being negotiated with other Funds (one on the 31 March 2019), the value of the transfers to the Fund is £2,059k and has been accrued.

5. Benefits

Benefits include all valid benefit claims notified during the financial year.

2018/19 £000	Benefits Payable by Category	2019/20 £000
90,860	Pensions	95,975
19,321	Commutations of pensions and lump sum retirement benefits	20,532
1,889	Lump sum death benefits	2,513
<u>112,070</u>	Total Benefits	<u>119,020</u>

2018/19 £000	Benefits Payable by Authority	2019/20 £000
40,227	Administering authority	41,916
63,044	Scheduled bodies	67,587
8,799	Admitted bodies	9,517
<u>112,070</u>	Total Benefits	<u>119,020</u>

6. Payments to and on Account of Leavers

2018/19	Payments to and on Account of Leavers	2019/20
£000		£000
761	Refunds to members leaving service	903
43	Payments for members joining the state scheme	(24)
0	Group transfers to other pension funds	0
11,736	Individual transfers to other pension funds	9,311
12,540	Total Payments to and on Account of Leavers	10,190

The individual transfer values relate to transfers, which have been paid during the financial year i.e. included on a cash basis. On 31 March 2020 there were 0 outstanding individual transfer values payable greater than £50k. On 31 March 2019 there were four outstanding individual transfer values payable greater than £50k, for which £528k had not been paid.

On 31 March 2020 there was 1 group transfer from the Fund being negotiated with other Funds (one on the 31 March 2019); the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of the transfer has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

7. Management Expenses

2018/19	Management Expenses	2019/20
£000		£000
2,177	Administrative costs	2,203
13,501	Investment management expenses	13,538
559	Oversight and governance costs	733
16,237	Total Management Expenses	16,474

The analysis of the cost of managing the Pension Fund during the period has been prepared in accordance with CIPFA guidance. Management expenses have been categorised as administrative costs, investment management expenses and oversight / governance costs. Included in the oversight and governance costs are the external audit fees, £29k in 2019/20 (£19k in 2018/19).

Management fees for pooled funds and transaction costs have been included in the investment management expenses. The investment management expenses include £0.89m (£3.03m in the 2018/19 financial year) in respect of performance related fees payable to the fund's investment managers. It also includes £4.030m in respect of transaction costs (£2.621m in the 2018/19 financial year).

8. Investment Income

2018/19	Investment Income	2019/20
£000		£000
(23,026)	Dividends from equities	(15,072)
(14,315)	Income from bonds	(16,137)
(162)	Income from pooled investments	(541)
(7,420)	Income from property unit trusts	(7,262)
(903)	Interest on cash deposits	(770)

Pension Fund Accounts

(1,867) Other	(745)
<u>(47,693) Total Investment Income</u>	<u>(40,527)</u>

9. Investments

All investments are valued on a fair value basis and where there is an active market the bid price is the appropriate quoted market price. The investment accounting information is provided by State Street, the Fund's custodian. During 2019/20 realised profit of £87,619m and unrealised loss of £204,613m combined to report a decrease in the market value of investments of £116.993m.

Investments (All values are shown £000)	Value at 31 March 2019 £000	Reclassification of Assets £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit / (Loss) £000	Unrealised Profit / (Loss) £000	Value at 31 March 2020 £000
Long term investments	840	-	-	-	-	-	840
Equities - quoted	573,933	-	347,507	(870,319)	22,920	(37,191)	36,850
Bonds	428,687	-	110,978	(110,343)	4,595	(12,204)	421,713
Pooled investment vehicles	1,690,849	-	737,308	(170,102)	58,630	(156,387)	2,160,298
Unit Trusts - property funds	214,243	-	11,057	(6,381)	1,424	(6,859)	213,484
Derivative contracts	(34)	-	326	(376)	50	34	
Cash deposits	80,693	-	-	(26,833)	-	7,995	61,855
	<u>2,989,211</u>	-	<u>1,207,176</u>	<u>(1,184,354)</u>	<u>87,619</u>	<u>(204,613)</u>	<u>2,895,040</u>
Investment income due	10,489						7,873
	<u>2,999,700</u>						<u>2,902,913</u>

During 2018/19 realised profit of £324m and unrealised loss of £195m are combined to report an increase in the market value of investments of £129m.

Investments (All values are shown £000)	Value at 31 March 2018 £000	Reclassification of Assets £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit / (Loss) £000	Unrealised Profit / (Loss) £000	Value at 31 March 2019 £000
Long term investments	840	-	-	-	-	-	840
Equities - quoted	883,946	-	458,840	(822,441)	79,231	(25,643)	573,933
Bonds	352,726	-	194,371	(123,385)	2,349	2,626	428,687
Pooled investment vehicles	1,239,939	-	1,308,442	(922,451)	238,483	(173,564)	1,690,849
Unit trusts - property funds	204,534	-	26,351	(18,923)	4,227	(1,946)	214,243
Derivative contracts	102	-	485	(463)	(22)	(136)	(34)
Cash deposits	121,408	-	-	(44,837)	-	4,122	80,693
	<u>2,803,495</u>	-	<u>1,988,489</u>	<u>(1,932,500)</u>	<u>324,268</u>	<u>(194,541)</u>	<u>2,989,211</u>
Investment income due	9,504						10,489
	<u>2,812,999</u>						<u>2,999,700</u>

Pooled investment vehicles are funds where the Pension Fund is not the named owner of specific investments such as shares or bonds but owns a proportion of a pooled fund. The Code requires that pooled investments are analysed between unit trusts, unitised insurance policies and other managed funds. The pooled investment vehicles in the tables above are other managed funds. These funds include the following types of investments:

- Equities
- Fixed interest securities
- Index linked securities
- Hedge fund of funds
- Diversified growth funds
- Private equity fund of funds

The change in the fair value of investments during the year comprises all increases and decreases in the fair value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. The Fund's investments in derivatives are not material and therefore further disclosures are not included in the accounts. Indirect costs are incurred through the bid-offer spread on investments within pooled investments.

The Fund does not participate directly in a stock lending programme.

Assets which exceed 5% of the total value of the net assets of the Fund are shown in the table below:

Fund Manager / Mandate		Proportion of Fund			
		31 March 2019		31 March 2020	
		£000	%	£000	%
Investments managed by Brunel Pension Partnership Ltd					
World Developed Equities		767,145	26	725,922	25
Global Equities				401,912	14
Investments managed by the Fund					
LaSalle	Property	221,066	7	222,898	8
Legal & General Investment Management	Passive index-tracker	444,420	15	362,721	12
Royal London Asset Management	Core plus bonds	464,444	15	469,468	16

IFRS accounting requires that the Fund discloses information on fair value hedges, cash flow hedges and hedges of net investments in foreign operations. The Fund has exposure to hedges through its investments in a hedge fund of funds pooled investment vehicle, and so the hedge disclosure is not applicable to this type of investment.

10. Investment Management Arrangements

Fund manager fees have been calculated according to the specific mandate and the associated contract agreement as shown in the following table:

Fund Manager / Mandate	Proportion of Fund				
	31 March 2019		31 March 2020		
	£000	%	£000	%	
Investments managed by Brunel Pension Partnership Ltd					
Low Volatility Equities			110,593	4	
Passive Developed Equities	767,145	26	725,922	25	
Emerging Markets Equities			123,402	4	
Global Equities			401,912	14	
Infrastructure	5,883	0	11,451	0	
Private Equity	1,565	0	14,105	1	
Investments managed by the Fund					
LaSalle	Property	221,066	7	222,898	8
BlackRock	Cash / inflation plus	139,122	5	135,425	5
Blackstone Alternative Asset Management	Hedge fund of funds	156,310	5	146,881	5
Investec Asset Management (now known as Ninety One)	Less constrained global equities	258,633	9	1,122	0
Legal & General Investment Management	Passive index-tracker	444,420	15	362,721	12
Mirabaud Investment Management Limited	UK equities	218	0	217	0
Pantheon Private Equity	Private equity	119,040	4	106,965	4
Partners Group	Private equity	24,867	1	21,042	1
Royal London Asset Management	Core plus bonds	464,444	15	469,468	16
Schroders	Less constrained global equities	219,222	7	3,180	0
Aberdeen Standard Investments	Less constrained UK equities	121,985	4	964	0
GTP		884		908	0
Fidelity		588		600	0
Total		2,945,392	98	2,859,776	100

11. Analysis of the Value of Investments

31 March 2019	Analysis of the Value of Investments	31 March 2020
£000		£000
840	Long Term Investments	840
	Bonds	
	Fixed Interest Securities	
0	Overseas public sector	0
279,600	UK other	286,003
86,759	Overseas other	73,474
<u>366,359</u>	Total Fixed Interest Securities	<u>359,477</u>
	Index-Linked Securities	
51,742	UK Index-linked securities public sector	51,806
10,586	UK Index-linked securities other	10,431
<u>62,328</u>	Total Index-Linked Securities	<u>62,237</u>
<u>428,687</u>	Total Bonds	<u>421,714</u>
	Equities	
144,069	UK quoted	129
429,864	Overseas quoted	36,720
<u>573,933</u>	Total Equities	<u>36,849</u>
	Pooled Investment Vehicles	
0	UK Equities	0
379,310	UK Bonds	362,721
864,319	Overseas Equities	1,361,829
139,122	Overseas Diversified Growth Fund	135,421
156,310	Overseas Hedge Fund of Funds	146,881
5,883	Overseas Infrastructure	22,828
145,909	Overseas Private Equities	130,617
<u>1,690,849</u>	Total Pooled Investment vehicles	<u>2,160,297</u>
	Other	
214,243	Unit Trusts - property funds	213,484
(34)	Derivatives	0
80,693	Cash deposits – sterling and foreign cash	61,856
10,489	Investment Income receivable	7,873
<u>305,391</u>	Total Other	<u>283,213</u>
<u>2,999,700</u>	Total Value of Investments	<u>2,902,913</u>

Pension Fund Accounts

12. Financial Instruments

The Net Assets of the Fund disclosed in the Net Assets Statement are made up of the following categories of financial instruments:

31 March 2019			31 March 2020		
Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000	Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000
Financial Assets					
840	-	-	840	-	-
366,359	-	-	359,477	-	-
573,931	-	-	36,849	-	-
62,329	-	-	62,237	-	-
214,243	-	-	213,484	-	-
-	-	-	Diversified Growth Fund	-	-
-	-	-	Pooled Fixed Interest Securities	-	-
-	-	-	Pooled Equities	-	-
1,690,849	-	-	Pooled Investments	-	-
-	-	-	Pooled Infrastructure	-	-
-	-	-	Pooled Hedge Funds of Funds	-	-
-	-	-	Pooled Private Equity	-	-
10,489	-	-	Investment Income receivable	-	-
-	80,693	-	Cash deposits	61,856	-
-	11,585	-	Current assets	5,182	-
2,919,041	92,278	-	2,841,057	67,038	-
Financial Liabilities					
(34)	-	-	Derivatives	-	-
-	-	(13,367)	Current liabilities	-	(3,721)
-	-	(13,367)		-	(3,721)
2,919,007	92,278	(13,367)	Total	67,038	(3,721)
		<u>2,997,918</u>			<u>2,904,373</u>

31 March 2019 £000	Reconciliation to Net Investments in the Net Assets Statement	31 March 2020 £000
3,007,024	Net Investments	2,913,700
(10,109)	Less contributions due current assets	(10,313)
1,003	Add HMRC current liabilities	986
2,997,918	Valuation of Financial Instruments carried at fair value	2,904,373

The net gains and losses on financial instruments are shown in the table below.

31 March 2019		31 March 2020
£000		£000
	Financial Assets	
175,424	Fair value through profit and loss	(116,993)
2,227	Loans and receivables	-
	Financial Liabilities	
(9,177)	Loans and receivables	-
168,474	Total	(116,993)

The code requires that for each class of financial assets and financial liabilities an authority shall disclose the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount. As all investments are disclosed at fair value, carrying value and fair value are therefore the same.

Valuation of Financial Instruments Carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1: Financial instruments where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, quoted equities are classified as level 1. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2: Financial instruments where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. Fixed interest securities are traded in an active market and evaluated prices sourced from a valid pricing vendor.

Level 3: Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. The values of the investment in private equity are based on valuations provided by the general partners to the private equity fund of funds in which the Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS. Valuations are audited annually as at 31 December, and the valuations as at 31 March reflect cash flow transactions since 31 December.

The values of the hedge fund of funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following table analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Pension Fund Accounts

Value at 31 March 2020	Quoted	Using	With	Total
	Market	Observable	Significant	
	Price	Inputs	Unobservable	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Long term investments	-	-	840	840
Equities	129	36,720	-	36,849
Bonds	-	421,714	-	421,714
Diversified Growth Fun	-	135,421	-	135,421
Hedge Fund	-	146,881	-	146,881
Infrastructure	-	-	22,828	22,828
Pooled Bonds	-	362,721	-	362,721
Pooled Equities	-	1,361,829	-	1,361,829
Private Equities	-	-	130,618	130,618
Property – unit trusts	-	213,484	-	213,484
Total	129	2,678,770	154,286	2,833,182

Cash is not included in the analysis of assets held at fair value since it is held at amortised cost, not fair value.

Reconciliation to Net Investments in the 31 March 2020 Net Assets Statement	£000
Net Investments	2,902,913
Less Cash deposits	(61,856)
Less investment income receivable	(7,873)
Valuation of Financial Instruments carried at fair value	2,833,182

Value at 31 March 2019	Quoted	Using	With	Total
	Market	Observable	Significant	
	Price	Inputs	Unobservable	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Long term investments	-	-	840	840
Equities - quoted	573,933	-	-	573,933
Bonds	-	428,687	-	428,687
Pooled investment vehicles	-	1,539,057	151,792	1,690,849
Property – unit trusts	-	214,243	-	214,243
Derivatives	-	(34)	-	(34)
Total	573,933	2,181,953	152,632	2,908,518

Reconciliation to Net Investments in the 31 March 2019 Net Assets Statement	£000
Net Investments	2,999,700
Less Cash deposits	(80,693)
Less investment income receivable	(10,489)
Valuation of Financial Instruments carried at fair value	2,908,518

Sensitivity Analysis of Assets Valued at Level 3

Having analysed historical data and current market trends, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges and has set out below the potential impact on the closing value of investments held at 31 March 2020 and 31 March 2019.

	Assessed valuation range (+/-)	Value at 31 March 2020 £000	Value on increase £000	Value on decrease £000
Pooled investment vehicles - infrastructure	16.4%	22,828	26,572	19,084
Pooled investment vehicles – private equity	26.4%	130,617	165,100	96,134
Total		153,445	191,672	115,218

	Assessed valuation range (+/-)	Value at 31 March 2019 £000	Value on increase £000	Value on decrease £000
Pooled investment vehicles - infrastructure	15%	5,883	6,765	5,001
Pooled investment vehicles – private equity	15%	145,909	167,795	124,023
Total		151,792	174,560	129,024

Reconciliation of Fair Value Measurements Within Level 3

	Value at 31 March 2019 £000	Purchases £000	Sales £000	Realised profit/(loss) £000	Unrealised profit/loss £000	Value at 31 March 2020 £000
Pooled investment vehicles – private equity	135,939	15,974	(35,441)	28,443	(14,297)	130,617
Pooled investment vehicles – infrastructure	15,853	8,861	(2,974)	1,116	(27)	22,828
Total	151,792	24,834	(38,415)	29,559	(14,324)	153,445

Restated	Value at 31 March 2018 £000	Purchases £000	Sales £000	Realised profit/(loss) £000	Unrealised profit/loss £000	Value at 31 March 2019 £000
Pooled investment vehicles – private equity	154,809	8,853	(36,719)	30,912	(21,916)	135,939
Pooled investment vehicles – infrastructure	10,775	6,154	(833)	833	(1,077)	15,853
Total	165,584	15,007	(37,552)	31,745	(22,992)	151,792

Pension Fund Accounts

The Fund's fund managers provided the following commentary on the valuation methods they use:

Blackstone – Fund of Hedge Funds

Blackstone's direct securities and derivative investments made through Blackstone's fund of hedge fund vehicles, such as Securities, Options, Futures are valued using prices quoted on the relevant exchanges. Forward currency contracts are valued at the current forward market prices obtained from brokers. Total return swaps are valued using the last reported public closing price of the underlying index.

Partners Group – Private Equity

Partners Group performs independent valuations of its underlying investments through a fair market valuation process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP).

Partners Group gathers the valuation-relevant information by systematically screening a broad set of sources for valuation-relevant information about portfolio companies which are held directly or indirectly by Partners Group's programs and mandates. This includes information supplied by the firm's due diligence and monitoring professionals, underlying fund managers and information published in industry journals and/or other publications.

LGIM – Passive Tracker Fund

The method used to value units is the same at every valuation date throughout the year. All holdings of the appropriate Pooled Fund Sections are valued at the close of business valuation point using a recognised pricing service. These values are then adjusted to allow for outstanding dividends, tax payable or recoverable and any relevant expenses (this creates the "Mid Value").

Brunel – Global Equity, High Alpha Equity, Emerging Markets Equity, Low Volatility Equity ACS Funds

Weekly prices each Wednesday valued at close of business valuation point. These values are then adjusted to allow for outstanding dividends, tax payable or recoverable and any relevant expenses (this creates "Mid Value").

Brunel – Private Equity

Brunel selects managers who apply a fair value process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounts Principals (US GAAP). Systematically Brunel ensures valuations are driven by IPEV guidelines and that this process is annually appraised by 3rd parties for appropriateness.

Brunel – Infrastructure

Brunel selects managers who apply a fair value process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounts Principals (US GAAP). Systematically Brunel ensures valuations are driven by IPEV guidelines and that this process is annually appraised by 3rd parties for appropriateness.

LaSalle – Property Fund

LaSalle rely on the NAV provided by each fund manager, computed in accordance with appropriate local standards, incorporating independent valuations conducted from suitably qualified external providers. These external NAVs are subject to review by LaSalle's Real Estate Multi Manager (REMM) team.

Pantheon – Private Equity

Investments are valued using the most relevant of methods listed below:

- Cost/recent round of financing/price of recent investment where recent transactions may be the most reflective of fair value.
- Comparable Private Company Transactions used for companies with low enterprise value or low EBITDA which means it is not appropriate to use earnings multiples of similar publicly listed companies.
- Earnings/Earnings Multiples /Performance Multiples valuations involve applying a multiple, appropriate to the company being valued, to the earnings of a company. The valuation is described as a function of two variables, price and earnings (The most widely used of the valuation methodologies, especially for buyout or other businesses that have comparable characteristics to companies in the public markets).
- Underlying value of Net Assets.
- Discounted Cash flows (DCF) where there are predictable cash flows visible over a given time horizon.
- Industry Benchmarks are based on assumptions that investors pay for market share, and the profitability of the business does not vary greatly.
- Unrestricted Publicly traded securities are valued at the closing public market price on the valuation date.

These methods are consistently applied across all investment types.

BlackRock Institutional Jersey Dynamic Diversified Growth Fund

The above Fund is a sub-fund of the BlackRock Institutional Jersey Funds umbrella which reports under UK SORP and is not exchange-traded. The price is determined daily by the Funds Administrator and will be representative of the Fund's net asset value ("NAV") at each dealing point subject to any spreads applied, where appropriate. The Fund is not subject to any redemption notice periods and can be redeemed at each dealing point, currently on a daily basis.

13. Additional Financial Risk Management Disclosures

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the Fund's forecast cash flows. The Pension Fund Committee manages these investment risks as part of its overall Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. The Pension Fund Risk Assessment analyses the risks faced by the Council's pensions operations, it is reviewed regularly by the Pension Fund Committee to reflect changes in activity and in market conditions. The analysis below is designed to meet the disclosure requirements of IFRS 7.

Market Risk

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices of equities, commodities, interest rates, foreign exchange rates and credit spreads. This could be as a result of changes in market price, interest rates or currencies. The objective of the Fund's Investment strategy is to manage and control market risk exposure within acceptable parameters, while optimising the return.

In general, excessive volatility in market risk is managed through diversification across asset class, investment manager, country, industry sector and individual securities. Each manager is expected to maintain a diversified portfolio within their allocation.

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Market Price Risk

Market price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting the market in general.

By diversifying investments across asset classes and managers, the Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst the appointment of specialist managers enables the Fund to gain from their investment expertise.

Market Price - Sensitivity Analysis

Whilst the value of the Fund's assets is sensitive to changes in market conditions and the Fund's assets are diversified across fund managers and asset classes to mitigate the risks. The Fund's liability to pay future benefits is equally sensitive, particularly to interest rate changes. In consultation with Mercer, the Fund's investment consultant, the Fund has determined that the following movements in market price risk are reasonably possible for 2020/21. Assuming that all other variables, in particular foreign exchange rates and interest rates, remain constant. If the market price of the Fund's investments does increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows.

Asset Type	31 March 2020 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Long term investments	840	20.6	1,013	667
Equities – quoted	36,849	20.6	44,440	29,258
Bonds	421,714	4.84	442,117	401,311
Pooled investment vehicles	2,160,297	16.93	2,526,137	1,794,457
Property - unit trusts	213,484	15.6	246,788	180,180
Derivative contracts	0	12.2	0	0
Cash deposits	61,856	1.0	62,475	61,237
Investment income receivable	7,873	20.6	9,495	6,251
Total	2,902,913		3,332,465	2,473,361

In consultation with Mercer, the Fund's investment consultant, the Fund determined that the following movements in market price risk were reasonably possible for 2019/20. Assuming that all other variables, in particular foreign exchange rates and interest rates, remain constant. If the market price of the Fund's investments did increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows.

Asset Type	31 March 2019 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Long term investments	840	20.0	1,008	672
Equities – quoted	573,933	20.0	688,720	459,146
Bonds	428,687	4.2	446,621	410,753
Pooled investment vehicles	1,690,849	17.0	1,940,104	1,441,594
Property - unit trusts	214,243	14.8	245,951	182,535
Derivative contracts	(34)	12.2	(30)	(38)
Cash deposits	80,693	1.0	81,500	79,886
Investment income receivable	10,489	20.0	12,587	8,391

Total	2,999,700	3,416,461	2,582,939
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Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest Rate – Sensitivity Analysis

The Pension Fund recognises that interest rates vary and can impact income to the fund and the fair value of the assets, both of which affect the value of the net assets available to pay benefits. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the impact of a 1% change, long term average interest rates are expected to move less than 1% from one year to the next. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

31 March 2020	Asset Value	Impact of 1% increase	Impact of 1% decrease
	£000	£000	£000
Exposure to interest rate risk			
Cash and cash equivalents	64,862	64,862	64,862
Fixed interest bonds	359,477	363,072	355,882
Variable rate bonds	62,237	62,237	62,237
Total	486,576	490,171	482,981

31 March 2019	Asset Value	Impact of 1% increase	Impact of 1% decrease
	£000	£000	£000
Exposure to interest rate risk			
Cash and cash equivalents	90,575	90,575	90,575
Fixed interest bonds	366,359	370,023	362,695
Variable rate bonds	62,328	62,328	62,328
Total	519,262	522,926	515,598

2019/20	Interest receivable	Impact of 1% increase	Impact of 1% decrease
	£000	£000	£000
Exposure to interest rate risk			
Cash and cash equivalents	770	778	762
Fixed interest bonds	9,830	9,928	9,732
Variable rate bonds	6,307	6,370	6,244
Total	16,907	17,076	16,738

2018/19	Interest receivable	Impact of 1% increase	Impact of 1% decrease
	£000	£000	£000
Exposure to interest rate risk			
Cash and cash equivalents	903	912	894
Fixed interest bonds	8,721	8,721	8,721
Variable rate bonds	5,595	5,651	5,539
Total	15,219	15,284	15,154

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Changes in interest rates do not impact on the value of cash / cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than sterling. When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value of foreign currency denominated investments will fall. Over the long term the differences in currencies are likely to balance out and the Fund has chosen not to hedge its currencies.

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 7.64% movement in exchange rates in either direction for 31 March 2020. This analysis assumes that all variables, in particular interest rates, remain constant. Based on the composition of the Fund's currency exposure a 7.64% fluctuation in the currency is considered reasonable. A 7.64% weakening or strengthening of Sterling against the various currencies at 31 March 2020 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2020	Value on increase	Value on decrease
	£000	£000 +7.64%	£000 -7.64%
Equities – quoted	1,276,253	1,373,759	1,178,747
Infrastructure	19,227	20,696	17,758
Private Equities	130,617	140,596	120,638
Property - unit trusts	29	31	27
Cash deposits	43,923	47,279	40,567
Total	1,470,049	1,582,361	1,357,737

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 9.36% movement in exchange rates in either direction for 31 March 2019. This analysis assumes that all variables, in particular interest rates, remain constant. Based on the composition of the Fund's currency exposure a 9.36% fluctuation in the currency is considered reasonable. A 9.36% weakening or strengthening of Sterling against the various currencies at 31 March 2019 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2019	Value on increase	Value on decrease
	£000	£000 +9.36%	£000 -9.36%
Equities – quoted	439,638	480,788	398,488
Pooled investment vehicles	151,787	165,994	137,580
Property - unit trusts	163	178	148
Cash deposits	40,181	43,942	36,420
Total	631,769	690,902	572,636

One important point to note is that currency movements are not independent of each other. If sterling strengthened generally it may rise against all the above currencies producing losses across all the currencies.

Currency Exposure by Significant Currency

The Fund's most significant currency exposures are to US Dollars and EUROS, using data on currency risk of 7.73% for the US Dollar and 6.72% for the EURO. Weakening or strengthening of Sterling against US Dollars and EUROS at 31 March 2020 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2020 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	869,526	7.73	936,740	802,312
EUROS	196,309	6.72	209,501	183,117
Total	1,065,835		1,146,241	985,429

Weakening or strengthening of Sterling against US Dollars and EUROS at 31 March 2019 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2019 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	388,278	9.40	424,776	351,780
EUROS	113,438	7.99	122,502	104,374
Total	501,716		547,278	456,154

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market value of investments generally reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. In essence the Fund's entire investment portfolio is exposed to some sort of credit risk. The Fund is exposed to credit risk through its investment managers, custodian and its daily treasury management activities. Credit risk is minimised through the careful selection and monitoring of financial institutions and counterparties. Contractual credit risk is represented by the net payment or receipt that remains outstanding.

A source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at Lloyds, which holds an "A+" long term credit rating. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Council's Treasury Management Strategy which sets out the permitted counterparties and limits. The value of the Fund invested by the Treasury Management Team at 31 March 2020 was £1.109m in an instant access Lloyds account and £2.000m invested in Federated's money market fund. (On 31 March 2019 £0.691m was invested in an instant access Lloyds account.) Cash held by investment managers is invested with the global custodian, State Street, in a diversified money market fund rated AAAM.

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The main liabilities of the Fund relate to the benefits payable which fall due over a long period of time. The investment

Pension Fund Accounts

strategy reflects this and sets out the strategic asset allocation of the Fund. Liquidity risk is mitigated by investing a proportion of the Fund in actively traded instruments in particular equities and fixed income investments. The Fund maintains a cash balance to meet operational requirements.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer to convert into cash. The following table summarises the Fund's illiquid assets by fund manager.

31 March 2019		31 March 2020
	£000	£000
156,310	Blackstone	146,881
5,883	Brunel Infrastructure	11,451
1,565	Brunel Private Equity	14,105
221,066	LaSalle	222,898
119,040	Pantheon Private Equity	106,965
24,867	Partners Group	21,042
588	Hg Capital	600
<u>529,319</u>		<u>523,942</u>

14. Related Parties

The Buckinghamshire County Council Pension Fund is administered by Buckinghamshire County Council and therefore there is a strong relationship between the Council and the Pension Fund.

The County Council was reimbursed £2.35m (£2.2m in the 2018/19 year) for oversight & governance costs and administration costs incurred by the County Council on behalf of the Pension Fund. The County Council is also the single largest employer of members of the Pension Fund and contributed £47.2m to the Fund in 2019/20 (£45.1m in the 2018/19 year).

The Pension Fund's surplus cash held for day to day cash flow purposes is invested on the money markets by Buckinghamshire County Council's treasury management team, through a service level agreement. During the year to 31 March 2020, the Fund had an average investment balance of £8.1m (£7.7m in the 2018/19 year), earning interest of £53k (£55k in the 2018/19 year).

Membership of the Local Government Pension Scheme (LGPS) for Councillors closed to new members on 31 March 2014, councillors who were active members ceased to be a member at the next end of term of office. There is one member of the Pension Fund Committee who is a deferred member of the Fund. There are no members of the Pension Fund Committee who were pensioner members of the Fund on 31 March 2020 (on 31 March 2019 no pensioner members and one deferred member). The Service Director – Corporate Finance (s151 Officer), holds a key position in the financial management of the Fund and is an active member. He is an employee of Buckinghamshire County Council for whom a portion of his costs of employment are re-charged to the Fund. Disclosure of his pay costs can be found within the officer remuneration note in the main Buckinghamshire County Council accounts.

The Pension Fund has transactions with Brunel Pension Partnership Ltd (Brunel) (Company number 10429110) which was formed on 14 October 2016 and will oversee the investment of pension fund assets for ten Funds. The founding Funds include The Environment Agency Pension Fund, and the Local Government Funds of Avon, Buckinghamshire, Cornwall, Devon, Dorset, Gloucestershire, Oxfordshire, Somerset and Wiltshire. Each of the 10 organisations, including Buckinghamshire County Council own 10% of Brunel. During the year to 31 March 2020 Brunel provided services costing £1,144k (£835k in the year to 31 March 2019).

15. Current Assets and Liabilities

31 March 2019	Current Assets and Liabilities	31 March 2020
£000		£000
	Current Assets	
10,109	Contributions due from employer's 31 March	10,313
9,882	Cash balances (not forming part of the investment assets)	3,006
1,703	Other current assets	2,176
21,694	Total Current Assets	15,495
	Current Liabilities	
(1,170)	Management charges	(727)
(1,003)	HM Revenue and Customs	(986)
(692)	Unpaid benefits	(673)
(11,505)	Other current liabilities	(2,322)
(14,370)	Total Current Liabilities	(4,708)
7,324	Net Current Assets	10,787

16. Taxes on Income

2018/19	Taxes on Income	2019/20
£000		£000
-	Withholding tax - fixed interest securities	-
471	Withholding tax - equities	351
471	Total Taxes on Income	351

The Fund retains the following taxation status:

- VAT input tax is recoverable on all fund activities by virtue of Buckinghamshire County Council being the administering authority.
- The fund is an exempt approved fund under the Finance Act 2004 and is therefore not liable to UK income tax or capital gains tax.
- Income earned from investments overseas in certain countries is subject to withholding tax, unless an exemption is available.

17. Actuarial Position of the Fund

In accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013 (as amended), the Fund's actuary, Barnett Waddingham LLP, undertakes a funding valuation every three years to review the financial position of the Fund and to set appropriate contribution rates for each employer in the Fund for the forthcoming triennial period. The last such valuation took place as at 31 March 2019. The next valuation will take place as at 31 March 2022.

On 31 March 2019, the market value of the assets held were £3,007.020m, sufficient to cover 94% of the accrued liabilities assessed on an ongoing basis. All employers are projected to be fully funded by no later than 31 March 2035. The primary rate of contribution is the employers' share of the cost of benefits accruing in each of the three years beginning 1 April 2020 and is 18.2% of payroll. In addition, each employer pays a secondary contribution rate based on their particular circumstances, the secondary contribution rate across the whole Fund averages 3.9% in 2020/21, 4.0% in 2021/22 and 4.1% in 2021/22.

The results of the valuation are that the past service funding level of the Fund as a whole has increased from 87% to 94% between 31 March 2016 and 31 March 2019. The improvement of the funding position since the previous valuation is mainly due to good investment returns and employer contributions. To produce the future cashflows or liabilities and their present value Barnett Waddingham formulate assumptions about the factors affecting the Fund's future finances such as inflation, salary increases, investment returns, rates of mortality, early retirement and staff turnover etc.

The main assumptions used in the valuation were:

Financial assumptions

▪ Discount rate	2.35%
▪ Pension increases	1.85%
▪ CPI inflation	1.85%
▪ Salary increases	2.85%

Demographic assumptions

	Male / Female
▪ Post retirement mortality	
Member base tables	S3PA
Member mortality multiplier	110% / 95%
Dependant base tables	S3DA
Dependant mortality multiplier	95% / 80%
Projection model	CMI 2018
Long-term rate of improvement	1.25% per annum
Smoothing parameter	7.5
In addition to improvements	0.5% per annum
▪ Retirement assumption	Weighted average of each tranche retirement
▪ Pre-retirement decrements	GAD 2016 scheme valuation with no salary scale, 50% ill-health decrement, 105% pre-retirement
▪ 50:50 assumption	Member data
▪ Commutation	50% of maximum
% members with qualifying dependant	75% / 70%
▪ Age difference	Males are 3 years older

18. Actuarial Present Value of Promised Retirement Benefits

International Financial Reporting Standards (IFRS) requires the disclosure of the actuarial present value of promised retirement benefits. The Fund's Actuary has prepared a report which rolls forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2019. On an IAS 19 basis the Actuary estimates that the net liability as at 31 March 2020 is £1,647m (31 March 2019 £1,792m), but figures calculated on an IAS 19 basis are not relevant for calculations undertaken for funding purposes or for other statutory purposes undertaken under UK pensions legislation. The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

For the Triennial Valuation the actuary asks the question – what is the value of the assets required based on existing investment strategy to be sufficient to meet future liabilities? For IAS 19 valuations, however, the actuary asks the question – how much would need to be borrowed on the corporate bond market to meet future liabilities?

The expected returns on the assets actually held will be different from borrowing costs, and so different amounts are required. This manifest itself in different discount rates being used in each type of valuation, and so different values are placed on the same liabilities.

31 March 2019		31 March 2020
£000		£000
4,791,251	Present value of funded obligation	4,549,742
(2,998,856)	Fair value of scheme assets	(2,902,913)
<u>1,792,395</u>	Net Liability	<u>1,646,829</u>

The Present Value of Funded Obligation consists of £4,446m (£4,628m at 31 March 2019) in respect of Vested Obligation and £104m (£163m at 31 March 2019) in respect of Non-Vested Obligation. Vested benefits are the benefits that employees have a right to receive even if they do not render services to the employer. In other words, the employees will receive their vested benefits even if they stop working for the employer. Thus, non-vested benefits are the benefits an employee can receive in the future if he or she continues providing services to the employer. The liabilities above are calculated on an IAS19 basis and therefore differ from the results of the triennial funding valuation (see Note 17) because IAS19 stipulates a discount rate rather than a rate that reflects market rates. The main assumptions used were:

31 March 2019		31 March 2020
3.4%	RPI increases	2.65%
2.4%	CPI increases	1.85%
3.9%	Salary increases	2.85%
2.4%	Pension increases	1.85%
2.4%	Discount rate	2.35%

These assumptions are set with reference to market conditions at 31 March. The Actuary's estimate of the duration of the Fund's past service liabilities is 22 years. An estimate of the Fund's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

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Similarly, to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30-year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date. As future pension increases are expected to be based on CPI rather than RPI, the Actuary has made a further assumption about CPI which is that it will be 0.8% below RPI i.e. 1.85%.

Salaries are assumed to increase at 1.0% above CPI. This differs from the salary increase assumption at the previous accounting date and has been updated in line with the most recent funding valuation. The liabilities include an allowance for the Court of Appeal judgement in relation to the McCloud & Sargeant cases which related to age discrimination within the Judicial & Fire Pension schemes respectively.

Demographic/Statistical assumptions

The actuary has adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2019. The post retirement mortality tables adopted are the S3PA tables with a multiplier of 110% for males and 95% for females. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.25% p.a, smoothing parameter of 7.5 and an initial addition to improvements of 0.5% pa. The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)	31 March 2019	31 March 2020
Retiring today		
Males	22.9	21.8
Females	24.8	25.1
Retiring in 20 years		
Males	24.6	23.2
Females	26.6	26.5

The actuary also assumed that:

- Members will exchange half of their commutable pension for cash at retirement;
 - Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
 - The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.
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19. Contingent Liabilities and Contractual Commitments

Outstanding contractual commitments at 31 March 2020 relate to outstanding call payments due on unquoted limited partnership funds held in the private equity, resources, global real estate and infrastructure parts of the portfolio. The amounts "called" by the funds are irregular in both size and timing over several years from the date of each original commitment. The undrawn amount, the outstanding commitment, for each of these contracts is shown in the table below:

Outstanding Capital Commitments

	31 March 2019	31 March 2020
	£000	£000
Brunel Infrastructure Cycle 2	0	250,000
Brunel Private Debt Cycle 2	0	130,000
Brunel Private Equity Cycle 2	0	120,000
Brunel Infrastructure Cycle 1	68,846	61,095
Brunel Private Equity Cycle 1	73,570	64,240
Pantheon Asia Fund V LP	715	1,587
Pantheon Asia Fund VI LP	6,369	18,506
Pantheon USA Fund VII Limited	1,244	1,168
Pantheon USA Fund VIII Feeder LP	5,803	4,517
Pantheon Global Secondary Fund IV Feeder LP	3,465	4,063
Partners Group Global Resources 2009, LP	3,271	3,435
Pantheon Europe Fund V "A" LP	982	854
Pantheon Europe Fund VI LP	3,578	3,061
Partners Group Global Real Estate 2008 SICAR	1,722	1,781
Partners Group Global Infrastructure 2009 SICAR	2,715	2,806
	172,280	667,113

On 31 March 2020 there were 3 group transfers to the Fund being negotiated with other Funds (one on the 31 March 2019), the value of the transfers to the Fund is £2,059k and has been accrued. On 31 March 2020 there was one group transfer from the Fund being negotiated with other Funds (one on the 31 March 2019), the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

20. Additional Voluntary Contributions (AVCs)

AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. The AVC providers to the Fund are Prudential and Scottish Widows. Prudential invests in several funds including with profits accumulation, deposit and discretionary funds. Scottish Widows invests in a range of funds to suit Scheme members' changing lifestyles. These amounts are not included in the pension fund accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016.

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2018/19	Prudential	2019/20
£000		£000
3,869	Value of AVC fund at beginning of year	4,740
860	Correction opening value	0
543	Employees' contributions and transfers in	622
79	Investment income and change in market value	160
(611)	Benefits paid and transfers out	(795)
4,740	Value of AVC fund at year end	4,727

2018/19	Scottish Widows	2019/20
£000		£000
3,321	Value of AVC fund at beginning of year	2,838
(437)	Correction opening value	0
119	Employees' contributions	44
(46)	Investment income and change in market value	(2,066)
(119)	Benefits paid and transfers out	(69)
2,838	Value of AVC fund at year end	747

21. List of Scheduled and Admitted Bodies

Scheduled Bodies

Buckinghamshire County Council	Chesham Town Council
Buckinghamshire Fire and Rescue Service	Chiltern Crematorium
Thames Valley Police	Chilterns Conservation Board
Aylesbury Vale District Council	Coldharbour Parish Council
Chiltern District Council	Coleshill Parish Council
Milton Keynes Council	Gerrards Cross Parish Council
South Bucks District Council	Great Missenden Parish Council
Wycombe District Council	Hambleden Parish Council
	Hazlemere Parish Council
Amersham Town Council	Iver Parish Council
Aston Clinton Parish Council	Ivinghoe Parish Council
Aylesbury Town Council	Kents Hill & Monkston Parish Council
Beaconsfield Town Council	Lacey Green Parish Council
Bletchley & Fenny Stratford Town Council	Lane End Parish Council
Bradwell Parish Council	Little Marlow Parish Council
Broughton & Milton Keynes Parish Council	Longwick-cum-Ilmer Parish Council
Buckingham Town Council	Marlow Town Council
Burnham Parish Council	Mentmore Parish Council
Campbell Park Parish Council	New Bradwell Parish Council
Chalfont St Giles Parish Council	Newport Pagnell Town Council
Chalfont St Peter Parish Council	Newton Longville Parish Council
Chepping Wycombe Parish Council	Olney Town Council
Chesham Bois Parish Council	PCC for Thames Valley

Penn Parish Council	Charles Warren Academy
Piddington & Wheeler End Parish Council	Chepping View Primary Academy
Princes Risborough Town Council	Chesham Bois CofE Combined School
Shenley Brook End and Tattenhoe Parish Council	Chesham Grammar School
Shenley Church End Parish Council	Chestnuts Academy
Stantonbury Parish Council	Chiltern Hills Academy
Stony Stratford Town Council	Chiltern Way Academy
Taplow Parish Council	Christ the Sower Ecumenical Primary School
Waddesdon Parish Council	Cottesloe School
Wendover Parish Council	Danesfield School
West Bletchley Town Council	Denbigh School
West Wycombe Parish Council	Denham Green E-Act Academy
Weston Turville Parish Council	Dorney School
Winslow Town Council	Dr Challoner's Grammar School
Woburn Sands Town Council	Dr Challoner's High School
Wolverton & Greenleys Town Council	E-Act Burnham Park Academy
Wooburn & Bourne End Parish Council	Elmhurst School (Academy)
Woughton Community Council	EMLC Academy Trust
Abbey View Primary School	Fairfields Primary School
Alfriston School	George Grenville Academy
Amersham School	Germander Park School
Ashbrook School	Gerrards Cross CoE School
Aspire Schools	Glastonbury Thorn First School
Aylesbury College	Great Horwood CofE Combined School
Aylesbury Grammar School	Great Kimble CoE School
Aylesbury High School	Great Kingshill CoE Combined School
Aylesbury Vale Academy	Great Marlow School
Beaconsfield High School	Great Missenden CoE Combined School
Bearbrook Combined & Pre-school	Green Park School
Bedgrove Infant School	Green Ridge Academy
Bedgrove Junior School	Hamilton Academy
Beechview Academy	Heronsgate School
Bourne End Academy	Heronshaw School
Bourton Meadow Academy	Holmer Green Senior School
Bridge Academy	Holmwood School
Brill CofE Combined School	Ickford School
Brookmead School	Inspiring Futures Through Learning
Brooksward School	Ivingswood Academy
Brushwood Junior School	John Colet School
Buckinghamshire New University	John Hampden Grammar School
Buckinghamshire University Technical College	Jubilee Wood Primary School
Burnham Grammar School	Kents Hill Park School
Bushfield School	Kents Hill School
Castlefield School	Khalsa Secondary Academy
Chalfonts Community College	Kingsbridge Education Trust (MAT)
Chalfont St Peter CE Academy	Knowles Primary School
Chalfont Valley E-Act Academy	Lace Hill Academy
	Lent Rise Combined School

Pension Fund Accounts

Longwick CofE Combined School
Lord Grey Academy
Loudwater Combined School
Loughton School
Middleton Primary School
Milton Keynes Academy
Milton Keynes College
Milton Keynes Development Partnership
Milton Keynes Education Trust
Monkston Primary Academy
Moorland Primary School
New Bradwell School
New Chapter Primary School
Oakgrove School
Olney Infant School
Olney Middle Academy
Orchard Academy
Ousedale School
Overstone Combined School
Oxford Diocesan Bucks School Trust (MAT)
Oxley Park Academy
Padbury CofE School
Portfields Combined School
Princes Risborough Primary School
Princes Risborough School
Rickley Park Primary School
Royal Grammar School
Royal Latin School
St John's CofE Combined School
St Mary Magdelene Catholic Primary
St Nicolas' CE Combined School Taplow
St Paul's RC School
Seer Green CofE School

Admitted Bodies

Acorn Childcare
Action for Children
Action for Children (Children's Centres)
Adventure Learning Foundation (BCC)
Ambassador Theatre Group
Ashridge Security Management
Aspens Services Ltd
Avalon Cleaning Services (Langland School)
Buckinghamshire Music Trust
Bucks Association of Local Councils
Bucks County Museum Trust
Busy Bee Cleaning Services Ltd (WDC)
C-SALT (Woughton Leisure Centre)

Shenley Brook End School
Shepherdswell School
Sir Henry Floyd Grammar School
Sir Herbert Leon Academy
Sir Thomas Fremantle Academy
Sir William Borlase's Grammar School
Sir William Ramsay School
Southwood Middle School
Stanton School
Stantonbury Campus
Stephenson Academy
The Beaconsfield School
The Bridge Academy
The Hazeley Academy
The Highcrest Academy
The Misbourne School
The Premier Academy
The Radcliffe School
Thomas Harding Junior School
Two Mile Ash School
Waddesdon CoE School
Walton High
Water Hall Primary School
Waterside Combined School
Whitehouse Primary School
Wooburn Green Primary Academy
Woodside Junior School
Wycombe High School
Wyvern School

Election Fees:

Aylesbury Vale Local
South Bucks Local

Capita (WDC)
Caterlink Ltd (Buckingham Primary)
Caterlink Ltd (Chiltern Hills Academy)
Chartwells Ltd (Oakgrove School)
Chiltern Rangers CIC
Cleantec Services Limited (MK Academy)
Cleantec Services Limited (Oakgrove School)
Connexions Buckinghamshire
Cucina Restaurants Ltd (Denbigh School)
Cucina Restaurants Ltd (Walton High)
Derwent Facilities Management Ltd
Excelcare
Fujitsu Services Limited

Hayward Services Ltd (Downley School)
Hayward Services Ltd (John Colet)
Heritage Care
Hightown Housing Association Ltd
Innovate Ltd
Kids Play Ltd
Manpower Direct Ltd
Mears Group plc
Mercury Infrastructure Limited
NSL Services Group
Nurture Landscapes (MKC)
Oxfordshire Health NHS Foundation Trust
Paradigm Housing Association
Places for People Leisure (Newport Pagnell TC)
Places for People Leisure (WDC)
Police Superintendents Association Limited
Red Kite Community Housing Ltd
Ridge Crest Cleaning Ltd (Shenley Brook End)
Ridge Crest Cleaning Ltd (Walton High)
Ringway Infrastructure Services
Ringway Jacobs
Serco (MKC)
Serco (MKC Recreation & Maintenance)
Sports Leisure Management
Spurgeons
The Fremantle Trust
Vale of Aylesbury Housing Trust
Wolverton & Watling Way Pools Trust
Wycombe Heritage and Arts Trust

