Statement of Accounts
2020-21






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Gloucestershire
COUNTY COUNCIL

Contents

Foreword to Narrative Report

The past twelve months have continued to be extremely challenging for us all: despite this we can have an overwhelming sense of pride in how our great county has responded in the face of the pandemic.

All communities have worked together to support and protect each other and especially those most vulnerable to Covid-19.

Years of robust financial management meant we went into the pandemic in a strong positon, able to allocate our own funds, supported by additional Government funding. This meant we could swiftly and effectively act to support our communities.

We know that as the pandemic continues there are many challenges ahead: these include pressure on the services we provide to the most vulnerable children, adults and families; the fight against climate change; and the need to ensure our economy rebounds following the Covid-19 emergency.

But we are in a good position, with a clear focus of where we are going, backed by a solid financial position.

Our strategy 2019–2022 ‘Gloucestershire Looking to the Future’ was designed to address future challenges and make the most of new opportunities. It will be reviewed and refreshed in the coming months to make sure it continues to reflect the things that matter most to the people and communities of Gloucestershire and remains sufficiently ambitious for the future.

We are already hard at work planning the roll-out of a countywide network of electric vehicle charging points, further improvements to the highways network and making sure it effectively supports all modes of travel including cycling and walking. We’re working on an innovative skills hub to support residents and the economy; tackling health inequalities; and delivering more new and improved school facilities for our young people. And, as we hopefully leave Covid-19 behind, we are working with local, regional and national partners to help our economy not just recover, but to grow strongly in the years ahead.

As ever there is a lot to do, but with a strong collective commitment we are confident we will continue to take Gloucestershire from strength to strength.

Cllr Mark Hawthorne
Leader

Peter Bungard
Chief Executive

Deputy Chief Executive and Executive Director of Corporate Resources Narrative Report

Introduction

Welcome to Gloucestershire County Council's Statement of Accounts for 2020/21. The Statement of Accounts reports the income and expenditure on service provision for the financial year and the value of the Council's assets and liabilities at the end of the financial year. This is done in accordance with proper accounting practices, as defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code), and in accordance with the Accounts and Audit Regulations 2015.

For 2020/21 an extended statutory approval date of 30th September is in place, with a requirement for me to provide certification by 31st July, that the draft Statement of Accounts give a true and fair view of our financial position as at 31st March 2021.

Our 2020/21 audited Statement of Accounts needs to be submitted to the Council's Audit & Governance Committee (our appropriate body) for approval by 30th September 2021, following a thirty day public inspection period which must commence on or before the first working day in August.

In line with these timescales our 2020/21 Statement of Accounts, are prepared to adhere to the statutory deadlines, with the Statement of Accounts being available to our auditors, Grant Thornton, on 21st June 2021. Continuing to produce a quality set of accounts has only been possible due to the hard work and dedication of staff in Strategic Finance and across the whole Council.

As in previous years, the financial statements demonstrate the financial standing of the Council continues to be robust. We have employed good financial management disciplines, processes and procedures during the year and we continue to strive for on-going improvement and excellence.

This Narrative Report provides information about Gloucestershire, including the key issues affecting the Council and its accounts. It provides a summary of the financial position as at 31st March 2021 followed by an explanation of the financial statements, including information on significant transactions during 2020/21.

To comply with the Code, the information contained in the accounts is, by necessity, technical and very complex, hence the length of the accounts. The aim of this narrative report is not only to provide readers with a wider overview of the Council's financial position for the year ending 31st March 2021 but also to enable an understanding of the key issues. It does this by presenting an analysis of the budgeted and actual net expenditure for 2020/21 based on the management accounts, and then provides a summary of the key financial statements included within the statutory final accounts.

Our Context

Gloucestershire is a great place to live, work and do business. Most local people enjoy a high standard of living; and our levels of health and wellbeing are comfortably above the average for the country. Local people are well-educated, unemployment is low and Gloucestershire's economy is strong and resilient.

Our natural environment is incredibly varied with 38 landscape character types, 143 Sites of Special Scientific Interest and 3 Areas of Outstanding Natural Beauty which covers 51% of the county's area, as well as nature reserves and other natural assets.

However, there are areas of the County where residents' outcomes fall well below national averages and where, as a result, local people are more likely to depend on the services we provide in order to meet their needs. 19,600 people (3.1% of the county's population) live in areas amongst the most deprived 10% in England.

As well as being one of its best assets, the rural nature of the County makes it difficult for some people to access the services they need and three out of every twenty Gloucestershire households have no access to a car or van.

Gloucestershire is growing in line with England as a whole with a rise of approximately 46,600 people or 7.9% since 2009, this compares to an increase of 7.8% nationally. The population is also changing. The number of older people is predicted to continue to rise sharply over the coming years, and the biggest increases will be seen in the number of over-85's. As this is the age group most likely to need support from the Council, this means that health and care services need to be ready to respond to greater numbers of people with higher levels of health needs.

Meanwhile, the child population is increasing at a slower rate, yet we will still see increases in demand for school places over the next 5 to 10 years, and demand for services for vulnerable children is increasing in line with national trends.

Conversely, there is expected to be no growth in the number of working-age adults in the County, meaning that, as a proportion of the population as a whole, the number of people who are more likely to rely on the Council for support is increasing.

Unemployment in Gloucestershire remains low compared to the rest of the UK and the South West Region, although it has recently increased as a result of the Covid-19 crisis. As a result the claimant rate in Gloucestershire stood at 4.6% in March 2021, compared to 2.0% in March 2020.

While these issues are not unique to Gloucestershire, they do pose significant challenges. We need to be imaginative about how we deliver services, help people to stay healthier longer, build communities that are resilient and provide the help and support needed.

Council Strategy

The Council's vision, ambition and priorities for Gloucestershire are brought together in a Council Strategy – Gloucestershire: Looking to the Future (2019 – 2022).

Vision and Ambitions

The Council's vision is

To make the most of all that Gloucestershire has to offer, help improve the quality of life for every community, support businesses to be successful and make sure the county is a place where people want to live, work and visit.

This is underpinned by nine ambitions for Gloucestershire. These are to be:

- **A Magnet County** - A growing working age population, with more 18-40 year olds with high level qualifications choosing to live and work in the county
- **An Innovative County** - More businesses starting up, growing and investing in research and innovation
- **A Skilled County** - More people with high-level skills and jobs in skilled occupations
- **A Prosperous County** - Rising productivity and household incomes offering higher living standards
- **An Inclusive County** - The economic and social benefits of growth to be felt by all communities, including rural, urban as well as those in our areas of highest deprivation. Opportunities to be available for all and good relations between those who have protected characteristics and those who do not
- **A Healthy County** - People to have a good work/life balance and improved health and wellbeing
- **A Connected County** - Improved transport and internet connections so that people and businesses can connect with each other more easily
- **A Sustainable County** - More efficient use of resources, more use of sustainable energy and carbon neutral by 2045
- **A Resilient County** - Active, resilient local communities that keep people safe, provide them with support and help them to make a positive contribution

The Council's Priorities for 2019 to 2022 are as follows:

Children's wellbeing and safeguarding

- Make Gloucestershire a child-friendly county
- Increase the resilience of children and families
- Intervene effectively to keep vulnerable children and young people safe
- Make sure children in care and care leavers get the best possible opportunities

Education and Skills

- Make sure children have access to good quality education
- Help children and young people with additional needs to learn and succeed
- Develop skills for the future

Health, Care and Prevention

- Design an adult social care system that helps people stay healthy and independent and supports people with long-term needs
- Promote better mental health for all
- Help people of all ages to stay healthy and well
- Join up health and care services

Communities and Localities

- Make sure no community is left behind
- Increase the resilience and safety of local communities

Transport, Economy and Infrastructure

- Secure the benefits of high quality growth for local people and communities
- Help business in Gloucestershire to thrive, grow and connect with the wider world
- Safeguard the county's natural landscape and environment
- Reduce Gloucestershire's carbon emissions by 80% by 2030, and secure a carbon neutral county by 2045

Highways

- Invest in improving the county's roads
- Improve customer service and satisfaction

Council leadership

- Get the most out of the shared public sector estate
- Transform services through digital innovation
- Develop a future focused workforce

Getting our Own House in Order

We want Gloucestershire County Council to continue to be a well run Council, that is transparent, accountable and focused on what matters to local people, at the same time as keeping our running costs to a minimum.

During 2020/21, we have: -

- Delivered £10.79 million savings
- Continued to modernise the workforce to respond to changing needs and challenges
- Continued to make improvements through flexible working across the Council's workforce. This increase in flexibility was catalysed in 2020/21 with the rapid rollout of CISCO products and new working methods to assist homeworking when the Covid-19 pandemic hit the Country, but has continued to expand our development in ways we could not have previously thought possible to achieve in one year.

Covid-19

The Council responded to the pandemic by committing additional people and resources to ensure that our vital council services continue to all our communities and especially to those most vulnerable, supported by additional Government funding. Our staff continued to work tirelessly with our external partners to ensure the needs of our community were being met in these unprecedented times, including realigning delivery models, providing additional accommodation for our rough sleepers, providing food, medical supplies and care support through our community hub programmes, providing essential protective equipment and maintaining safe school provision for children of key workers where required.

The additional costs associated with this emergency, together with reduction in budgeted income streams have been considerable and could not have been undertaken without additional emergency funding from the Government.

The Council received additional emergency funding from the Government totalling £33.85 million, together with a further £42.32 million in specific ring-fenced grant funding. As a result the Council has been able to successfully manage these additional pressures from within these additional funding allocations without significant impact on the 2020/21 budget position. Surplus grant balances available have been carried forward and will be fully utilised in 2021/22 in supporting the people of Gloucestershire.

The Covid-19 pandemic has also significantly impacted income collections for both Business Rates and Council Tax. Central Government have provided additional support to businesses, and as a result the Council is entitled to additional S31 grant. This grant will help offset Business Rates income losses during 2020/21 that will impact on the Council during 2021/22, and totals £10.637million. In addition Central Government has committed to cover 75% of the extraordinary losses as a result of Covid, and as a result the Council will receive additional grant to help offset Council Tax losses from 2020/21 and again impacting on 2021/22 budgets, totalling £2.957million.

Ofsted Inspection of Services for Children

Ofsted undertook an Inspection of services for children in need of help and protection, children looked after and care leavers and reviewed the effectiveness of the Local Safeguarding Children Board between the 27th February and 23rd of March 2017. The overall outcome of the inspection was that children's services in Gloucestershire were inadequate.

Since the Inspection a new senior leadership team has been put in place within Children's Services and a permanent appointment was made to the post of Director of Children's Services with the post-holder starting in early March 2018. During the year we have continued to work closely with the Department for Education, Ofsted and our Improvement Partners to implement our Improvement Plan. In total to the end of March 2021 there have been 8 monitoring visits from Ofsted and a further visit in October 2020. A full inspection has been delayed due to the Covid-19 pandemic but it is now anticipated in the autumn of 2021/22.

In the last focused visit in October 2020, Ofsted recognised the positive, proactive and well managed response to Covid-19, that the pace of change had increased, the stabilisation of the workforce, training such as the Essentials of Social work Programme provided by the social work academy, improved performance information, stronger quality assurance processes and scrutiny of the data had all significantly improved. Although evidence of significant improvement has been seen it was also noted that senior leadership continue to address the challenges that remain. These challenges include embedding consistent practice across the service, the work with children on the edge of care, placement choice and the quality of personal education plans. Placement choice is being addressed through the development of the market including capital investment into appropriate properties in the County one of which has been Trevone House.

The Council continues to recognise the need to invest in the service to support sustained improvement where demand for services are currently rising and over £29 million has been invested in vulnerable children's service since 2019/20. This investment has supported the reshaping of the social care workforce including the establishment of the social work academy and funded the cost pressures within placements and child related expenses budgets. Also a further £1.7 million one-off funding was approved in the 2020/21 budget to fund improvement plan costs and maintain a higher staffing establishment to maintain the casework ratio commitments.

Funding for Adult Social Care

Adult Social Care budgets continue to be under significant pressure in 2020/21 both locally and nationally - this pressure was enhanced by the cost of responding to the pandemic. Adults Social Care has for a number of years been funded by a series of one-off or time limited mechanisms. The Queen's Speech indicated the Government's intentions to propose funding reform but as yet no details are available.

Demographic changes indicate a rising demand for support to people with increasing complex needs. This continues to be managed through the Adult Single Programme and involves a range of partnerships, both with other public bodies, provider organisations and the voluntary and community sector. The Programme reflects the scale and pace of change required to ensure we can promote and support people to live independently within the County. Communicating our intentions and listening to the voice of those we support is central to enabling us to effectively do this. At the heart of this work is the frontline three tier conversation approach (Tier One – Help to help yourself, Tier Two – Help when you need it and Tier Three – Ongoing support for those that need it) which gives structure to the focus on helping people to help themselves. This approach largely continued to be delivered during 2020/2021, despite the impact of Covid-19, although we will need to work even closer with partners as we emerge from the pandemic if it is to be sustained.

Community Safety Directorate (CSD)

As part of its improvement journey CSD has established a Portfolio Management Board consisting of Principal Officers and senior managers to oversee a comprehensive range of projects. Steady progress is being made and reported through the respective scrutiny and audit committee governance arrangements.

A structural review was completed in February 2021 to support the improvement journey and complete the actions in Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) report for Gloucestershire Fire and Rescue Service. A number of bids are also being submitted through the medium term financial strategy process for more resources in support of the improvement journey.

People

The way in which the Council delivers its services continues to change including adopting different ways of working to enable a more agile workforce, whilst at the same time contributing to our climate change agenda. We continue to evolve our approach to the way our employees deliver and commission services and to the way we work making the best use of technology.

Workforce Headcount

Gloucestershire County Council employed 4,043 individuals as at 1st April 2021, this includes 462 Gloucestershire Fire & Rescue service staff, but excludes all schools staff and casual staff. If a member of staff has two contracts with the Council, they are only counted once in the above figure. GCC Workforce Headcount statistics are published on its website.

We have developed a Workforce Strategy 2019-22 which recognises that the Council is a major stakeholder and influencer on behalf of the people of Gloucestershire and we play a leading role amongst a wide range of partners in delivering public services. We have an ambition to transform and strengthen community services and this strongly influences our view of what comprises 'the workforce'. It is our aim to innovate and adapt to achieve the delivery of our statutory responsibilities and to continually improve the quality of services delivered. Therefore, we will develop our workforce to be motivated and skilled to work creatively, flexibly and efficiently, with our Council core values; accountability, integrity, empowerment, respect and excellence, at the centre of what we do.

Consideration of the Equality Duty and Decision Making

Our Due Regard Process ensures that we consider the three aims of the public sector equality duty when we plan and deliver our work and when making decisions.

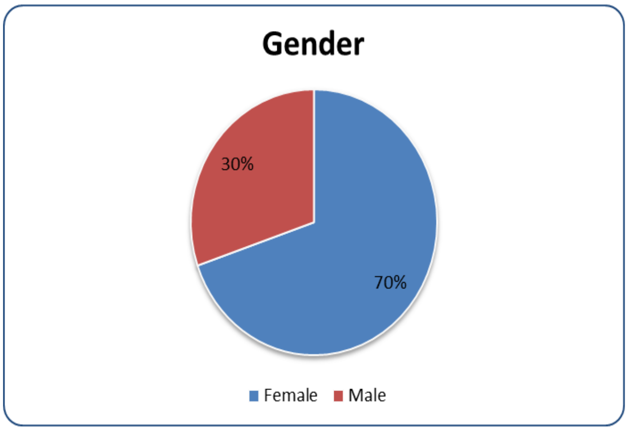
The general duty requires the Council to have due regard to the need to:

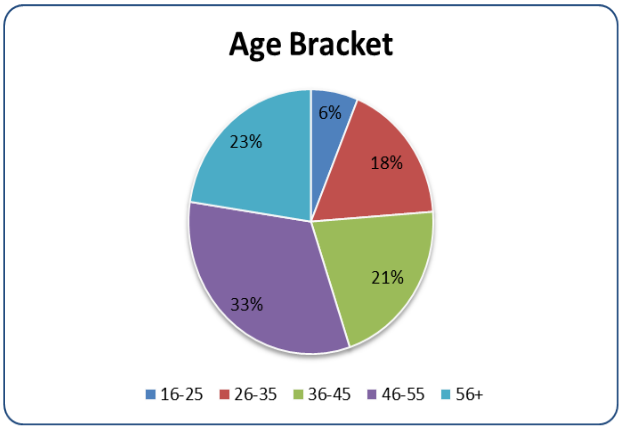
- Eliminate discrimination, harassment and victimisation.
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it.
- Foster good relations between people who share a protected characteristic and people who do not share it.

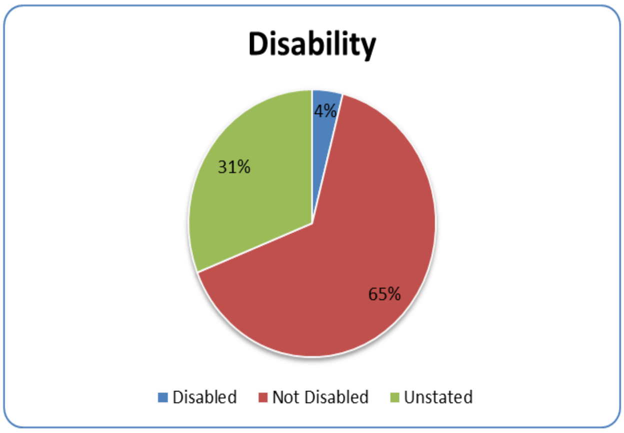
Our process ensures that decision makers consider these aims as part of their day to day working practices and our policies reflect that approach.

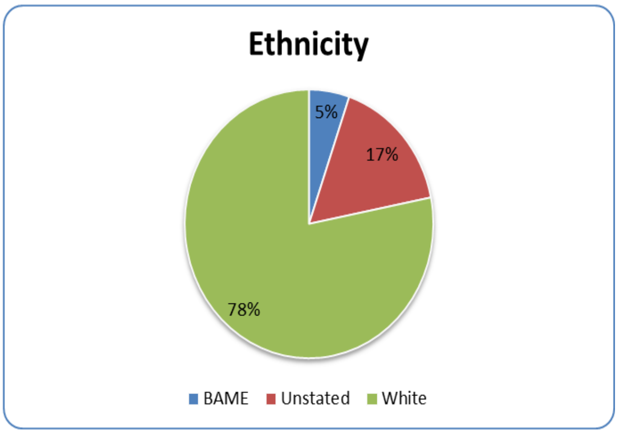
The Council's most recent annual Equalities Report (2020) is a snapshot based on the 3,965 employees as at 1st February 2020. In addition to those included in our headcount figures regularly published on the transparency pages of our website, this figure also includes employees from the Gloucestershire Fire and Rescue Service on a permanent or fixed term basis and those staff engaged on a casual basis where an ongoing employment relationship exists.

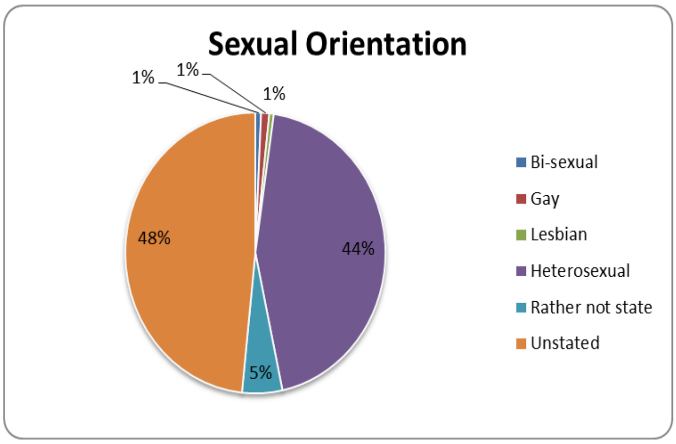
The Council's workforce profile (as at 1st February 2020) is illustrated in the following graphs, and is based on the data that is submitted by our workforce. We continue to encourage people to report openly so that our policies are as fully informed by staff feedback as they can be.











Further information from the Council's 2020 Workforce Equalities Report can be found on the Council's website at: https://www.gloucestershire.gov.uk/council-and-democracy/equalities-and-our-duties-under-the-equality-act-2010/equality-information-and-analysis/

Performance

The context of the pandemic is an important factor in this years performance. All services were affected by the impact of Covid-19 in 2020/21. Changes to working conditions, processes, resource capacity fluctuations and access issues all brought challenges and occasional opportunities to service delivery and planning.

Adult Social Care

The Council's Adult Single Programme has continued to drive a significant shift in culture and approach across adult social care which focuses on helping people to find their own solutions to stay independent, offering some short-term support to get people back on their feet when they need it and staying by their side until they are confidently living an independent life. For those who need a plan for their long-term care and support, the council works with partners and providers to offer the best quality of support that it can.

This approach has seen a continuing reduction in the number of people whose long term care needs are met by the council and in the number of people permanently admitted to residential and nursing care, but these numbers were also likely to have been impacted by reduced demand through early concerns of Covid-19 impacting care facilities. We are mindful there is likely to be some form of 'spring back' in this latent demand in the coming months.

An increased level of Safeguarding concerns and Mental Health assessments has been seen in 2020/21 compared with 2019/20. While the number of long-term services users (both older people and people with physical and learning disabilities) has reduced in 2020/21, there has been a 6% rise in the number of people requiring support because of Mental Health. Of those adults with safeguarding concerns proceeding to an enquiry, the risk was removed or reduced for a significant proportion of people for whom an enquiry was completed (93% in quarter 4); this is the highest performance to date and is better than our peer comparators (84.5%).

Turnover of social workers in Adult Social Care decreased in the final quarter of 20202/21, and is at the lowest level recorded since monitoring of the measure began in 2015/16.

Prevention, Wellbeing and Communities

Resources for this part of the Council have been significantly focused on the Outbreak Management Plan and coordination of efforts on Covid-19. Performance on the initial response, distribution of support through PPE and wellbeing checks was very successful and continually adapted to the changing emergency situation. We continue to monitor the case data, track and trace responses, and coordinate partnership activity.

The Council also commissions a number of preventative services that support people to live healthy lives and target those at greatest risk of poor health. These help to maintain high levels of health and wellbeing across the local population, though we know that health inequalities remain for some groups and communities.

Performance has been impacted quarter on quarter across a number of measures throughout the Covid-19 pandemic. The NCMP weight measurement programme was paused in response to Covid-19, impacting national data returns, so benchmarking is only possible for the Year 6 cohort. Gloucestershire is similar to the comparator group average (31.7%). The measurement programme for 20/21 was due to start in January 2021 but remained paused due to the Covid-19 lockdown. Face to face services for weight loss and smoking cessation were suspended for most of 2020/21.

However, online is traditionally used as an adjunct to face to face groups rather than a standalone service and Gloucestershire outcomes for its online weight management services were among the highest reported across the UK.

The declining performance trend for drug and alcohol addiction outcomes this year was mirrored nationally and Gloucestershire remained in the upper quartile of our comparator group for opiate addiction outcomes.

Children and Young People

The Accelerated Improvement Plan continues to provide the focal point for our practice and service improvement programme. The proportion of inadequate work found via audit activity is reducing and concentrated in a smaller number of teams for which support is in place.

All reviews completed for children in care were within timescale throughout 2020/21.

The level of repeat referrals and child protection plans for children remains high. Practice needs to improve in order to make a sustained difference for children first time. Almost one-third of referrals continued to be for children who had been referred to us previously within the last 12 months (29%). This remains slightly worse than target and peer comparators.

The proportion of children who have been on Child Protection Plans lasting more than 2 years is slightly worse than target (2.2% against a target of 2.0%). However, this has reduced from 3.1% and is better than peer group comparators (2.8%). This is being affected by delays in court proceedings as a result of Covid-19. Proceedings are underway for the majority of children who have been subject to a plan for more than 2 years and all cases are regularly reviewed to ensure that no drift or delay is occurring.

While there continue to be challenges around long and short term stability of placements for our children in care, performance improved marginally for both short and long term stability in Quarter 4.

Following the suspension of routine Ofsted inspections of schools in March 2020, the proportion of children attending good or outstanding Primary, Secondary and Early Years settings remains the same.

Economy, Environment and Infrastructure

We have achieved major improvements in reducing the Council's carbon footprint through increasing the amount of energy generated from the Shire Hall estate (largely from the electricity generation from Javelin Park Energy from Waste facility and the Shire Hall rooftop solar PV), and reducing our energy use the LED street lighting programme. The reduction in staff travel and traffic in the County generally has been a significant contributor during the Covid-19 lockdowns.

More than half of household waste has been sent for reuse, recycling and composting (50.9% at quarter 4). Residual waste per household continues to be better than target and is slightly lower than at the same time last year.

Timeliness of emergency and defect highways repairs has been better than target throughout 2020/21. Delivery of the gully emptying programme to support flood prevention has been fully completed this financial year.

There were fewer people killed or seriously injured on Gloucestershire roads during 2020 (277 compared to 316, down 12%). This is a likely consequence of the lockdown periods. Despite the overall decrease, the number of children who were killed or seriously injured in 2020 is slightly higher than in 2019 (22 compared to 18).

Timeliness of birth and death registrations was significantly impacted by Covid-19. The suspension of birth registrations for all but the most urgent cases during the first lockdown resulted in a backlog of 1800 cases at the end of quarter 1. This backlog was down to 200 at January 2021, but again impacted by the 3rd lockdown and stands at 692 at the end of quarter 4. Additional capacity is in place and making good progress.

Gloucestershire Fire and Rescue Service

An Improvement Plan has been in place since the inspection of 2019 identified some areas of concern relating to culture and specific areas of performance and governance. Additional corporate capacity has been brought into the service, as well as forging stronger links with support services based at Shire Hall, and considerable progress made to date.

Throughout the pandemic, GFRS has been undertaking additional work to assist partners and protect those who are most vulnerable. This has included delivery of PPE and medical equipment, track and trace visits, and supporting the operation of testing sites.

Covid-19 restrictions have impacted the ability and capacity to deliver safe and well visits, which have been prioritised to the most vulnerable. The service has undertaken fewer Safe and Well visits than in the previous 12 months, but the rate of visits is increasing, up from 0.27 per 1000 population in quarter 1 (first lockdown) to 0.93 per 1000 in quarter 4 (third lockdown).

Timeliness of our response to category 1 dwelling fires dipped below target in quarter 3 this year, but is back within tolerance in quarter 4. All category 2 dwelling fires were attended within timescales. The total number of incidents remains better than forecast and our comparator group.

Financial Performance

Economic climate

The Council has faced a difficult year with the coronavirus pandemic dominating 2020/21. The start of the financial year saw the Bank of England cutting interest rates as lockdowns caused economic activity to grind to a halt. Central government has focused less on local government finance and more on getting the economy going. This has meant that long awaiting changes to local government finances have been postponed, and one year roll over settlements has once again become a feature of the settlement.

It is now expected that funding beyond 2021/22 will be subject to another Spending Review later in 2021, however it is currently anticipated that both the Fair Funding Review and the new Business Rates Retention System will be delayed as a result of the Covid-19 crisis. These fundamental changes to the way local government are financed are therefore not scheduled to be implemented for 2022/23.

The Covid-19 crisis has had a significant impact on the underlying resources of the Council during 2020/21. Council Tax and Business Rates collection levels have been significantly lower and there is a large deficit on the Collection Fund that will be recovered during 2021/22. Central Government have stepped in to provide additional grants to help offset these losses and to assist with the lower taxbase as a result. This should give some additional stability for 2021/22; however, the medium to longer term impact remains uncertain.

The below list details 2020/21 budget setting principles, together with an update on the current situation for these key financial decisions:

- Council Tax referendum principle of 2% for 2020/21, with the Council setting a rate of 1.99%.
- Continuing to provide Local Authorities with the power to levy an increase on Council Tax to fund social care, with an additional one off 2% levy available for 2020/21 and an allocation of 3% over two years for 2021/22 and 2022/23. This equated to an additional £6.0 million of revenue for 2020/21, and following a decision to set the rate at 2.76% for 2021/22 this raises an additional £8.6 million for 2021/22 and 2022/23.
- Continuation of additional funding for Social Care at a cash flat level providing a grant worth £14.0 million to the Council for 2020/21 and 2021/22.
- Continuation of the Improved Better Care Fund at a cash flat level for both 2020/21 and 2021/22, providing the Council with £19.4 million.
- Central government has been working closely with local authorities to address the additional funding pressures as a result of Covid-19. The Council has therefore received a number of significant additional grants during 2020/21 to address this, some of which are passported on to other care providers such as Care Homes. A number of these grants have been confirmed as continuing into 2021/22.
- Postponement of the Fair Funding Review. Following delays this was expected from 2022/23, however this is looking increasingly unlikely.
- Postponement of the Government's "aim" to localise 75% of Business Rates, again looking increasingly unlikely that this will be implemented for 2022/23.
- Expectations currently are that the settlement for 2022/23 will again be a roll over of 2021/22, which unfortunately makes it very difficult to plan for anything other than the near term.

Revenue Budget and Outturn Position

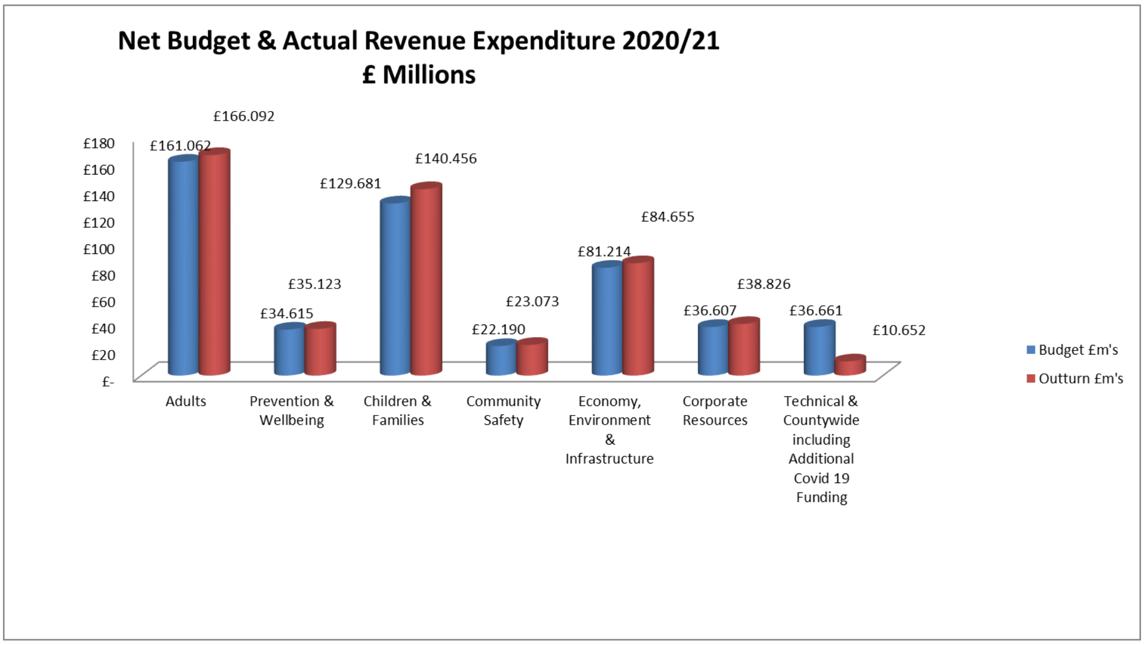
The approved budget for 2020/21 was £468.183 million which represented an increase in cash terms of £28.108 million, compared with the 2019/20 budget (£429.661 million). Under this Budget, Council Tax increased by 1.99% and an additional 2% Social Care Precept was applied, taking the overall increase to 3.99%.

In addition to the above budget approvals the Council also received emergency un-ring-fenced grant funding for Covid 19 during the year totalling £33.85 million and a further £42.32 million of ring fenced Covid-19 grants.

The 2020/21 budget was the third year of the current Meeting the Challenge 3 Savings Programme. During the year the Council delivered £10.79 million of savings to address year on year funding reductions and fund unavoidable inflationary cost increases.

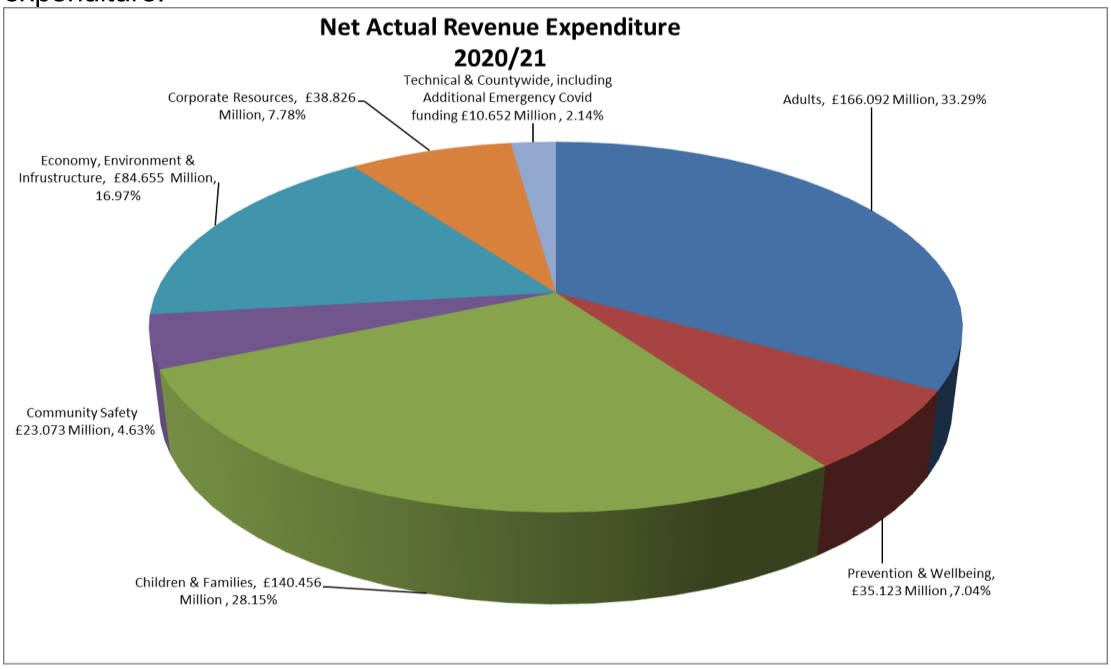
The revenue budget strategy for 2020/21 was to continue to maximise the delivery of efficiencies whilst protecting front line services. The Council is committed to robustly controlling budgets, repaying external maturing debt and continuing to streamline back office services all of which contribute to protecting front line services.

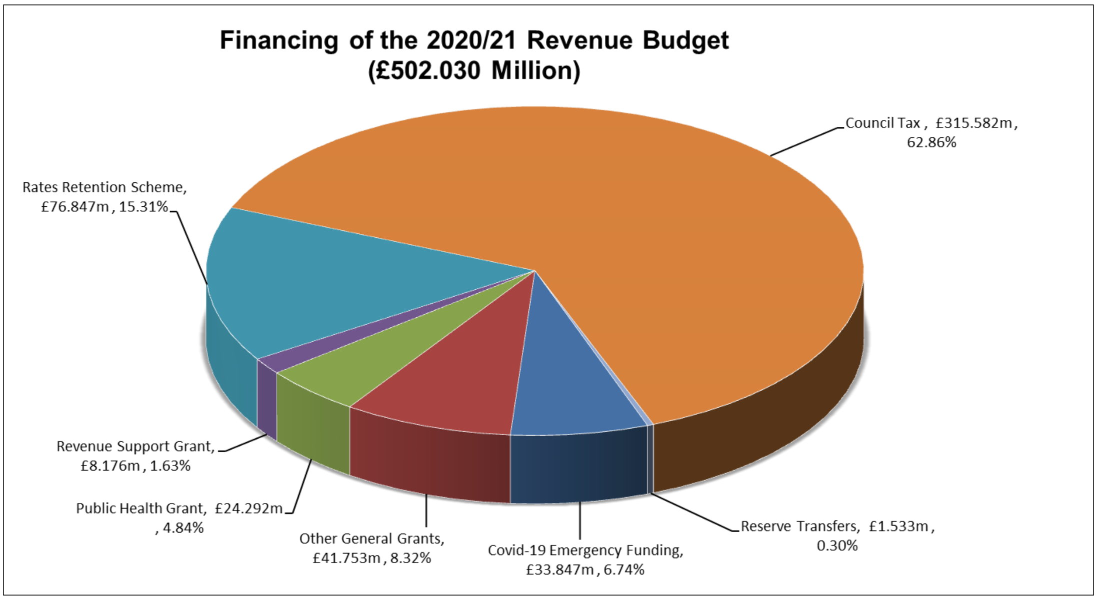
Following approved transfers to and from reserves, as set out in detail in Note 2 to the accounts, the 2020/21 outturn position was an under spend of £3.153 million.
Net budget and expenditure by service area is shown in the chart below.



Full details and explanations of the outturn position can be found in the detailed outturn report submitted to Cabinet in June 2021, which is available on the Council's website.

The outturn position for 2020/21 again provides a clear indication of the Council's strong financial stewardship during the year. Net actual expenditure by service area is shown in the chart below, which is followed by a chart showing the funding of this net expenditure.





Usable Revenue Reserves

Usable reserves represent money set aside to fund future expenditure plans or reduce taxation. Full details of all usable reserve movements in 2020/21 are shown in note 2 of the accounts, with the summary position outlined below:

Type of Revenue Reserves	Balance at 31st March 2020 £ Millions	Balance at 31st March 2021 £ Millions
Earmarked Revenue Reserves – Non Schools	101.807	147.881
Earmarked Reserves – Schools Excluding Dedicated Schools Grant Deficit Account	15.341	20.148
General Fund Balances	18.846	21.999
TOTAL REVENUE RESERVES	**135.994**	**190.028**

Overall total usable revenue reserves increased by £54.03 million during the year.

Non-School Earmarked Reserves

Non schools earmarked usable revenue reserves have increased by £46.07 million (37.2%) from £101.81 million at the start of the year to £147.881 million at the end of the year. The increase is largely represented by revenue grant balances (£34.08 million) and further recommended transfers.

Schools Earmarked Reserves

School Balances have increased by £4.81 million, despite 7 schools converting to academy status during the year.

Following a change in legislation and accounting standards the Dedicated Schools Grant Deficit Reserve, no longer forms part of the Council's useable reserves. This is now included within unusable reserves on the balance sheet. The reported grant deficit of £6.72 million at the start of the year increased by a further £5.18 million to £11.89 million at the end of the year, following continued pressures with high needs related payments. A recovery plan is currently being developed in association with the schools forum in order to address future spending pressures.

General Reserves

Following the positive outturn position for 2020/21, General Reserves have increased by £3.153 million to £21.999 million. A risk based approach is taken when assessing the level of reserves.

Capital Reserves

In addition, usable capital reserves used to support the approved capital programme are as follows:

Type of Capital Reserves	**Balance at 31st March 2020 £ Millions**	**Balance at 31st March 2021 £ Millions**
Capital Grants & Contributions Unapplied Reserves	94.522	120.655
Useable Capital Receipts Reserve	20.544	10.020
TOTAL CAPITAL RESERVES	**115.066**	**130.675**

Capital reserves have increased by £15.61 million (13.56%) during the year. The increase is mainly due to additional unapplied capital grants and contributions being received in year, all of which are fully committed, offset by the use of capital receipts to fund the Council's approved capital programme.

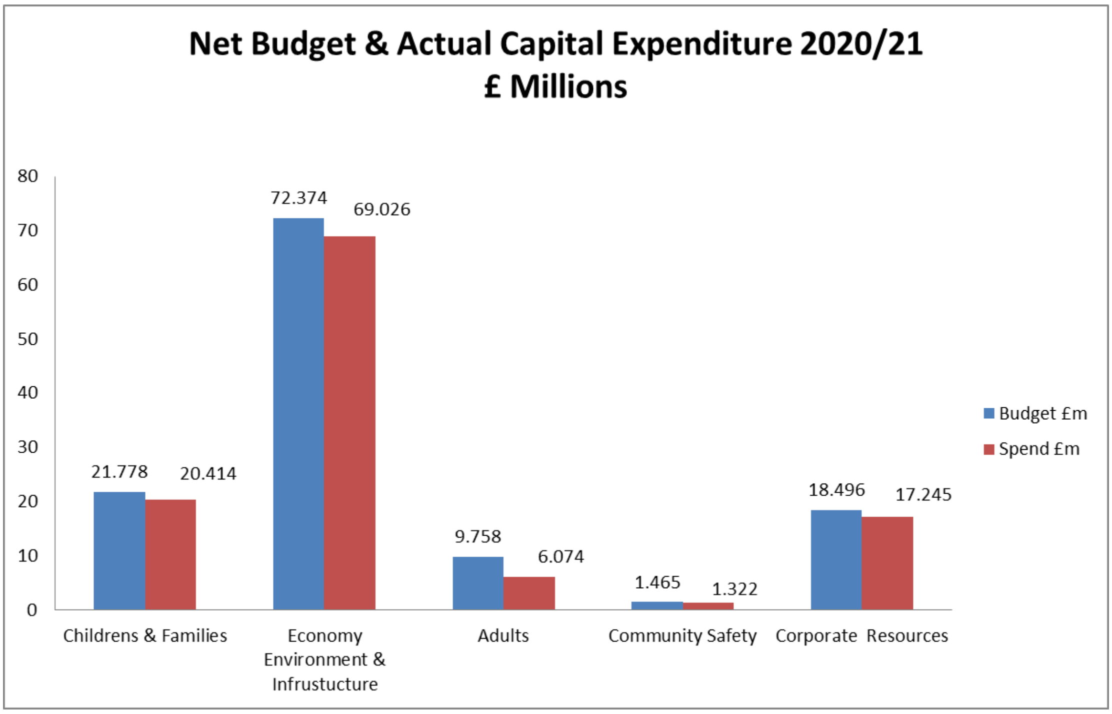
Full details and explanations of all reserve movements can be found in the detailed outturn report submitted to Cabinet in June 2021, which is available on the Council's website.

Capital Budget and Outturn Position

The capital budget strategy reflected the Council's priority of reducing long term debt by utilising capital receipts, external contributions, capital fund, capital grants and revenue contributions to fund the capital programme for 2020/21, thereby minimising the need for internal borrowing to £12.252 million.

The capital budget for 2020/21 totalled £123.87 million. Actual expenditure during the year was £114.08 million, giving an in-year under-spend of £9.79 million. This is purely in-year slippage which will be spent in 2021/22. This has not changed the overall value of the capital programme, although it has necessitated a re-profiling of the approved budget between future years.

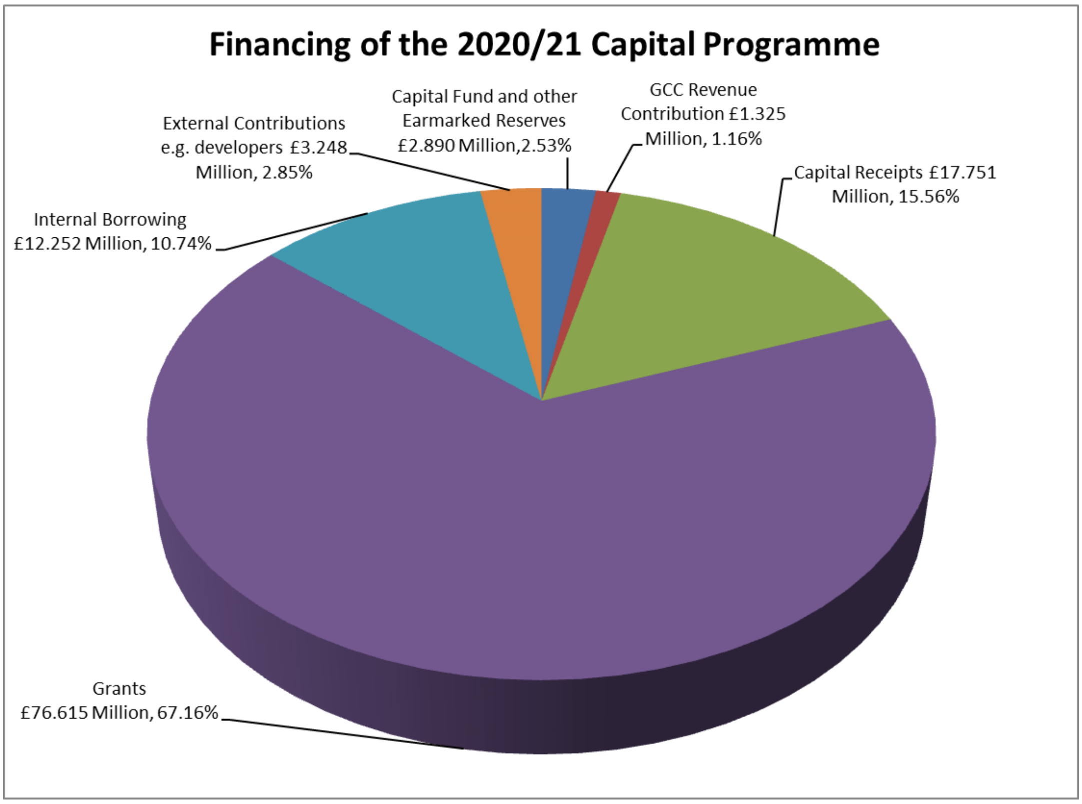
Net actual expenditure by service area is shown in the following chart:



* Corporate Resources also includes costs incurred prior to the sale of assets.

Full details and explanations of the capital outturn position can be found in the detailed outturn report submitted to Cabinet in June 2021, which is available on the Council's website.

The Council's 2020/21 capital expenditure was funded as follows:



The Government financial regulations require local authorities to charge a Minimum Revenue Provision (MRP) each year as a proxy for capital repayments. For 2020/21 the MRP for the Council was £8.418 million.

Managing debt effectively remains a priority of the Council. Debt outstanding at the end of 2020/21 was £391.194 million, an increase of £1.349 million compared with the position at the end of 2019/20.

Financial Statements

The objectives of financial statements are to provide information about the Council's financial position, financial performance and cash flows, and to demonstrate accountability for the Council's resources.

The Council produces single entity financial statements, which also include the income, expenditure, assets, liabilities, reserves and cash flows of the schools deemed to be under the control of the Council.

A complete set of Financial Statements for the period comprise:

- Comprehensive Income & Expenditure Statement on page 36.
- Movement in Reserves Statement on page 37 to 38.
- Balance Sheet position on page 39 setting out the Council's financial position as at 31st March 2021.
- Cash Flow Statement on page 40 summarising the inflows and outflows of cash.
- Notes to the accounts, which summarise and provide further information on the financial activities of the Council including Accounting Policies on pages 41 to 117.
- Gloucestershire Pension Fund Accounts are on pages 118 to 153, and although included in this publication, are separate from the accounts of the Council and are subject to a separate audit opinion.
- The accounts of the Fire Pension Fund on page 154.

The Deputy Chief Executive and Executive Director of Corporate Resources, as the statutory Chief Financial Officer, is required to certify that the accounts present a true and fair view.

Primary Financial Statements

The primary financial statements are:

- Comprehensive Income & Expenditure Statement.
- Movement in Reserves Statement.
- Balance Sheet.
- Cash Flow Statement.

In terms of these four primary statements the key points to highlight are:

Comprehensive Income & Expenditure Statement (CIES) - (page 36) shows the true economic accounting cost in year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The surplus on the provision of services for 2020/21 was £39.70 million, which is shown in the Movement in Reserves Statement, compared to a deficit of £45.01 million in 2019/20. The reason for this change is mainly due to increased emergency government funding for the Covid-19 Pandemic and also an increase in the amount of capital grant and contributions received in year.

The £39.70 million surplus on the provision of services for 2020/21 shown in the CIES represents the financial position in accordance with International Financial Reporting Standards (IFRS). However, the reported outturn budget position was an under spend of £3.153 million. This may be more relevant for the Council's stakeholders than the CIES, which takes a wider financial perspective on the Council's performance. The outturn position only records those expenses which statute allows to be charged against the Council's annual budget. The amounts included in the CIES for items such as depreciation, impairments, capital grants and pension charges are not charged in the General Fund expenditure analysis. The Movement in Reserves Statement, and supporting note 1, together with the expenditure and funding analysis, note 4, provides reconciliation between the two positions.

Movement in Reserves Statement - (page 37) shows the movement during the 2020/21 financial year on the different reserves held by the Council, analysed into useable reserves and other unusable reserves:

- Usable reserves represent money set aside to fund future expenditure plans or reduce taxation.
- Unusable reserves reflect the difference between the surplus or deficit made on the true economic cost of providing the Council's services and the statutory amounts required to be charged to the general fund balance for council tax setting purposes (i.e. adjustments between accounting basis and funding basis under regulations).

The overall decrease in the Council's reserves during 2020/21 is £151.22 million, made up of an increase of £76.36 million in useable reserves, further information is detailed within Note 2. Un-useable reserves decreased by £227.58 million, mainly due to an increase of £206.85 million in long term liabilities for defined benefit pension schemes, explained below, which is a liability that does not need to be met within the next year, but over the lifetime of scheme members, together with increases to collection fund deficits for both council tax and business rates largely as a result of the Covid-19 pandemic totalling £16.21 million.

Balance Sheet - (page 39) shows the value of the assets and liabilities recognised by the Council as at 31st March 2021. The balance sheet of the Council shows net assets of £431.77 million, which is matched by reserves (as set out in the Movement in Reserves Statement). This represents a decrease of £151.22 million from the 2019/20 position.

The decrease of £151.22 million in net assets is largely due to:

- An increase in the value of Long Term Assets of £35.00 million, reflecting valuation changes during the year
- A reduction to Deferred Liabilities of £2.64 million
- A reduction to Long Term Provisions of £1.28 million
- A reduction to Long term Borrowing of £16.42 million
- An increase in current Assets of £3.21 million

Offset by:-

- An increase of £199.62 million in defined benefit pension liability, which is a liability that does not need to be met within the next year, but over the lifetime of scheme members.
- An increase in the current liabilities in year of £10.14 million

Cash Flow Statement – (Page 40) shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities:

- Operating 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, grant income or from recipients of services provided by the Council. (Note 14, page 62)

- Investing activities - represent the extent to which cash outflows have been made for resources which are intended to contribute to the future service delivery (Note 15, page 63).

- Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council (Note 16, page 63). During the year the cash and cash equivalent decreased from £109.7 million at the beginning of the year (Restated) to £93.76 million at the end of the year. The decrease of £15.96 million in cash balances is largely due to reclassifying our strategic funds as long term as it is the Council's intention to hold them for longer than 12 months. The rest is as a result of moving away from shorter term deposits due to there being little added value of investing in these time periods as detailed in Note 9, page 56.

Principal Risks and Uncertainties

At the end of 2020/21, the Council is facing the following risks and challenges:

- Failure in corporate governance which leads to service, financial, fundamental service performance or reputational damage or failure.
- Reductions and changes to future funding over the next three financial years impacting significantly on Services.
- The cumulative impact of service pressures, particularly the financial impact of Covid-19, increased demand in Children and Adults social care and Educational High Needs, potential grant reductions and the under delivery of planned savings will result in a major over-spend position in 2021/22.
- Failure to ensure technology managed by ICT (including communications abilities) remains fit for purpose.
- Failure to protect the council's key information and data from Cyber Attack.
- Ineffective provider failures result in the Council being unable to achieve its strategic objectives.
- Failure to maintain effective relationships with key partners and organisations and shared funding arrangements, impacting on our ability to meet statutory and local requirements.
- Failure to protect vulnerable adults in Gloucestershire from abuse and neglect in situations that potentially could have been predicted and prevented.
- Ineffective social care practice, management oversight and review processes resulting in drift and delay for children and young people in situations of harm.

- Failure to close the gaps in educational outcomes for vulnerable learners and their peers resulting in adverse impacts for children and families, increased cost/pressures on specialist provision and damage to reputation.
- Insufficient workforce capacity and/or instability adversely impacting on pace and sustainability of improvement and contributing to discontinuity in social engagement with children and families.
- Unable to support all those who can, to live independently at home, because demand for home care services outstrips available capacity. Resulting in the reliance on temporary respite/alternative bed based care in lieu of home care.
- Failure to develop sufficient placement capacity to meet the needs of looked after children.
- Risk of legal action being taken against the Local Authority due to failure to complete a Deprivation of Liberty assessment within the stated timelines. Since a significant and sudden change in the law due to a Supreme Court Judgement in March 2014 there is an excessively high demand for best interest assessments to be carried out for Deprivation of Liberty (DoLS) authorisations.
- Difficulties in recruiting and retaining experienced workers in hard to fill roles leading to vacancies and/or high numbers of agency staff in some areas. This is particularly prevalent for social workers but is also increasingly a factor for other professional roles.
- Failure of the Council or a key partner to effectively respond to a major incident such as flooding that results in community disruption and failure to return to normal, within required timescales.
- Due to insufficient business continuity management arrangements, failure of the Council or a key partner to effectively deliver their statutory services, resulting in community disruption and failure of corporate objectives.
- Insufficient workforce capacity and/or instability adversely impacting on pace and sustainability of improvement and contributing to increased risk to firefighter safety or capability to deliver emergency services to the community.
- Failure to comply with data protection and to protect the confidentiality, integrity and availability of information.
- Failure to deliver the Council's climate change Strategy impacting on reputational damage.
- Uncertainties arising from the UK leaving the EU with the possible impact on funding and policy change affecting the Council and Local Government in general.
- Emergence of Community Infrastructure Levy (CIL).

Each of these risks and challenges are recognised in the Council's risk register and a series of mitigation processes have been put in place to reduce these risks.

Pension Liabilities

The liability shown in connection with the defined benefit pension schemes is calculated in accordance with the requirements of International Accounting Standard (IAS) 19 and has increased by £199.62 million (28.37%), from £703.64 million at the start of the year to £903.26 million at the year end. The overall revaluation loss totalled £199.6 million. This is due to changed financial assumptions, primarily increases to both the salary and pension increase rates of 0.95% compared with the previous year. The above assumptions resulted in increases in liabilities together with increases following a reduction in the discount rate used to calculate estimated present value of pension liabilities by 0.3 %, which is determined by the yield on corporate bonds. The lower the discount rate used, the higher the estimated present value of pension liabilities. The net defined liability pension reserve was reduced in year following the in year payment of employer contributions paid in advance totalling £6.65 million which relate to 2021/22 and 2022/23. Information on the current pension liabilities can be found in Note 32, page 84

Investment Activity & Borrowing

During 2020/21 treasury management has been conducted according to the Policy Statement approved by the Council in February 2020. In accordance with this strategy 137 investments were made during the year, at a value of £937 million. Total interest earned on in house deposits was £5.6 million.

As indicated earlier, the capital budget strategy aims to minimise the need for new borrowing, through the use of capital grants, capital receipts and contributions to fund capital expenditure. Debt redemption remains a priority of the Council with all maturing debt repaid. At 31st March 2021 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £391.2 million, an increase of £1.3 million compared with the position at the end of 2019/20. This increase is as a result of new borrowing in year held internally of £12.3m offset by the minimum revenue provision for the year and adjustments for deferred liabilities.

The Future

We are:

- Aware that due to uncertainties as a result of the Covid-19 pandemic both the Fair Funding Review and the move to 75% Business Rates Retention have been delayed. Further details are awaited, however the timing of the next Budget Statement is unclear and it is expected that an update will take place in the Summer
- Aware that the proposed business rates reset has been delayed. No further details have been provided as to when this will now take place and a further update is expected over the summer.
- As a partner in the Integrated Care System, intending to work collaboratively to ensure the Gloucestershire Pound is spent efficiently and effectively on health and social care services for our community.
- Waiting for details of whether the delayed 3 year Comprehensive Spending Review will go ahead or whether it will merely be another roll over of funding for the 2022/23 financial year as a result of the on-going Covid 19 situation.
- Waiting for Grant Thornton to conclude their work on value for money objection to the 2016/17 accounts.

In the future the Council will continue to realign its ongoing Medium Term Financial Strategy and future spending plans in line with the Council Strategy. Considerable uncertainties remain about the level of future funding, the long term impact of Covid-19 and future demand for social care. The Council will continue to work to address this uncertainty and ongoing challenges in formulating it's Medium Term Financial Strategy.

Conclusion

The financial statements continue to reflect the Council's careful management of resources with a reasonable level of reserves being maintained, leaving the Council in a sound financial position to cope with future challenges and able to meet our liabilities as they fall due.

Additional Information

Further information on the financial statements presented in this document can be obtained from Jayne Fuller, Corporate Finance Manager (01452 328926). jayne.fuller@gloucestershire.gov.uk)

Steve Mawson
Deputy Chief Executive and Executive Director of Corporate Resources & Section 151 Officer

Statement of Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Deputy Chief Executive and Executive Director of Corporate Resources.
- Manage it's affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Executive Director of Corporate Resources Responsibilities

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

In preparing this Statement of Accounts, the Deputy Chief Executive and Executive Director of Corporate Resources has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority Code.

The Deputy Chief Executive and Executive Director of Corporate Resources has also:

- Kept proper accounting records, which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification

I certify that the Statement of Accounts 2020/21 gives a true and fair view of the financial position and Income and Expenditure account of Gloucestershire County Council for the year ended 31st March 2021.

Steve Mawson CPFA
Deputy Chief Executive & Executive Director of Corporate Resources (Section 151 officer)
14th December 2021

Approval on behalf of the Audit & Governance Committee of the County Council was made on 14th December 2021.

Councillor Colin Hay, Chairperson
14th December 2021

Independent auditor's report to the members of Gloucestershire County Council

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Gloucestershire County Council (the 'Authority') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies and include the Fire Pensions Accounts comprising the Fund Account, the Net Assets Statement and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Deputy Chief Executive & Executive Director of Corporate Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Deputy Chief Executive & Executive Director of Corporate Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Deputy Chief Executive & Executive Director of Corporate Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Deputy Chief Executive & Executive Director of Corporate Resources with respect to going concern are described in the 'Responsibilities of the Authority, Deputy Chief Executive & Executive Director of Corporate Resources and Those Charged with Governance for the financial statements' section of this report.

Other information

The Deputy Chief Executive & Executive Director of Corporate Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts and the Annual Governance Statement, other than the financial statements, our auditor's report thereon and our auditor's report on the pension fund financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

Responsibilities of the Authority, the Deputy Chief Executive and Executive Director of Corporate Resources and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Deputy Chief Executive & Executive Director of Corporate Resources. The Deputy Chief Executive & Executive Director of Corporate Resources is responsible for the preparation of the Statement of Accounts and the Annual Governance Statement, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Deputy Chief Executive and Executive Director of Corporate Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Deputy Chief Executive & Executive Director of Corporate Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Governance Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003.
- We enquired of senior officers and the Audit and Governance Committee, concerning the Authority's policies and procedures relating to:

  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, Internal Audit and the Audit and Governance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and any other fraud risks identified for the audit. We determined that the principal risks were in relation to:
  - Journals and transactions outside the course of business.
  - management estimates in particular those relating to the valuation of land and buildings and the net pension fund liability valuations.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Deputy Chief Executive and Executive Director of Corporate Resources has in place to prevent and detect fraud;
  - journal entry testing, with a focus on unusual and high risk journals made during the year-end accounts production stage;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, PFI and defined benefit pensions liability valuations**;**
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings, PFI and defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Gloucestershire County Council for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report; and
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2021.

We are satisfied that this work does not have a material effect on the financial statements.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alex Walling

Alex Walling, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

15 December 2021

Independent auditor's report to the members of Gloucestershire County Council on the pension fund financial statements of Gloucestershire Pension Fund

Opinion

We have audited the financial statements of Gloucestershire Pension Fund (the 'Pension Fund') administered by Gloucestershire County Council (the 'Authority') for the year ended 31 March 2021 which comprise the Fund Account, the Net Assets Statement and notes to the pension fund statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 and of the amount and disposition at that date of the fund's assets and liabilities,
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Deputy Chief Executive and Executive Director of Corporate Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Deputy Chief Executive and Executive Director of Corporate Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Deputy Chief Executive and Executive Director of Corporate Resources' use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

The responsibilities of the Deputy Chief Executive and Executive Director of Corporate Resources with respect to going concern are described in the 'Responsibilities of the Authority, the Deputy Chief Executive and Executive Director of Corporate Resources and Those Charged with Governance for the financial statements' section of this report.

Other information

The Deputy Chief Executive and Executive Director of Corporate Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements, our auditor's report thereon, and our auditor's report on the Authority's financial statements. Our opinion on the Pension Fund's financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Pension Fund's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund's financial statements or our knowledge of the Pension Fund obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Pension Fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice (2020) published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements and our knowledge of the Pension Fund, the other information published together with the Pension Fund's financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund**.**

Responsibilities of the Authority, the Deputy Chief Executive and Executive Director of Corporate Resources and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Deputy Chief Executive and Executive Director of Corporate Resources. The Deputy Chief Executive and

Executive Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Deputy Chief Executive and Executive Director of Corporate Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Deputy Chief Executive and Executive Director of Corporate Resources is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Pension Fund will no longer be provided.

The Audit and Governance Committee is Those Charged with Governance for the Pension Fund. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Public Service Pensions Act 2013, The Local government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- We enquired of senior officers and the Audit and Governance Committee, concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Audit and Governance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journals, management estimations and transactions outside the course of normal business; and
  - the significant accounting estimates in the financial statements, including those related to the valuation of level 2 and level 3 investments and the valuation of defined benefit net pension fund liabilities.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Deputy Chief Executive and Executive Director of Corporate Resources has in place to prevent and detect fraud;
  - analysis of the journals listing and determination of the criteria for selecting high risk unusual journals;
  - Identifying and testing unusual journals made during the year and the accounts production stage for appropriateness and corroboration;
  - gaining an understanding of the accounting estimates and critical judgements applied by management and considering their reasonableness; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and did not identify any areas of non-compliance.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government pensions sector
  - understanding of the legal and regulatory requirements specific to the Pension Fund including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Pension Fund's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alex Walling

Alex Walling, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

15 December 2021

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. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

31st March 2020				**Balance at 31st March 2021**		
Expenditure £'000	**Income £'000**	**Net £'000**		**Expenditure £'000**	**Income £'000**	**Net £'000**
			Gross Expenditure, Gross Income and Net Expenditure of Continuing Operations			
258,008	-100,361	157,647	Adults	276,322	-128,364	147,958
35,685	-1,667	34,018	Prevention & Wellbeing	39,162	-19,657	19,505
459,020	-313,627	145,393	Children & Families	483,104	-325,108	157,996
120,630	-22,982	97,648	Economy, Environment & Infrastructure	130,882	-26,512	104,370
28,407	-7,914	20,493	Community Safety	31,580	-8,680	22,900
43,641	-9,411	34,230	Corporate Resources	46,732	-8,034	38,698
14,610	-471	14,139	Technical & Countywide	12,134	-291	11,843
960,001	**-456,433**	**503,568**	**Cost Of Services**	**1,019,916**	**-516,646**	**503,270**
321	-	321	Levies Payable	327	-	327
18,242	-	18,242	Gain(-)/Loss on Disposal of Non Current Assets (Note 39)	14,462	-	14,462
18,563	**-**	**18,563**	**Other Operating Expenditure**	**14,789**	**-**	**14,789**
22,227	-	22,227	Interest Payable on Debt	29,682	-	29,682
21,055	-	21,055	Net interest on the Net Defined Benefit Liability (Asset)	16,125	-	16,125
8,358	-	8,358	Gain (-)or Loss on Pooled Investment Revaluation	-	-4,632	-4,632
	-6,343	-6,343	Investment Interest income		-5,552	-5,552
51,640	**-6,343**	**45,297**	**Financing and Investment Income and Expenditure**	**45,807**	**-10,184**	**35,623**
-	-60,133	-60,133	Recognised Capital Grants and Contributions	-	-105,997	-105,997
-	-299,174	-299,174	Council Tax	-	-310,486	-310,486
-	-88,965	-88,965	National Non Domestic Rates	-	-77,819	-77,819
-	-70,023	-70,023	Non Service Related Government Grants	-	-95,226	-95,226
-	-4,127	-4,127	Fire Pensions Top Up Grant	-	-3,858	-3,858
-	**-522,422**	**-522,422**	**Taxation and Non-Specific Grant Income**	-	**-593,386**	**-593,386**
1,030,204	**-985,198**	**45,006**	**Surplus (-) or Deficit on Provision of Services**	**1,080,512**	**-1,120,216**	**-39,704**
14,273	-91,258	-76,985	Revaluation Gains (-)/Losses (Note 13)	22,613	-22,596	17
-	-201,017	-201,017	Remeasurement of the Net Defined Benefit Liability (Asset)	190,907	-	190,907
14,273	**-292,275**	**-278,002**	**Other Comprehensive Income and Expenditure**	**213,520**	**-22,596**	**190,924**
1,044,477	**-1,277,473**	**-232,996**	**Total Comprehensive Income and Expenditure**	**1,294,032**	**-1,142,812**	**151,220**

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure 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 Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. 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.

Movement in Reserves 2019/20	**General Fund Balance**	**Earmarked General Fund Reserves**	**Total General Fund**	**Capital Receipts Reserve**	**Capital Grants Unapplied Reserve**	**Total Usable Reserves**	**Unusable Reserves**	**Total Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31st March 2019 carried forward	**18,520**	**153,277**	**171,797**	**29,894**	**92,476**	**294,167**	**49,163**	**343,330**
Movement in reserves during 2019/20								
Surplus or Deficit (-) on Provision of Services	-45,006		-45,006			-45,006		**-45,006**
Other Comprehensive Expenditure and Income							278,002	**278,002**
Total Comprehensive Expenditure and Income	**-45,006**	-	**-45,006**	-	-	**-45,006**	**278,002**	**232,996**
Adjustments between accounting basis & funding basis under regulations (Note 1)	2,487		2,487	-9,350	2,046	-4,817	4,817	**-**
Net Increase/Decrease before Transfers to Earmarked Reserves	**-42,519**	-	**-42,519**	**-9,350**	**2,046**	**-49,823**	**282,819**	**232,996**
Transfers to/from Earmarked Reserves	42,845	-42,845				-		-
Increase/Decrease in 2019/20	**326**	**-42,845**	**-42,519**	**-9,350**	**2,046**	**-49,823**	**282,819**	**232,996**
Balance at 31st March 2020	**18,846**	**110,432**	**129,278**	**20,544**	**94,522**	**244,344**	**331,982**	**576,326**

Movement in Reserves 2020/21	General Fund Balance	Earmarked General Fund Reserves	Total General Fund	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31st March 2020 carried forward	**18,846**	**110,432**	**129,278**	**20,544**	**94,522**	**244,344**	**331,982**	**576,326**
Movement in reserves during 2020/21								
Reclassification of DSG Deficit		**6,716**	**6,716**			**6,716**	**-6,716**	-
Surplus or Deficit (-) on Provision of Services	39,704	-	39,704	-	-	39,704	-	39,704
Other Comprehensive Expenditure and Income							-190,924	-190,924
Total Comprehensive Expenditure and Income	**39,704**	**6,716**	**46,420**	**-**	**-**	**46,420**	**-197,640**	**-151,220**
Adjustments between accounting basis & funding basis under regulations (Note 1)	14,329	-	14,329	-10,524	26,134	29,939	-29,939	**-**
Net Increase/Decrease before Transfers to Earmarked Reserves	**54,033**	6,716	**60,749**	**-10,524**	**26,134**	**76,359**	**-227,579**	**-151,220**
Transfers to/from Earmarked Reserves	-50,880	50,880	-	-	-	-	-	-
Increase/Decrease in 2020/21	**3,153**	**57,596**	**60,749**	**-10,524**	**26,134**	**76,359**	**-227,579**	**-151,220**
Balance at 31st March 2021	**21,999**	**168,028**	**190,027**	**10,020**	**120,656**	**320,703**	**104,403**	**425,106**

Balance Sheet

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

Revised As at 1st April 2019 £'000	Revised As at 31st March 2020 £'000		Notes	As at 31st March 2021 £'000
1,240,098	1,505,402	Property Plant and Equipment	*3*	1,510,658
934	934	Heritage Assets		934
151.00	-	Intangible Assets		76
116,938	102,942	Long Term Investments	*5*	132,668
100	63	Long Term Debtors	*5*	8
1,358,221	**1,609,341**	**Long Term Assets**		**1,644,344**
147,450	114,344	Short Term Investments	*5*	114,663
1,397	1,029	Assets Held for Sale	*10*	-
2,165	2,230	Inventories	*6*	1,192
81,620	54,010	Short Term Debtors	*8*	74,301
59,496	109,093	Cash and Cash Equivalents	*9 & 17*	93,755
292,128	**280,706**	**Current Assets**		**283,911**
-44,294	-65,017	Short Term Borrowing	*5*	-51,819
-96,281	-98,557	Short Term Creditors & Revenue Receipts in Advance	*12*	-134,296
-1,882	-1,887	Short Term Provisions	*11*	-2,826
-32,389	-41,190	Capital Grants and Contributions Receipts in Advance	*24*	-26,817
-8,353	-8,065	Provision for Accumulated Absences	*11*	-9,095
-183,199	**-214,716**	**Current Liabilities**		**-224,853**
-2,310	-64,300	Deferred Liability	*37*	-61,666
-4,141	-5,127	Long Term Provisions	*11*	-3,851
-255,295	-325,937	Long Term Borrowing	*5*	-309,520
-862,074	-703,641	Liability Related to Defined Benefit Pension Scheme	*32*	-903,259
-1,123,820	**-1,099,005**	**Long Term Liabilities**		**-1,278,296**
343,330	**576,326**	**Net Assets**		**425,106**
294,167	244,344	**Usable Reserves**	*2*	**320,703**
49,163	331,982	**Unusable Reserves**	*13,32,38*	**104,403**
343,330	**576,326**	**Total Reserves**		**425,106**

The unaudited accounts were issued on 21st June 2021 and the audited accounts were authorised for issue on 14th December 2021.

Steve Mawson CPFA, Deputy Chief Executive & Executive Director of Corporate Resources (Section 151 Officer)

14th December 2021

Cash Flow Statement

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

2019/20 £'000	Restated 1st April 2020 **2019/20 £'000**		**2020/21 £'000**
45,006	45,006	Net Surplus (-) or Deficit on the Provision of Services	-39,704
-148,216	-148,216	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements (note 14)	-118,617
63,039	63,039	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities (note 14)	113,169
-40,171	**-40,171**	Net Cash Flows from Operating Activities	**-45,152**
	0		
-36,013	1,487	Investing Activities (Note 15)	28,747
	0		
-10,913	-10,913	Financing Activities (Note 16)	31,743
-87,097	**-49,597**	Net Increase or Decrease in Cash and Cash Equivalents	**15,338**
	0		
-59,496	-59,496	Cash and Cash Equivalents at the beginning of the reporting period	-109,093
	0		
-146,593	**-109,093**	**Cash and Cash Equivalents at the end of the reporting period** (Note 9)	**-93,755**

Contents of the Notes to the Statement of Accounts

1. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2019/20	**Usable reserves**			
	General Fund Balance £'000	**Capital Receipts Reserve £'000**	**Capital Grants Un-applied Reserve £'000**	**Movement in Unusable Reserves £'000**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Depreciation and revaluation losses (charged to Surplus or Deficit on the Provision of Services) of non-current assets	-48,434			48,434
Lifecycle Costs- PFI/PPP Schemes	260			-260
Write Back of Deferred Income Liabilities	1,086			-1,086
Movement in the Donated Assets Account				
Revenue expenditure funded from capital under statute	-12,598			12,598
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-21,457			21,457
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory Provision for the financing of Capital Investment	7,698			-7,698
Capital expenditure charged against the General Fund Balance	43,786			-43,786
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,215	-3,215		
Use of the Capital Receipts Reserve to finance new capital expenditure		12,602		-12,602
Transfer from Deferred capital receipts reserve following receipt of cash		-37		37
Adjustments primarily involving the Capital Grants Unapplied Reserve:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	60,133		-60,133	
Application of grants and contributions to capital financing transferred to capital adjustment account			58,087	-58,087
Adjustment primarily involving the Financial Revaluation Reserve:				
Gain/loss on the revaluation of Financial instruments	-8,358			8,358
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	309			-309
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-37,584			37,584
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	9,169			-9,169
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	288			-288
Total Adjustments	**-2,487**	**9,350**	**-2,046**	**-4,817**

2020/21	Usable Reserves			
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Un-applied Reserve £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Depreciation and revaluation losses (charged to Surplus or Deficit on the Provision of Services) of non-current assets	-70,040			70,040
Lifecycle Costs- PFI	513			-513
Write Back of Deferred Income Liabilities	2,485			-2,485
Revenue expenditure funded from capital under statute	-18,602			18,602
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-21,632			21,632
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory Provision for the financing of Capital Investment	8,418			-8,418
Capital expenditure charged against the General Fund Balance	4,216			-4,216
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,172	-7,172		
Use of the Capital Receipts Reserve to finance new capital expenditure		17,751		-17,751
Transfer from Deferred capital receipts reserve following receipt of cash		-55		55
Adjustments primarily involving the Capital Grants Unapplied Reserve:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	105,997		-105,997	
Application of grants and contributions to capital financing transferred to capital adjustment account			79,863	-79,863
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	305			-305
Gain/loss on the revaluation of Financial instruments	4,632			-4,632
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-15,378			15,378
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	-16,209			16,209
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-1,031			1,031
Adjustments primarily involving the Dedicated Schools Grant Deficit Reserve:				
Amount of which the accumulated deficit charged to the Comprehensive Income and Expenditure Statement is different from that chargeable in the year in accordance with statutory requirements	-5,175			5,175
Total Adjustments	**-14,329**	**10,524**	**-26,134**	**29,939**

2. Usable Reserves

This note sets out the amounts set aside from the General Fund Balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21.

Earmarked Revenue Reserves	**Balance at 31st March 2020 £'000**	**Transfers Out 2020/21 £'000**	**Transfers In 2020/21 £'000**	**Balance at 31st March 2021 £'000**
Strategic Waste Reserve	3,809	-	31	3,840
Fire Joint Training Centre	1,040	-50	-	990
Fire PFI Reserve - GRFS	3,711	-171	367	3,907
Insurance Fund	13,566	-4,145	4,502	13,923
Capital Fund	15,776	-5,576	4,475	14,675
Transformation Reserve	4,554	-683	6,299	10,170
County Elections	700	-36	200	864
Invest to Save	2,465	-	294	2,759
Education Funding Risk Reserve	216	-	-	216
Economic Stimulus Reserve	3,944	-1,330	-	2,614
Public Health	32	-32	1,061	1,061
Vulnerable Children Reserve	151	-151	174	174
Adult Care Reserve	5,430	-	4,449	9,879
Growing our Communities Reserve	798	-649	-	149
People Services Reserve	281	-50	-	231
Home to School Transport Reserve	28	-	-	28
A417 Missing Link Reserve	2,791	-2,592	90	289
Rates Retention Reserve	8,454	-2,302	1,338	7,490
Revenue Grant Reserves* See below	28,767	-33,952	68,030	62,845
Economy, Environment & Infrastructure Reserve	831	-393	6,367	6,805
Traded Services Reserve	239	-83	5	161
Shared Audit Services Reserve	188	-73	55	170
LED Renewables Reserve	675	-143	-	532
Minimum Wage Reserve	1,000	-	-	1,000
Ash Die Back Reserve	-	-	700	700
Other Reserves	303	-1	10	312
Highways Act Commuted Sums Reserves	2,058	-702	741	2,097
Total Non School Earmarked Reserves	**101,807**	**-53,114**	**99,188**	**147,881**
Schools Related				
School Balances	15,248	-15,248	19,918	19,918
Other Schools Related	93	-93	230	230
Total School Related	**15,341**	**-15,341**	**20,148**	**20,148**
Total Earmarked Revenue Reserves	**117,148**	**-68,455**	**119,336**	**168,029**
General Fund Balances	18,846		3,153	21,999
Total Revenue Reserves	**135,994**	**-68,455**	**122,489**	**190,028**

Earmarked Capital Reserves	**Balance at 31st March 2020 £'000**	**Transfers Out 2020/21 £'000**	**Transfers In 2020/21 £'000**	**Balance at 31st March 2021 £'000**
Capital Grants & Contributions Unapplied Reserve	94,522	-79,409	105,542	120,655
Useable Capital Receipts Reserve	20,544	-17,870	7,346	10,020
Total Capital Reserves	**115,066**	**-97,279**	**112,888**	**130,675**
Total Useable Reserves	**251,060**	**-165,734**	**235,377**	**320,703**

Summary of Revenue Grants and Contributions Reserves	**Balance at 31st March 2020 £'000**	**Transfers Out 2020/21 £'000**	**Transfers In 2020/21 £'000**	**Balance at 31st March 2021 £'000**
CCG Joint Funding	3,180	-641	10,685	13,224
Troubled Families Grant	1,597	-1,597	1,060	1,060
Syrian Resettlement Grant	1,311	-1,311	2,524	2,524
Emergency Services Mobile Communications Grant	1,259	-1,259	274	274
Improved Better Care Fund Grant	3,902	-3,902	3,787	3,787
Covid COMF	-	-	13,337	13,337
Covid- Track & Trace Grant Funding	-	-	1,426	1,426
Covid- Emergency Funding	15,987	-15,987	10,946	10,946
Covid- LA Practical Support Grant Funding	-	-	121	121
Covid-School Transport Grant Funding	-	-	339	339
Council Tax 75% Covid Income Grant	-	-	2,957	2,957
Various Miscellaneous Specific Service Grants	1,531	-1,454	2,135	2,212
Business Rates Additional S31 Grant Funding	-	-	10,638	10,638
Total Revenue Grants and Contributions Reserve	**28,767**	**-26,151**	**60,229**	**62,845**

Reserve Description

Strategic Waste -This is a smoothing reserve relating to the full contract life of the Energy from Waste project.

Fire Joint Training Centre - This is a smoothing reserve relating to the full life contract for the Fire Training Centre.

Fire PFI (GRFS) - This is a smoothing reserve relating to the full life contract for the Fire Stations PFI.

Insurance Fund - Levels are based on external professional actuarial review and advice to mitigate the Council's insurance liability.

Capital Fund - This reserve is used for capital financing and is fully committed to fund schemes approved under the Council's Capital Programme.

Transformation - This reserve funds the transformation required for the Council to make sustainable savings.

Council Elections - This reserve is to smooth the cost of funding the Council elections.

Invest to Save - This reserve is fully committed to invest to save projects e.g.: Salix loan grants initiative for energy saving projects.

Education Funding Risk - This reserve was established to smooth the impact from schools becoming academies.
Economic Stimulus - This reserve is fully committed to fund: Rural Broadband; Apprentices; Grow Gloucestershire; Saturn model.

Public Health - Ring fenced grant reserve was established in accordance with national grant conditions to carry forward any unspent balances from the annual grant received from Government.

Vulnerable Children - The reserve offsets demand-led pressures in Children's Services.

Adult Care - This reserve provides funding to mitigate demand risk in Adult Social Care, given the continuing concern about the volatility in demand and the pressure across the health and social care economy.

Growing Our Communities Fund – This fund will allow each Councillor to allocate £30,000 over a three year period to invest in key community projects.

People Services - The reserve offsets demand-led pressures in People Services.

Home to School Transport - This reserve is to smooth the impact changes in schools days year to year on home to school transport.

A417 Missing Link - This reserve has been established to support pre development work on the A417 project to be undertaken.

Rates Retention -This reserve was established to cover the Council against a potential funding shortfall in business rate income, given the volatility of the scheme and the potential impact of business rate appeals on income. The reserve also holds £4.539 million ring fenced for economic development projects within the County. Spending plans for this is via the Gloucestershire Economic Growth Joint Committee.

Revenue Grants - A technical reserve for specific unapplied revenue grants and contributions, where conditions related to the monies have been met but expenditure has not been incurred. The monies remained ring fenced and fully committed. This reserve is prepared in accordance with the Accounting Code of Practice issued annually by the Chartered Institute of Public Finance and Accountancy, which the Council is legally required to follow.

Economy, Environment & Infrastructure - Reserve has been established to carry forward specific budget under spends.

Traded Services - This reserve was established to mitigate against any loss in traded income and invest in services to generate more traded income.

Shared Audit Services - This reserve was established to hold specific reserves held under the Shared Audit Services.

LED Renewables - This reserve was established to provide budget support for the LED renewables project.

Minimum Wage - This reserve was established to provide budget support for increases in the cost of employment and engagement with partners.

Ash Die Back Reserve- Established to support the Ash Die Back Replacement Project

Other - Small number of miscellaneous reserves

Highways Act Commuted Sums - Monies held to support costs of future highways maintenance.

School Balances and Other School Related - These reserves represent specific ring fenced balances held by individual schools and central ring fenced balances carried forward to support future years expenditure. The Dedicated School Grant Reserve is currently in a deficit position and therefore excluded from this analysis, but is held as an unuseable reserve in accordance with new legislation and accounting standards.(See Note 13)

Capital Grant & Contributions -This technical reserve relates to unspent capital grants and contributions, which are fully committed to funding the Council's approved Capital Programme.

Capital Receipts - This reserve reflects unapplied capital receipts, which are fully committed to funding the approved capital programme.

3. Non-current Assets

2019/20	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI & PPP Assets included in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross book value at 31st March 2019	**787,458**	**32,021**	**741,320**	**10,240**	**4,560**	**1,575,599**	**28,943**
Additions	64,596	143,468	48,069	-	1,451	257,584	181,830
Revaluation increases recognised in Revaluation Reserve	89,600	-	-	1,658	-	91,258	771
Revaluation Reserve adjustment refund to CIES	24,435	-	-	42	-	24,477	310
Revaluation decrease recognised in Revaluation Reserve	-14,211	-	-	-62	-	-14,273	-
Revaluation Reserve adjustment charge to CIES	-12,555	-4,249	-	-111	-	-16,915	-5,719
Revalued assets –Depreciation reversals	-17,035	-2,616	-	-251	-	-19,902	-6,664
Derecognition – Disposals	-25,236	-4,780	-4,888	-	-	-34,904	
Assets Reclassified	5,910	-	-	-5,542	-	368	4,500
AUC reclassification on completion	4,490	-	-	-	-4,490	-	
Gross book value at 31st March 2020	**907,452**	**163,844**	**784,501**	**5,974**	**1,521**	**1,863,292**	**203,971**
Accumulated Depreciation and Impairment as at 31st March 2019	**-3,879**	**-17,608**	**-313,830**	**-184**	-	**-335,501**	**-1,530**
Depreciation charge in year	-17,085	-9,913	-28,671	-67	-	-55,736	-5,134
Depreciation written out to the Surplus/Deficit on the provision	13,295	2,616	-	356	-	16,267	6,036
Depreciation written out to the Revaluation Reserve	3,740	-	-	-105	-	3,635	628
Derecognition – Disposals	3,929	4,629	4,888	-	-	13,446	-
As at 31st March 2020	**-**	**-20,276**	**-337,613**	**-**	**-**	**-357,889**	**-**
Net book value at 31st March 2020	**907,452**	**143,568**	**446,888**	**5,974**	**1,521**	**1,505,403**	**203,971**

A material uncertainty exists for the valuations undertaken during 2019-20 as a result of the Covid-19 pandemic.

3. Non-current Assets

2020/21	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI & PPP Assets included in PPE
	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000
Gross book value at 31st March 2020	**907,452**	**163,844**	**784,501**	**5,974**	**1,521**	**1,863,292**	**203,971**
Additions	8,738	9,443	67,302	-	10,417	95,900	514
Revaluation increases recognised in Revaluation Reserve	22,608	-	-	-	-	22,608	4,794
Revaluation increases recognised in the Surplus on the	5,994	-	-	-	-	5,994	-
Revaluation decrease recognised in Revaluation Reserve	-22,026	-	-	-599	-	-22,625	-12
Revaluation decreases recognised in the Surplus on the Provision of Services	-5,923	-7,352	-	-	-	-13,275	-7,212
Revalued assets –Depreciation reversals	-22,892	-	-	-69	-	-22,961	-8,637
Derecognition – Disposals	-23,005	-11,360	-5,385	-1,590	-	-41,340	-
Assets Reclassification from AHFS	379	-	-	650	-	1,029	-
Gross book value at 31st March 2021	**871,325**	**154,575**	**846,418**	**4,366**	**11,938**	**1,888,622**	**193,418**
Accumulated Depreciation and Impairment as at 31st March 2020	-	**-20,276**	**-337,613**	-	-	**-357,889**	-
Depreciation charge in year	-20,859	-11,129	-30,686	-69	-	-62,743	-8,637
Depreciation written out to the Surplus/Deficit on the Provision of Services	11,582	5,015	-	172	-	16,769	7,733
Depreciation written out to the Revaluation Reserve	6,295	-	-	-103	-	6,192	904
Derecognition – Disposals	2,982	11,340	5,385	-	-	19,707	-
At 31st March 2021	**-**	**-15,050**	**-362,914**	**-**	**-**	**-377,964**	**-**
Net book value at 31st March 2021	**871,325**	**139,525**	**483,504**	**4,366**	**11,938**	**1,510,658**	**193,418**

Non Current Asset Valuations

Land and Property

The Code requires all land and property to be formally revalued at least every five years. Our revaluations are done on a two year rolling programme, this years valuation covers a full valuation of all Non School assets as at 31st March 2021 and a review of all maintained School and Nursery assets as at 31st March 2021.

Operational land and property is included in the Balance Sheet on the basis of existing use value or, where this cannot be assessed because there is no market, depreciated replacement cost. With the exception of schools which are on a Modern Equivalent Asset basis, the valuation approach reflects the demand for space based on the number of children on roll.

Fair Value- Surplus Assets

Non-operational land and property is included on the basis of IFRS 13 Fair Value except assets under construction which are included on the basis of capital expenditure incurred by 31st March 2021. The valuations have been undertaken through a combination of the Council's internal valuers and where necessary, external valuers, all of which are RICS qualified, consistent with the current accounting policy. All the Council's surplus assets have been assessed as Level 3 for valuation purposes using the following fair value hierarchy:-

Level 1- Fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices

Level 2 - Fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments

Level 3 - Fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness and calculated at highest and best use

Vehicles, Plant, Furniture and Equipment

Vehicles, plant, furniture and equipment are included at historical cost, less accumulated depreciation. Furniture and equipment charged to the capital account is included at historical cost and depreciated over the expected life.

Infrastructure Assets

These assets, consisting of roads, bridges, street lighting, footpaths and footbridges, are included on the basis of historical costs incurred since 1st April 1974, depreciated over periods in accordance with the anticipated life of the various types of infrastructure.

Donated Assets

Donated assets are defined as assets transferred at nil value or acquired at less than fair value.

4. 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, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned 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 services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement

2019/20 As Reported for Resource Management	2019/20 Adjustments to Arrive at the New Amount Chargeable to the General Fund Balance	2019/20 Net Expenditure Chargeable to the General Fund Balance	2019/20 Adjustments between Funding and Accounting Basis	2019/20 Net Expenditure in the Comprehensive Income and Expenditure Statement	Expenditure and Funding Analysis	2020/21 As Reported for Resource Management	2020/21 Adjustments to Arrive at the New Amount Chargeable to the General Fund Balance	2020/21 Net Expenditure Chargeable to the General Fund Balance	2020/21 Adjustments between Funding and Accounting Basis	2020/21 Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	**£000**	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**	**£000**
146,313	-8,211	138,102	19,545	157,647	Adults	166,092	-9,485	156,607	-8,649	147,958
32,654	-463	32,191	1,827	34,018	Prevention & Wellbeing	35,123	-587	34,536	-15,031	19,505
126,523	-9,488	117,035	28,358	145,393	Children & Families	140,456	-11,721	128,735	29,261	157,996
70,325	-10,969	59,356	38,292	97,648	Economy, Environment & Infrastructure	84,655	-20,066	64,589	39,780	104,369
20,664	-4,162	16,502	3,991	20,493	Community Safety	23,073	-4,390	18,683	4,217	22,900
31,243	-	31,243	2,988	34,231	Corporate Resources	38,826	-	38,826	-129	38,697
-32,497	27,368	-5,129	5,129	-	Corporate Resources Recharges	-36,770	32,730	-4,040	4,040	-
34,110	-10,280	23,830	-9,690	14,140	Technical & Countywide	47,422	-10,937	36,485	-24,641	11,844
429,335	**-16,205**	**413,130**	**90,440**	**503,570**	Net cost of Services	498,877	-24,456	474,421	28,848	503,269
-429,661	16,205	-413,456	-45,108	-458,564	Other income and expenditure	-502,030	24,456	-477,574	-65,399	-542,973
-326	-	**-326**	**45,332**	**45,006**	Surplus or Deficit	**-3,153**	-	**-3,153**	**-36,551**	**-39,704**
18,520					**Opening General Fund Balance 31st March**	**18,846**				
326					Surplus/deficit on General Fund	3,153				
-					Budgeted Transfer from General Fund	-				
18,846					**Closing General Fund Balance 31st March**	**21,999**				

2019/20

Adjustments from the General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	As Reported for Resource Management	Interest Receivable Reported at Portfolio Level	Flood Defence Levies Reported at Portfolio Level	Interest Payable Reported at Portfolio Level	Removal of Central Support Recharges and Adjustment for Public Health Grant Funding	Net Expenditure Charged to the General Fund Balance	Adjustments for Capital Purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Adjustments Between Funding and Accounting Basis	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults	146,313	178	-	-	-8,389	138,102	5,684	5,487	8,374	19,545	11,334
Prevention & Wellbeing	32,654	-	-	-	-463	32,191	-	74	1,753	1,827	1,364
Children & Families	126,523	81	-	-	-9,569	117,035	5,751	13,007	9,600	28,358	18,870
Economy, Environment & Infrastructure	70,325	-	-	-6,566	-4,403	59,356	39,149	2,519	-3,376	38,292	27,323
Community Safety	20,664	-	-	-2,158	-2,004	16,502	3,149	1,770	-928	3,991	-171
Corporate Resources	31,243	-	-	-	-	31,243	4,669	24	-1,705	2,988	2,988
Corporate Resources Recharges	-32,497	-	-	-	27,368	-5,129	-	-	5,129	5,129	32,497
Technical & Countywide	34,110	6,084	-321	-13,503	-2,540	23,830	2,630	-2,513	-9,807	-9,690	-19,970
Net Cost of Services	**429,335**	**6,343**	**-321**	**-22,227**	**-**	**413,130**	**61,032**	**20,368**	**9,040**	**90,440**	**74,235**
Other income and expenditure from the funding analysis	**-429,661**	**-6,343**	**321**	**22,227**	**-**	**-413,456**	**18,242**	**21,055**	**-84,405**	**-45,108**	**-28,903**
Difference between General Fund Surplus and Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit	**-326**	**-**	**-**	**-**	**-**	**-326**	**79,274**	**41,423**	**-75,365**	**45,332**	**45,332**

Note i Adjustments for Capital Purposes

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

Other operating expenditure – adjusts for capital disposals with a transfer of income on the disposal of assets and the amounts written off for those assets.

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

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

Note ii Net Change for the Pensions Adjustments

Benefits pension related expenditure and income:

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

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

Note iii Other Differences

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

For financing and investment income and expenditure the other differences column recognises adjustments to the general fund for the timing differences for premiums and discounts. The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and non domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the collection fund.

2020/21

Adjustments from the General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	As Reported for Resource Management	Interest Receivable Reported at Portfolio Level	Flood Defence Levies Reported at Portfolio Level	Interest Payable Reported at Portfolio Level	Removal of Central Support Recharges and Adjustment for Public Health Grant Funding	Net Expenditure Charged to the General Fund Balance	Adjustments for Capital Purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Adjustments Between Funding and Accounting Basis	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults	166,092	**69**	**-**	**-**	**-9,554**	156,607	**5,453**	**876**	**-14,978**	-8,649	-18,134
Prevention & Wellbeing	35,123	**-**	**-**	**-**	**-587**	34,536	**-**	**33**	**-15,064**	-15,031	-15,618
Children & Families	140,456	**90**	**-**	**-**	**-11,811**	128,735	**27,860**	**-52**	**1,453**	29,261	17,540
Economy, Environment & Infrastructure	84,655	**-**	**-**	**-14,812**	**-5,254**	64,589	**46,055**	**460**	**-6,735**	39,780	19,714
Community Safety	23,073	**-**	**-**	**-2,151**	**-2,239**	18,683	**4,229**	**1,494**	**-1,506**	4,217	-173
Corporate Resources	38,826	**-**	**-**	**-**	**-**	38,826	**4,278**	**564**	**-4,971**	-129	-129
Corporate Resources Recharges	-36,770	**-**	**-**	**-**	**32,730**	-4,040	**-**	**-**	**4,040**	4,040	36,770
Technical & Countywide	47,422	**5,394**	**-327**	**-12,719**	**-3,285**	36,485	**767**	**-264**	**-25,144**	-24,641	-35,578
Net Cost of Services	**498,877**	**5,553**	**-327**	**-29,682**	**-**	**474,421**	**88,642**	**3,111**	**-62,905**	**28,848**	**4,392**
Other income and expenditure from the funding analysis	**-502,030**	**-5,553**	**327**	**29,682**	**-**	**-477,574**	**14,462**	**16,125**	**-95,986**	**-65,399**	**-40,943**
Difference between General Fund Surplus and Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit	**-3,153**	**-**	**-**	**-**	**-**	**-3,153**	**103,104**	**19,236**	**-158,891**	**-36,551**	**-36,551**

Note i Adjustments for Capital Purposes

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

Other operating expenditure – adjusts for capital disposals with a transfer of income on the disposal of assets and the amounts written off for those assets.

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

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

Note ii Net Change for the Pensions Adjustments

Benefits pension related expenditure and income:

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

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

Note iii Other Differences

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

For financing and investment income and expenditure the other differences column recognises adjustments to the general fund for the timing differences for premiums and discounts. The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and non domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the collection fund.

Revenues From External Customers	2019/20	2020/21
	£000	£000
Adults	-32,043	-31,011
Children & Families	-9,275	-5,901
Economy, Environment & Infrastructure	-18,954	-18,413
Community Safety	-679	-906
Prevention & Wellbeing	-79	-277
Corporate Resources	-8,681	-6,892
Technical & Countywide	-22	-15
Total Revenue from External Customers	**-69,733**	**-63,415**

5. Financial Instruments

Fair Values of Assets and Liabilities
Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2021, using the following methods and assumptions:

• Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.

• Discount rates for “Lender’s Option Borrower’s Option” (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.

• The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.

• The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.

• No early repayment or impairment is recognised for any financial instrument.

• The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low interest rate environment.

Fair Values are shown in the tables below, split by the level in the fair value hierarchy:

Level 1 - fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices

Level 2 - fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments

Level 3 - fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

		31st March 2020		**31st March 2021**	
Financial liabilities held at amortised cost:	Fair Value Level	Carrying Amount shown on Balance Sheet	Fair Value	**Carrying Amount shown on Balance Sheet**	**Fair Value**
		£'000	£'000	**£'000**	**£'000**
Loans from PWLB	2	230,934	316,629	**222,684**	**306,996**
Non PWLB loans	2	61,612	102,657	**41,585**	**78,545**
Finance Leases and PFI Liabilities	2	98,408	62,303	**97,070**	**69,860**
Total Financial Liabilities held at amortised cost		**390,954**	**481,589**	**361,339**	**455,401**
Liabilities for which fair value is not disclosed *		169,871		**202,639**	
Total Financial Liabilities		**560,825**	**651,460**	**563,978**	**658,040**
Recorded on the balance sheet as:					
Short term creditors**		98,557		134,296	
Short term borrowing		65,017		51,819	
Short term provisions		1,887		2,826	
Deferred liabilities		64,300		61,666	
Long term borrowing		325,937		309,520	
Long term provisions		5,127		3,851	
Total Financial Liabilities		**560,825**		**563,978**	

* The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

** The creditors lines on the Balance Sheet include £60.4m creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions or receipts in advance.

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

	Fair Value Level	31st March 2020 Balance Sheet at Fair Value	**31st March 2021 Balance Sheet at Fair Value**
Financial assets held at fair value		£'000	**£'000**
Money market funds	1	21,548	**40,408**
Equities & Property Funds	1	37,499	**73,064**
Property funds	2	31,005	**-**
Total Financial Assets held at Fair Value		**90,052**	**113,472**

Financial assets held at amortised cost:		31st March 2020		**31st March 2021**	
		Balance Sheet	Fair Value	**Balance Sheet**	**Fair Value**
		£'000	£'000	**£'000**	**£'000**
Bank/other deposits	2	96,880	94,746	**44,749**	**42,636**
Loans to local authorities	2	132,244	134,655	**172,765**	**171,472**
Cash in Hand		7,202	7,202	**10,100**	**10,100**
Total Financial Assets held at Amortised Cost		**236,326**	**236,603**	**227,614**	**224,208**
Assets for which fair value is not disclosed *		54,074		**74,309**	
Total Financial Assets		**380,452**	**380,729**	**415,395**	**411,989**

Investment Classification:	**31st March 2020**			**31st March 2021**		
	Held at FV	**Held at AC**	**Total**	**Held at FV**	**Held at AC**	**Total**
Financial Assets	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cash Equivalent	£20,931	£88,162	**£109,093**	£40,408	£88,826	**£93,755**
Short Term	£617	£113,727	**£114,344**	£616	£114,047	**£114,663**
Long Term	£68,504	£34,438	**£102,942**	£72,447	£60,221	**£132,668**
Assets for which FV is not disclosed	0	54,073	**£54,073**	0	74,309	**£74,309**
Total Financial Assets	**£90,052**	**£290,400**	**£380,452**	**£113,471**	**£337,403**	**£415,395**

Recorded on the balance sheet as:-	**Restated 1st April 2019**	**Restated 31st March 2020**	**31st March 2021**
Long-term debtors	100	63	8
Long-term investments	116,938	102,942	132,668
Short-term debtors**	81,620	54,010	74,301
Short-term investments	147,450	114,344	114,663
Cash and cash equivalents	59,496	109,093	93,755
Total Financial Assets	**405,604**	**380,452**	**415,395**

* The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

** The debtors lines on the Balance Sheet include £44.1m debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions or payments in advance.

The fair value of financial assets held at amortised cost is lower than their balance sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

Property funds totalling £31.005m have been moved from level 2 to level 1 of the hierarchy for 2020/21 reflecting the resumption of an active market in these instruments.

The Council holds shares costing £1 in Ubico Ltd. The fair value of the council's interest in the company at 31st March 2021 is considered to be nil, since it is a wholly local authority owned not-for-profit 'Teckal' company. As a 'Teckal' company it is treated as if it were an in house department and the shareholder councils are able to enter into service contracts with the company without undertaking an EU compliant procurement process.

Expense, Income, Gains and Losses

	2019/20 Financial Liabilities: Amortised Cost	2019/20 Financial Assets: Amortised Cost	2019/20 Financial Assets: Fair Value through Profit and Loss	2019/20 Financial Assets: Fair Value through Other Comprehensive Income	2019/20 Total	2020/21 Financial Liabilities: Amortised Cost	2020/21 Financial Assets: Amortised Cost	2020/21 Financial Assets: Fair Value through Profit and Loss	2020/21 Financial Assets: Fair Value through Other Comprehensive Income	**2020/21 Total**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Interest expense	22,227	-	-	-	22,227	29,682	-	-	-	**29,682**
Losses from changes in fair value										
Interest payable and similar changes	22,227	-	-	-	22,227	29,682	-	-	-	**29,682**
Interest and dividend income	-	-2,471	-3,872	-	-6,343	-	-2,163	-3,306	-83	**-5,552**
Gains from changes in fair value	-	-	8,358	-	8,358	-	-	-4,632	-	**-4,632**
Interest and investment income	-	-2,471	4,486	-	2,015	-	-2,163	-7,938	-83	**-10,184**
Gain (-)/Loss on revaluation					-					**-**
Impact on Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	**-**
Net loss/gain(-) for the year	22,227	-2,471	4,486	-	24,242	29,682	-2,163	-7,938	-83	**19,498**

6. Inventories

	2019/20 £'000	**2020/21 £'000**
Maintenance Materials		
Balance outstanding at start of the year	2,165	2,230
Purchases	2,038	2,494
Stock used within the year	-1,973	-3,532
Balance at 31st March	**2,230**	**1,192**

7. Contractual Capital Commitments

A contractual capital commitment is where a significant new contract has been agreed during the financial year where a legal agreement has been entered in to and can not easily be backed out of. The Council has a policy that a significant contract value would be £3m or above.

The contractual commitments within the capital programme at this level are:

The Cotswold Academy School	£5.4 million
Winchcombe Academy School	£4.5 million
West Cheltenham Transport Improvement Scheme Phases 1 & 2	£6.1 million
West Cheltenham Transport Improvement Scheme Phases 3 & 4	£4.5 million
Highways Term Maintenance	£33.0 million

8. Debtors

	2019/20 £'000	**2020/21 £'000**
Central Government Bodies	12,538	23,256
Other Local Authorities	4,526	4,524
NHS Bodies	5,752	10,857
Public Corporations and Trading Funds	384	212
Other Entities and Individuals	30,810	35,452
Balance at 31st March	**54,010**	**74,301**

9. Cash and Cash Equivalents

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

	Restated 2019/20 £'000	**2020/21 £'000**
Cash held by the Council, including schools	7,202	10,100
Cash held in call/money market accounts with same day access	52,015	63,726
Cash Equivalents - investments maturing within 3 months	49,876	19,929
Balance at 31st March	**109,093**	**93,755**

10. Assets Held for Sale

	2019/20 £'000	**2020/21 £'000**
Balance outstanding at start of year	1,397	1,029
Assets newly classified as held for sale:		
Property, Plant and Equipment	107	**-**
Assets sold	-475	-379
Assets reclassified back to Property, Plant and Equipment		-650
Balance at 31st March	**1,029**	**-**

11. Provisions

	Short Term Liabilities	Long Term Liabilities	**Balance at 1st April 2020**	Applications	Additions	Amounts Written off in Year	**Balance at 31st March 2021**	Short Term Liabilities	Long Term Liabilities
	£'000	£'000	**£'000**	£'000	£'000	£'000	**£'000**	£'000	£'000
Insurance Fund	-1,610	-3,121	**-4,731**	459	- *		**-4,272**	-2,326	-1,946
Adults:									
Contracts	-36	-1,785	**-1,821**	36	-	-	**-1,785**	-	-1,785
Economy, Environment & Infrastructure:									
GSWBP Land Claims	-	-92	**-92**	1	**-**	-	**-91**	-	-91
Contracts	-241	-100	**-341**	**334**	**-493**	-	**-500**	-500	-
General:	-								
LAMS Scheme Liabilities	-	-29	**-29**	-	-	-	**-29**	-	-29
Total	**-1,887**	**-5,127**	**-7,014**	**830**	**-493**	**-**	**-6,677**	**-2,826**	**-3,851**
Employee Accrual - IAS19 accumulated absences	-8,065	-	**-8,065**		-1,030	-	**-9,095**	-9,095	-
Total	**-8,065**	**-**	**-8,065**	**-**	**-1,030**	**-**	**-9,095**	**-9,095**	**-**

*** Net movement shown**

Insurance Fund

Whilst Insurance services are arranged through external partners, the current excess levels effectively means that all but the very largest claims are self insured. The Council therefore operates a stand alone insurance fund to cover the impact of any self insurance liabilities. The Provisions held specifically relate to known claims which had not been settled at year end.

Employee Accrual - IAS19 accumulated absences

Local Authorities are required to account for benefits payable during employment in accordance with IAS19. The provision held within the Accumulated Absences Account relates to estimated costs associated with short term benefits such as leave, flexible working hours and additional TOIL, which have been accumulated at the end of 2020/21 but will not be settled until 2021/22.

12. Creditors & Revenue Receipts in Advance

	2019/20 £'000	**2020/21** **£'000**
Central Government Bodies	15,691	15,121
Other Local Authorities	6,590	7,300
NHS Bodies	7,856	10,271
Public Corporations and Trading Funds	155	362
Other Entities and Individuals	68,265	101,242
Balance at 31st March	**98,557**	**134,296**

13. Unusable Reserves

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

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

The Reserve contains only revaluation gains accumulated since 1st 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.

	2019/20 £'000	**2020/21** **£'000**
Balance at 1st April	276,608	346,561
Upward revaluation of assets	91,258	22,608
Downward revaluation of assets not charged to the Surplus or Deficit on the Provision of Services	-14,273	-22,625
Depreciation written out to the Capital Adjustment Account	-3,635	-6,192
Accumulated gains on assets sold or scrapped	-3,397	-10,672
Balance at 31st March	**346,561**	**329,680**

Pooled Instrument Adjustment Account

The Pooled Instrument Adjustment Account contains the gains/losses made by the Council arising from increases/decreases in the value of investments that have quoted market prices or otherwise do not have fixed or determinable payments. They are instruments that are categorised as Fair Value through profit and loss but subject to a statutory override so that they do not impact on year on council tax payers

	2019/20 £'000	**2020/21** **£'000**
Balance at 1st April	1,102	-7,256
Sale of Investments	**-**	-
Change in year end valuation	-8,358	4,632
Balance at 31st March	**-7,256**	**-2,624**

Capital Adjustment Account

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

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

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

Note 1 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2019/20 £'000	**2020/21 £'000**
Balance at 1st April	659,832	707,894
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation of non-current assets	-55,736	-62,760
Depreciation written out to the Revaluation Reserve	3,635	6,192
Amortisation of intangible assets	-260	
PFI Lifecycle costs	260	
Revaluation losses on Property, Plant and Equipment	7,562	-7,280
Revenue expenditure funded from capital under statute	-12,598	-18,602
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-21,457	-21,632
Adjusting amounts written out of the Revaluation Reserve	3,397	10,672
Capital financing applied in the year:		
Write off of deferred charges	1,086	2,485
Use of the Capital Receipts Reserve to finance new capital expenditure	12,602	17,751
RCCO applied to capital financing	43,786	4,729
Voluntary Provision for financing of Capital Investment	-	-
Statutory Provision for the financing of Capital Investment	7,698	8,418
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	58,087	79,863
Balance at 31st March	**707,894**	**727,730**

Defined Pension Fund Reserve

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

	2019/20 £'000	**2020/21** **£'000**
Balance at 1st April	-867,074	-703,641
Remeasurement of net defined benefit liability	201,017	-184,240
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-37,584	-15,378
Advanced Payment of 2021-22 & 2022-23 Employer Contributions		-6,667
Balance at 31st March	**-703,641**	**-909,926**

Collection Fund Adjustment Account

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

	2019/20 £'000	**2020/21** **£'000**
Balance at 1st April	-9,373	-204
Amount by which council tax and non domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non domestic income calculated for the year in accordance with statutory requirements.	9,169	-16,209
Balance at 31st March	**-204**	**-16,413**

Accumulated Absences Account

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

	2019/20 £'000	**2020/21** **£'000**
Balance at 1st April	-8,353	-8,065
Amount in which the settlement or cancellation of accrual made at the end of the preceding year and the amount accrued at the end of this year differs.	288	-1,031
Balance at 31st March	**-8,065**	**-9,096**

Financial Instruments Adjustment Account
The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the account to manage premiums and discounts paid or received on the early redemption of loans. Premiums or discounts are debited or credited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the general fund balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the general fund balance in accordance with statutory arrangements for spreading the burden on council tax.

	2019/20 £'000	**2020/21** **£'000**
Balance at 1st April	-3,679	-3,370
Adjustments with the General Fund relating to the total of deferred premiums/discounts:		
Net write down	309	305
Balance at 31st March	**-3,370**	**-3,065**

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

The transfers represents the money received back from the funds invested in Funding Circle (£0.1 million). As these monies are invested for capital purposes, as and when repaid they will be used for further capital investment in line with accounting standards.

	2019/20 £'000	**2020/21** **£'000**
Balance at 1st April	100	63
Transfer to the Capital Receipts Reserve upon receipt of cash	-37	-55
Balance at 31st March	63	**8**

Dedicated Schools Grant Deficit Reserve
Following a change in legislation and accounting standards the Dedicated Schools Grant Deficit Reserve, no longer forms part of the Council's useable reserves. This is now included within unusable reserves on the balance sheet. The Dedicated Schools Grant Deficit Reserve absorbs the differences that would otherwise arise on the General Fund Balance. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2019/20 £'000	**2020/21** **£'000**
Balance at 1st April	-	-
Transfer from Earmarked Reserve on Recognition	-	-6,716
Adjustments with the General Fund relating to the final accumulated deficit on the dedicated school grant activities in year	-	-5,175
Balance at 31st March	-	**-11,891**

14. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

a) Adjust net surplus or deficit on the provision of services for non cash movements as follows:

	2019/20 £'000	**2020/21 £'000**
Depreciation & Impairment	-48,174	-70,023
Amortisation	-260	-17
Increase/Decrease in Creditors	-474	-34,339
Increase/Decrease in Debtors	-27,331	19,870
Increase/Decrease in Inventories	65	-1,038
Movement in Pension Liability	-38,884	-15,377
Other non-cash items charged to the net surplus or deficit on the provision of services	-13,001	3,939
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-21,457	-21,632
Total	**-149,516**	**-118,617**

b) Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities:

	2019/20 £'000	**2020/21 £'000**
Capital Grants credited to surplus or deficit on the provision of services	60,134	106,304
Premiums or discounts on the repayment of financial liabilities	-310	-306
Proceeds from the sale of property plant and equipment, investment property and intangible assets	3,215	7,171
Net cash flows from Operating Activities	**63,039**	**113,169**

The cash flows for operating activities include the following items:

	2019/20 £'000	**2020/21 £'000**
Interest received	-6,457	-5,600
Interest paid	22,942	30,187
Total	**16,485**	**24,587**

15. Cash Flow Statement – Investing Activities

	Restated 2019/20 £'000	**2020/21 £'000**
Purchase of property, plant and equipment, investment property and intangible assets	118,503	95,005
Purchase of short-term and long-term investments	762,310	756,117
Proceeds from the sale of property, plant and equipment, investment property and	-3,252	-7,226
Proceeds from short-term and long-term investments	-801,651	-730,656
Other receipts from investing activities	-75,041	-84,493
Net cash flows from Investing Activities	**869**	**28,747**

16. Cash Flow Statement – Financing Activities

	2019/20 £'000	**2020/21 £'000**
Cash receipts of short and long term borrowing	-25,000	-18,000
Repayments of short-term and long-term borrowing	12,863	45,963
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,224	3,780
Net cash flows from Financing Activities	**-10,913**	**31,743**

17. Movement in Net Debt

	2019/20 Restated £'000	**2020/21 £'000**	**Movements in year £'000**
Movement In Cash Balances:			
Imprest Accounts	103	98	-5
Cash at Bank	59,114	73,728	14,614
Cash Equivalent investments	49,876	19,929	-29,947
Net Cash	**109,093**	**93,755**	**-15,338**
Financing & Liquid Resources	-341,465	-308,334	33,131
Net Debt	**-232,372**	**-214,579**	**17,793**

18. Expenditure and Income Analysed by Nature

	2019/20 £'000	**2020/21 £'000**
Fees, Charges & Other Service Income	-138,517	-147,412
Interest and Investment Income	-6,343	-5,552
Valuation Gain on Financial Instruments	-	-4,632
Income from Council Tax	-299,174	-310,486
Government Grants and Contributions	-476,904	-542,279
Capital Grants and Contributions	-60,133	-105,997
Fire Pensions Top Up Grant	-4,127	-3,858
Total Income	-985,198	**-1,120,216**
Employee Expenses	377,395	374,255
Other Service Expenses	542,950	573,470
Depreciation, Amortisation and Impairment	48,434	70,041
Valuation Loss on Financial Instruments	8,358	-
Revenue expenditure funded from capital under statute	12,598	18,602
Interest Payments	22,227	29,682
Loss on the disposal of fixed assets	18,242	14,462
Total Operating Expenses	1,030,204	**1,080,512**
Surplus or Deficit on the Provision of Services	45,006	**-39,704**

19. Pooled Budgets & Partnership Working

The Council has entered into partnership with Gloucestershire Clinical Commissioning Group under Section 75 of the NHS Act 2006. This legislation allows health bodies and health-related council services to work together more effectively in the provision of services designed to meet the needs of users without concern for the boundaries of their organisations. The partnership agreement comprises an overarching agreement, together with specific sections covering the following service areas;

Provision of Adult Mental Health Services (Integrated Budget)
A partnership agreement with Gloucestershire Clinical Commissioning Group is in place to commission mental health services for adults. In 2020/21 the Council's share of the gross expenditure of the partnership was £10.0 million (£8.8 million in 2019/20), gross income was nil (nil in 2019/20) and therefore the Council's net contribution was £10.0 million (£8.8 million in 2019/20).

Provision of Child & Adolescent Mental Health Services (Integrated Budget)

A partnership agreement with Gloucestershire Clinical Commissioning Group is in place to commission mental health services for children and young people. In 2020/21 the Council's share of the gross expenditure of the partnership was £0.65 million (£0.65 million in 2019/20), gross income was nil (nil in 2019/20) and therefore the Council's net contribution was £0.65 million (£0.65 million in 2019/20).

Provision of Social Care Occupational Therapy (Integrated Budget)
A partnership agreement with Gloucestershire Clinical Commissioning Group is in place to commission occupational therapy services. In 2020/21 the gross expenditure of the partnership was £3.4 million (£3.5 million in 2019/20), gross income was nil (nil in 2019/20) and the Council's net contribution was £2.4 million (£2.5 million in 2019/20).

Provision of a Community Equipment Service (Pooled Budget)
A partnership agreement, with Gloucestershire Clinical Commissioning Group to commission Community Equipment Services. A requirement of the Pool agreement is that income and expenditure must be charged to each partner in proportion to their financial contribution to the service.

In 2020/21 the gross expenditure of the partnership was £7.9 million (£7.7 million in 2019/20), gross external income was £1.0 million (£0.8 million in 2019/20), and the Council's contribution was £2.2 million (£2.5 million in 2019/20). A further £1.1 million was made available to the partnership from the Disabled Facilities Grant.

The Better Care Fund
The Better Care Fund (BCF) first came into operation on 1 April 2015. To administer the fund, Clinical Commissioning Groups (CCGs) were required to establish joint arrangements with local authorities to operate a pooled budget for the joint delivery of more integrated health and social care.

In 2020/21 the total funding covered within the BCF was £48.9 million (£45.9 million in 2019/20), of which £14.9 million was allocated to the Council as Lead Commissioner (£14.2 million in 2019/20), and £6.8 million was allocated through the Disabled Facilities Grant (£6.00 million in 2019/20). The CCG was allocated £27.2 million as Lead Commissioner (£25.7 million in 2019/20).

Continuing Health Care & Funded Nursing Care

Support to the CCG in meeting it's statutory responsibility to assess eligibility for funded nursing and continuing health care, and to commission care. Support is given through the Council's Integrated Brokerage Team.

In 2020/21 Council funding of £1.2 million was provided to the Brokerage Team under this agreement (the team was not covered by the agreement prior to this year), and support was also given under the Better Care Fund.

Hospital Discharge Programme (Covid-19)

The COVID-19 Hospital Discharge Service funding arrangement was established specifically for the purpose of accelerating discharge and increasing admission avoidance. Additional costs incurred were charged to the scheme , totalling £10.6 million for the CCG, and £0.4m for the Council.

Fastershire

Fastershire is a partnership between Herefordshire Council and Gloucestershire County Council which was formed in 2012. The Council has jointly worked on the Fastershire Broadband Strategy approved by Cabinet in September 2014. Herefordshire Council acts as the lead authority for this partnership, and the Council provides additional revenue funding for the programme management and project team support. The Partnership covers a range of funding streams as summarised below:

Borders Broadband £15.570 million

Fastershire partnership entered into a Borders Broadband Contract with BT to build a future proof world class broadband network for the two counties. The project is being funded by Herefordshire Council, Gloucestershire County Council and Broadband Delivery UK (BDUK), a government agency and BT.

The Council approved a commitment of £7.5 million to the project, which is reflected in the Council's approved capital programme for 2014/15 and 2015/16. This was match funding to enable the authorities to draw down the central government contribution via BDUK, which was £18.17 million for both Counties.

The contract with BT ended with the final expenditure of £12.3 million relating to Gloucestershire of which £8.1 million was funded from government grant and £4.2 million funded from the Council's Reserves. The BDUK government grant required a minimum match funding from the Council of £7.5 million therefore an additional £3.3 million of funding must be spent on Broadband investment as part of the Gloucestershire strategy going forward. In 20-21 the Council spent £1.108 million leaving £2.192 million as part of the Council's Economic Stimulus Reserve earmarked for spend against Broadband.

South West Ultrafast £4.00 million

The County Council was awarded a £2.00 million grant from the BDUK South West Ultrafast Broadband and £2.00 million has been matched funded by the County Council fund, approved by Cabinet on 12th December 2015, which was administered through the Fastershire partnership.

Superfast Extension Programme (SEP) £9.66 million

The Fastershire partnership was awarded £9.66 million with the County Council receiving £5.46 million from BDUK (SEP) and match funding of £4.2 million was approved by Cabinet on 17th September 2014. To date the following contracts has been let for Gloucestershire.

Contract	Provider	Gloucestershire County Council Contribution
Stage 3.1	Gigaclear	1.500
Stage 3.2/3.3c	Gigaclear	3,148
Stage 3.3a	BT	382
Stage 3.3d	Gigaclear	1,124
Stage 3.3e	Gigaclear	279
Stage 5 MGBG		416
Stage 5 FCG		2,234
TBC		579
		9,662
BDUK Grant Funding		-5,460
GCC Funded		-4,200
Total GCC Match funding		**-9,660**

During 2020-2021 Gloucestershire benefitted from £4.560 million of Broadband investment of which £1.108 million was funded by the Council and the remaining £3.452 million was funded through grants as shown in the above fund summary.

Gloucestershire Joint Waste Partnership

On 1st April 2013, the Council entered into an Inter-Authority Agreement with Cheltenham Borough Council, Cotswold District Council and Forest of Dean District Council to form the Gloucestershire Joint Waste Partnership for the purpose of joint waste management in the county. Tewkesbury Borough Council joined the partnership on 15th December 2014. This partnership ended on 13th December 2019 following a decision by Cheltenham B.C to withdraw its membership, which in turn triggered the termination provisions within the partnership Inter-Authority Agreement. The partnership reported to the Gloucestershire Joint Waste Committee, hosted by the Council, with equal representation from member authorities. The Council acted as the accountable body for the partnership.

Following termination of the Partnership on the 13th December 2019, a new less formal arrangement has been set up by all Gloucestershire local authorities. This informal partnership, known as the Gloucestershire Resources and Waste Partnership, does not have a legal status. Its vision is to promote resource efficiency and provide sustainable, safe and cost effective waste management in order to respond to the climate emergency, to conserve natural resources and to protect Gloucestershire's environment.

Shared Audit Services

The ARA shared service is an audit risk & assurance shared service hosted by the Council under a section 101 agreement, with Stroud District Council and Gloucester City Council as partners. Governance arrangements are completed through a Shared Service Board. All expenditure and income is within the Council's accounts, with the two partners being charged an annual fee based on agreed service provision. Fee income is also received from the provision of audit and other services to clients (e.g. Ubico Ltd).

In 2020/21 the net spend totalled £0.633 million.

In addition to the net spend, a dividend was released to the ARA partners in quarter 1 2020/21 based on a surplus position achieved by the shared service in 2019/20 and the section 101 agreement fee base percentages. The dividend released to Gloucestershire County Council was £39,050.The anticipated dividend release to the Council in 2021/22 for the shared service surplus achieved in 2020/21 is £31,155.

Ubico Ltd

Ubico Ltd. was originally formed in 2012 as a company wholly owned by its shareholders, Cheltenham Borough Council and Cotswold District Council. The company is responsible for delivering the shareholders' environmental services within their respective council boundaries. The Forest of Dean District Council, Tewkesbury Borough Council and West Oxfordshire District Council joined the partnership on 1st April 2015. Stroud District Council joined in January 2016 and Gloucestershire County Council joined in August 2016. Each of the seven authorities are now equal shareholders.

The Council procured supplies and services totalling net expenditure of £1.852 million from Ubico Ltd during 2020/21, £0.036 million of which is included in the council's balance sheet: £0.025 million as a short term creditor and £0.061 million as a short term debtor at year end. Sites, plant and equipment and other infrastructure are provided by the Council and are included within the Councils asset register. Vehicles used for haulage are provided by Ubico Ltd under the terms of the contract.

Adoption West

On the 1 March 2019 the Council joined together with Bath and North East Somerset, Bristol and North Somerset, South Gloucestershire and Wiltshire Councils to create a new regional adoption agency, called Adoption West. The aim of the collaboration is to deliver an adoption service that offers improved outcomes for both children, people who want to adopt and people whose lives are affected by adoption. During 2020/21 the Council made payments to Adoption West totalling £0.827 million.

Note 25 provides more information on related party transactions and arrangements for the Council.

20. Officer's Remuneration

The Council is required to list all post holders who earn between £50,000 and £150,000 for all or part of a year and who also fit the following criteria:

- They report directly to the Chief Executive, or;
- They are part of the Council's Senior Management Team, or;
- They hold posts required by statute.
- They hold posts that have significant influence and control over the Council's activities.

The senior employees who met the above criteria for 2019/20 and 2020/21 are as follows:

<u>2019/20</u>

	Salary, Fees and Allowances	Compensation for loss of Office	Other Taxable Benefits	Employer's Pension Contributions	Total
	£	£	£	£	£
Chief Executive, Mr P Bungard **(1)**	137,655	-	-	-	**137,655**
Commissioning Director **(2)**	59,841	-	1,159	14,362	**75,362**
Chief Fire Officer	127,514	-	-	36,724	**164,238**
Executive Director: Economy, Environment & Infrastructure **(3)**	27,254	-	-	5,015	**32,269**
Executive Director: Adults Social Care	114,171	-	-	4,201	**118,372**
Operations Lead: Adult Social Care & Business Development	103,796	-	-	19,098	**122,894**
Director of Integration **(4)**	57,900	-	452	4,134	**62,486**
Director of Public Health	103,796	-	-	14,926	**118,722**
Executive Director: Children's Services	142,514	-	-	-	**142,514**
Director of Children's Safeguarding	103,517	-	-	19,096	**122,613**
Director of Children's Partnerships	103,796	-	-	19,098	**122,894**
Director of Education	97,154			17,876	**115,030**
Executive Director: Corporate Resources **(5)**	80,525	-	-	14,817	**95,342**
Director of Finance	96,559	-	-	17,767	**114,326**
Director of Digital and People	93,791	-	-	17,258	**111,049**
Head of Communication **(6)**	23,114	-	-	4,253	**27,367**
Head of Property Services **(7)**	28,104	-	-	5,171	**33,275**
Director of Strategy & Challenge and Monitoring Officer **(8)**	51,188	-	-	9,419	**60,607**
Head of Strategic Planning, Performance & Change and Monitoring Officer **(8)**	42,412	-	-	7,804	**50,216**
	1,594,601	**-**	**1,611**	**231,019**	**1,827,231**

(1) The Chief Executive works 29.6 hours per week. The full time equivalent salary for 2019/20 is £172,069.

(2) The Commissioning Director is an employee of Gloucester City Council and Gloucestershire County Council is liable for half of the costs associated with this role.

(3) The Executive Director: Economy, Environment and Infrastructure post was covered on a temporary basis through consultancy services from Penna PLC between 01/04/2019 until 19/01/2020 at a cost of £165,995. This post was filled from 20/01/2020, the full year equivalent salary for this post is £138,541.

(4) The Director of Integration is an employee of Gloucestershire Clinical Group and Gloucestershire County Council is liable for half of the costs associated with this role.

(5) The Executive Director: Corporate Resources started on the 05/08/2019, the full year equivalent salary for 2019/20 is £123,314.

(6) The Head of Communications reported directly to the CEO until the 05/08/2019, their full year salary was £66,613.

(7) The Head of Property Services reported directly to the CEO until the 05/08/2019, their full year salary was £80,993.

(8) The Director for Strategy and Challenge left on the 22/09/2019. The full year equivalent salary for 2019/20 is £106,764. This position was left vacant for the rest of the financial year, and the Head of Strategic Planning, Performance and Change acted up and took over the role of Monitoring Officer.

20. Officer's Remuneration

2020/21

	Salary, Fees and Allowances £	Compensation for loss of Office £	Other Taxable Benefits £	Employer's Pension Contributions £	Total £
Chief Executive Mr P Bungard (1)	141,420	-	-	-	**141,420**
Commissioning Director (2)	60,789	-	1,203	14,589	**76,581**
Chief Fire Officer	135,897	-	-	39,138	**175,035**
Executive Director: Economy, Environment & Infrastructure	140,775	-	-	28,577	**169,352**
Executive Director: Adults Social Care (3)	84,038	-	-	-	**84,038**
Operations Lead: Adult Social Care & Business Development (4)	35,550	-	-	7,217	**42,767**
Director of Adults Social Care operations (4)	96,414	-	-	19,572	**115,986**
Director of Integration (5)	58,034	-	6	8,218	**66,258**
Director of Public Health (6)	79,988	-	-	11,502	**91,490**
Executive Director: Adults Social Care and Public Health (6)	32,756	-	-	4,710	**37,466**
Executive Director: Children's Services	146,049	-	-	-	**146,049**
Director of Children's Safeguarding and care (7)	17,649	38,924	-	3,512	**60,085**
Director of Children's Partnerships	106,650	-	-	21,650	**128,300**
Director of Education (8)	61,708	-	-	12,527	**74,235**
Executive Director: Corporate resources	135,897	-	-	27,587	**163,484**
Director of Finance	103,239	-	-	20,957	**124,196**
Director of Digital and People services	99,825	-	-	20,264	**120,089**
Director of Policy, Performance & Governance and Monitoring Officer	96,414	-	-	19,611	**116,025**
	1,633,092	**38,924**	**1,209**	**259,632**	**1,932,856**

(1) The Chief Executive works 29.6 hours per week. The full time equivalent salary for 2020/21 is £176,775

(2) The Commissioning Director is an employee of Gloucester City Council and Gloucestershire County Council is liable for half of the costs associated with this role. The full time equivalent salary for 2020/21 is £153,162

(3) The Executive Director: Adult Social Case worked 29.6 hours per week and left the position on 31/12/2020. The full time and full year equivalent for 2020/21 is £140,775. The position was merged with the Director of Public Health position from the 01/01/2021 (Further details in Note 6).

(4) The Operations Lead: Adults Social Care and Business Development left on 31/07/2020, this was due to be 31/03/2020 but stayed in position due to COVID.The full year equivalent for this post is £106,650. The Director of Adults Social Care replaces this position.

(5) The Director of Integration is an employee of Gloucestershire Clinical Group and Gloucestershire County Council is liable for half of the costs associated with this role.

(6) The Director of Public Health became the Executive Director: Adults Social Care and Public Health from the 01/01/2021 following the Executive Director: Adults Social Care leaving on 31/12/2020. The full year equivalent salaries for the Director of Public Health post and Execitive Director: Adults social care and Public Health are £106,650 and £131,024 respectively.

(7) The Director of Childrens Safeguarding left on 31/05/2020, the full year equivalent for this post is £105,894. This position was left vacant for the remainder of the financial year and covered by an agency worker (From the start of the financial year to allow hand over). The Agency costs paid were £271,931

(8) The Director of Education left the position on 24/11/2020 and the position was vacant for the remainder of the financial year. The full year equivalent for 2020/21 is £113,846

The numbers within the bandings include the total remuneration (excluding employer's pension contributions) of the senior officers disclosed individually in the previous tables.

Salaries for teachers in Academy, Foundation and Voluntary Aided schools have not been included.

Under regulations, the Council is required to show the number of employees whose remuneration exceeded £50,000 (excluding employer's pension contributions) and this is shown in the table below.

The table reflects the total remuneration, including compensation for loss of office (redundancy), received by employees as at 31st March 2021, not just an employee's gross salary.

Remuneration band	**Total Number of Employees**			
	2019/20		**2020/21**	
	Schools	Non-Schools	**Schools**	**Non-Schools**
£50,000 - £54,999	57	60	**66**	**86**
£55,000 - £59,999	46	28	**49**	**40**
£60,000 - £64,999	32	27	**35**	**19**
£65,000 - £69,999	21	12	**21**	**15**
£70,000 - £74,999	14	5	**12**	**14**
£75,000 - £79,999	2	4	**6**	**2**
£80,000 - £84,999	3	4	**1**	**5**
£85,000 - £89,999	3	-	**2**	**-**
£90,000 - £94,999	-	2	**-**	**1**
£95,000 - £99,999	2	2	**-**	**5**
£100,000 - £104,999	-	5	**2**	**1**
£105,000 - £109,999	-	1	**-**	**2**
£110,000 - £114,999	-	1	**-**	**2**
£115,000 - £119,999	-	-	**-**	**-**
£120,000 - £124,999	-	-	**-**	**-**
£125,000 - £129,999	-	2	**-**	**-**
£130,000 - £134,999	-	-	**-**	**1**
£135,000 - £139,999	-	1	**-**	**2**
£140,000 - £144,999	-	1	**-**	**2**
£145,000 - £149,999	-	-	**-**	**2**
£150,000 - £154,999	-	-	**-**	**-**
£155,000 - £159,999	-	-	**-**	**-**
£160,000 - £164,999	-	-	**-**	**-**
£165,000 - £169,999	-	-	**-**	**-**
£170,000 - £174,999	-	-	**-**	**-**
£175,000 - £179,999	-	-	**-**	**-**
£180,000 - £184,999	-	-	**-**	**-**
£185,000 - £189,999	-	-	**-**	**-**
£190,000 - £194,999	-	-	**-**	**-**
£195,000 - £199,999	-	-	**-**	**-**
£200,000 - £204,999	-	-	**-**	**-**
£205,000 - £209,999	-	-	**-**	**-**
£210,000 - £214,999	-	-	**-**	**-**
£215,000 - £219,999	-	-	**-**	**-**
£220,000 - £224,999	-	-	**-**	**1**
£225,000 - £229,999	-	-	**-**	**-**
£230,000 - £234,999	-	-	**-**	**-**
£235,000 - £239,999	-	-	**-**	**-**
£240,000 - £244,999	-	-	**-**	**-**
£245,000 - £249,999	-	-	**-**	**-**
Total	180	155	**194**	**200**

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

2019/20

Exit package cost band (including special payments)	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 £
£0 - £20,000	15	37	52	**283,043**
£20,001 - £40,000	3	7	10	**272,547**
£40,001 - £60,000	1	-	1	**50,645**
£60,001 - £80,000	2	1	3	**190,935**
£80,001 - £100,000	-	-	-	-
£100,001 - £150,000	-	-	-	-
£150,001 - £200,000	-	-	-	-
Accruals/Provision	-	1	1	**33,990**
Total	**21**	**46**	**67**	**831,160**

2020/21

Exit package cost band (including special payments)	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 £
£0 - £20,000	9	43	52	**325,861**
£20,001 - £40,000	1	4	5	**162,837**
£40,001 - £60,000	0	3	3	**151,067**
£60,001 - £80,000	1	1	2	**151,433**
£80,001 - £100,000	-	1	1	**90,016**
£100,001 - £150,000	-	1	1	**102,085**
£150,001 - £200,000	-	1	1	**194,437**
Accruals/Provision	4	3	7	**135,177**
Total	**15**	**57**	**72**	**1,312,913**

The total cost of £1,312,913 in the table above includes £135,177 for exit packages that have been agreed, accrued for and charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

These costs are not included in the bands and therefore an additional line has been added to reconcile to the total cost of termination benefits reported in the Comprehensive Income and Expenditure Statement.

21. Members' Allowances

The Council is required to report the total allowances paid during the year to Council Members. Full details of the allowances paid to each individual Councillor are published on the Council's website:
Allowances and expenses paid to Members of the Council - Gloucestershire County Council

	2019/20 £'000	**2020/21 £'000**
Basic Allowances	542	546
Special Responsibility Allowances	292	304
Travel & Subsistence Allowances	29	8
Total	863	**858**

22. 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 for non-audit services provided by the Council's external auditors:

	2019/20 £'000	**2020/21 £'000**
Fees payable with regard to external audit services carried out by the appointed auditor for the year	75	75
Additional fees associated with external audit services	28	14
Fees payable for the certification of grant claims and returns for the year	-	4
Fees payable in respect of other services provided during the year as follows:-		
• Subscription/Licence for CFO Insights Analytical Benchmarking Software	10	10
• Fees associated with the Energy from Waste legal challenge	33	75
Total	146	178

23. Disclosure of Deployment of Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. 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 2020/21 are as follows:

	Central Expenditure £'000	**Individual Schools Budget £'000**	**Total £'000**
Final DSG for 2020/21 before academy and high needs recoupment			480,568
Academy and high needs figure recouped for 2020/21			-211,492
Total DSG after academy and high needs recoupment for 2020/21			269,076
Plus: Brought forward from 2019/20			-6,716
Less: Carry forward to 2021/22 agreed in advance			-
Agreed initial budgeted distribution for 2020/21	81,812	180,548	262,360
In Year Adjustments	-1,295		-1,295
Final budget distribution for 2020/21	80,517	180,548	261,065
Less: Actual central expenditure	-92,409	-	-92,409
Less: Actual ISB deployed to schools	-	-180,548	-180,548
Plus: Local Authority contribution for 2020/21	-	-	-
Deficit Carry Forward to 2021/22	**-11,892**	-	**-11,892**

24. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21.

Credited to Taxation and Non Specific Grant Income

	2019/20 £'000	**2020/21 £'000**
National Non Domestic Rates Income	-88,965	-77,819
Non Service Related Grants	-70,023	-95,226
Fire Pensions Top Up Grant	-4,127	-3,858
Total	-163,115	**-176,903**

Revenue Grants Credited to Services

	2019/20 £'000	**2020/21 £'000**
Department for Work & Pensions - Workstep Grant	-222	-1,298
Department for Children's Schools & Families Grants	-30,554	-37,740
Department for Education Grants - DSG	-255,785	-267,782
Department of Health Grants	-1,081	-33,478
Community & Local Government Grants	-18,812	-13,092
Youth Justice Board Grant	-546	-564
Young Peoples Learning Agency Grants	-1,573	-1,378
Other Grants	-6,189	-10,469
Skills Funding Agency	-3,144	-2,874
Department for Environment, Food & Rural Affairs	-10	-559
Total	-317,916	**-369,234**

	2019/20 £'000	**2020/21 £'000**
Capital Grants and Contributions credited to Comprehensive Income & Expenditure Account	-60,134	-105,997

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the awarding body. The balances at the year-end are as follows:

Capital Grants Receipts in Advance	2019/20 £'000	**2020/21 £'000**
Ministry of Housing, Communities and Local Government Grants	-4,828	-
Non Government Contributions for Capital purposes	-13,382	-17,150
Highways Section 106 Contributions	-6,236	-6,509
Accountable body	-16,744	-3,158
Total	-41,190	**-26,817**

25. Related Parties

The Council is required to disclose material transactions with related parties, that is 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. Note 19 also provides more information on the Council's partnership working with other organisations including Gloucestershire Clinical Commissioning Group and Herefordshire Council.

Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Grants received from Government departments together with Grant receipts outstanding at 31st March 2021 are shown in Note 24.

In accordance with specific grant conditions, the Council confirms that it received a Big Lottery Fund and ESF Building Better Opportunities Grant totalling £487,834 in 2016/17. Total expenditure incurred against this grant totalled £3,299 in 2019/20. However as a consequence of Covid, and the lockdown restrictions, there has been an impact on expenditure which has given rise to a surplus of £14,046 in 2020/21. The balance of £77,614 is included within the revenue grants receipts in advance section on the balance sheet. Although Covid has impacted on the expenditure during 2020/21 it is still anticipated that these funds will be fully expended by the end of the project expected in 2021/22.

Members

Members of the Council have direct control over the Council’s financial and operating policies. The total of members’ allowances paid in 2020/21 is shown in Note 21. Details of all member interests are recorded in the Register of Members’ Interest, open to public inspection at Shire Hall during office hours or on the Council website.

Other Public Bodies (subject to common control by Central Government)

The Gloucestershire Local Government Pension Scheme is a related party of Gloucestershire County Council due to the Council being the administering body of the scheme and by virtue of the Pension Committee including 6 Council Members out of the 8 Committee members. The Committee is supported by Council staff who may be subject to influence from Council Members. From the 2010/11 financial year the Pension Fund's "in-house" surplus cash balances have been held in the Pensions Fund's own bank account and in an instant access call account. The Council administers the Pension Fund's named accounts within its Treasury Management department. A total average balance of £55.41 million (£22.59 million in 2019/20) was held in the Pension Fund accounts for 2020/21 gaining interest of £0.054 million. (£0.160 million in 2019/20). The Council charged £2.10 million (£2.36 million in 2019/20) for administering the Pension Fund.

There is a contractual arrangement between the Council and Gloucestershire Care Partnership Limited (GCP) for the provision of places in care homes for older people, which involves sub-contracting it’s obligations to Order of St John Care Trust (OSJ) and Bedford Pilgrims Housing Association (BPHA).

The Council is entitled to appoint one independent trustee to the Board of GCP and under the Articles of Association the Council must always have less than 20% of the voting rights.

Current provision under the arrangement is managed under a commercial contract. Future development of care facilities is managed by an Estates Committee, comprising an equal number of representatives from each party.

In 2020/21 payments of £12.5 million (£14.4 million in 2019/20) were made to the Order of St John Care Trust in relation to this contract. £1.1 million was outstanding at the year end (2019/20 £1.3 million).

The Council is part of a related party when local authorities across South West formed a shadow body to respond to Government’s request for more strategic thinking on transport issues. This body is made up of 9 members who are responsible for producing a sub-national transport strategy and develop a regional transport evidence base. It is known as the Western Gateway Shadow Sub- National Transport Body (WGSSTB) and has no legal status but an example of partnership working.

During 2019/20 the Council took the role of the Lead Authority for the WGSSTB which means acting as the Accountable Body and this role swaps each year therefore it was handed over to the West of England Combined Authority during 20-21.

26. Capital Expenditure and Capital Financing

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

	Restated 2019/20 £'000	**2020/21 £'000**
Opening Capital Financing Requirement	305,188	453,046
Energy from Waste Scheme	181,571	-
Property, Plant and Equipment	75,862	95,994
Revenue Expenditure Funded from Capital under Statute	12,598	18,602
Total to Finance	270,031	**114,596**
Sources of finance		
Capital Receipts	-12,602	-17,751
Capital Fund & other Earmarked Reserves	-4,097	-2,890
Government Grants and other Contributions	-58,087	-79,863
Borrowing	-11,985	-12,252
Direct Revenue Contributions	-39,689	-4,325
	-126,460	**-117,081**
Internal Borrowing	11,985	12,252
Minimum Revenue Provision (MRP)	-7,698	-8,418
Total revenue provision	4,287	**3,834**
Closing Capital Financing Requirement	**453,046**	**454,395**

Explanation of movements in year

Increase/decrease (-) in underlying need to borrowing	147,858	64,551
Increase/Decrease (-) in Capital Financing Requirement	**147,858**	**64,551**

Capital Expenditure 2020/21

	£'000	%
Adults	6,074	5.3
Children & Families	20,415	17.8
Communities & Infrastructure		
Highways	67,215	58.7
Strategic Infrastructure	1,359	1.2
Waste Disposal	65	0.0
Libraries	387	0.3
Community Safety		
Fire and Rescue	1,322	1.2
Business Support		
Asset Management Property Services	12,933	11.3
ICT Projects	3,549	3.1
Archives & Information Management	23	0.0
Customer Services	566	0.5
Business Service Centre	65	0.1
PFI/EfW Lifecycle	514	0.4
Capital Receipts Expenditure	109	0.1
	114,596	**100.0**

27. Leases

The Council accounts for leases in accordance with its Statement of Accounting Policies

Council as Lessee

Finance Leases
Other than those schemes undertaken through the Private Finance Initiative as reported in Note 28, there were no further finance leases identified by the Council during 2020/21.

Operating Leases
The Council has entered into operating leases to acquire the use of both property and vehicles. The future commitments due under non-cancellable leases in future years are:

	Expiry date of lease		
	Within 1 year	**After 1 year but less than 5 years**	**After more than 5 years**
	£'000	**£'000**	**£'000**
2019/20			
Property	455	1,244	1,976
Vehicles	308	104	-
Total	763	1,348	1,976
2020/21			
Property	507	978	1,504
Vehicles	260	30	-
Total	**767**	**1,008**	**1,504**

The expenditure charged to Services in the Comprehensive Income and Expenditure Statement during the year in relation to the minimum payments for these leases was:

	2019/20	**2020/21**
	£'000	**£'000**
Property	465	532
Vehicles	300	311
Total	765	**843**

Council as Lessor

Finance Leases (IAS 17)
The Council has looked at all leases (including those that terminated at 31st March 2021) where it is the lessor (landlord), to establish the correct classification under IFRS.

There were no finance leases identified to be included on the balance sheet.

Operating Leases
The Council leases out property under operating leases for purposes that include the provision of community services, care homes for older people and county farms for new starters in agriculture.

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

	Expiry date of lease		
	Within 1 year	**After 1 year but less than 5 years**	**After more than 5 years**
	£'000	**£'000**	**£'000**
2019/20			
Property	733	635	426
Total	**733**	**635**	**426**
2020/21			
Property	848	416	350
Total	**848**	**416**	**350**

The income relating to the minimum lease payments credited to Services in the Comprehensive Income and Expenditure Statement during the year was:

	2019/20	**2020/21**
	£'000	**£'000**
Property	1,249	1,440
Total	**1,249**	**1,440**

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

28. Private Finance Initiatives and Similar Contracts

Fire Service Joint Training Centre PFI Scheme

2020/21 was the eighteenth year of a twenty-five year PFI contract for the design, build, financing and operation of a Joint Training facility in Avonmouth. The scheme is a joint PFI venture with Avon Fire Authority and Devon & Somerset Fire Authority whereby a significant proportion of the training required by the three services is provided at this facility.

Property, Plant and Equipment

The Council's share of the assets used to provide services at the Joint Training Centre are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 3.

Payments

The Council makes an agreed payment each year which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31st March 2021 (excluding any estimation of inflation and availability/performance deductions) are as follows:

2019/20		Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
£'000		**£'000**	**£'000**	**£'000**	**£'000**
757	**Paid in 2020/21**	576	101	99	**776**
	Outstanding undischarged contract obligations:				
776	Payable within one year	603	103	90	796
3,301	Payable within two to five years	2,571	558	254	3,383
2,697	Payable within six to ten years	1,423	349	47	1,819
6,774	**Total**	**4,597**	**1,010**	**391**	**5,998**

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

	2019/20	**2020/21**
	£'000	**£'000**
Balance outstanding at start of year	1,209	1,111
Payments during the year	-98	-101
Balance outstanding at year-end	**1,111**	**1,010**

The asset value held as at the 31st March each year were:

	2019/20	**2020/21**
	£'000	**£'000**
Opening Net Book Value	1,244	1,112
Depreciation	-139	-138
Revaluations	7	-12
Additions	-	5
Balance	1,112	**967**

Fire Service Stations PFI Scheme

The building of four new Community Fire Stations, as well as a Life Skills Centre (SkillZONE) in Gloucestershire took place during 2011/12 and 2012/13. The PFI scheme runs for twenty-five and a quarter years to June 2037 and the fire stations become the property of the Fire & Rescue Service at the end of the contract agreement. Each station includes community facilities that can be hired by local groups and organisations. The SkillZONE centre in Gloucester will be an educational facility aimed at teaching key safety messages to different parts of the community.

Property, Plant and Equipment

The Council's assets used to provide services at the Fire Stations and Life Skills Centre are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 3.

Payments

The Council makes an agreed payment each year which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed.

Payments remaining to be made under the PFI contract at 31st March 2021 (including an estimation of inflation and excluding estimations of availability/performance deductions) are as follows:

2019/20		2020/21			
		Payment for Services	**Reimbursement of Capital Expenditure**	**Interest**	**Total**
£'000		**£'000**	**£'000**	**£'000**	**£'000**
3,722	**Paid in 2020/21**	1,599	676	1,540	**3,815**
	Outstanding undischarged contract obligations:				
3,815	Payable within one year	1,942	489	1,480	3,911
16,238	Payable within two to five years	8,353	2,903	5,388	16,644
22,688	Payable within six to ten years	14,015	3,988	5,252	23,255
25,669	Payable within eleven to fifteen years	16,468	6,764	3,080	26,312
12,640	Payable within sixteen to twenty years	4,310	2,534	271	7,115
81,050	**Total**	**45,088**	**16,678**	**15,471**	**77,237**

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

	2019/20	**2020/21**
	£'000	**£'000**
Balance outstanding at start of year	17,928	17,353
Payments during the year	-575	-676
Balance outstanding at year-end	17,353	**16,677**

The asset value held as at the 31st March each year were:

	2019/20	**2020/21**
	£'000	**£'000**
Opening Net Book Value	26,169	25,545
Depreciation	-1,476	-1,759
Additions	88	39
Revaluations	764	4,794
Closing Balance	25,545	**28,619**

Energy from Waste Facility

A service concession arrangement involves the grantor conveying to the operator for the period of the concession the right to provide services that give the public access to major economic and social facilities. They are arrangements whereby a public body grants contracts for the supply of public services, such as roads, to private operators. In practice, service concessions typically last for twenty five to thirty years or more and have complicated fact patterns.

In September 2012 a contract for the treatment of residual waste was awarded to Urbaser Balfour Beatty (UBB) to design, build, finance and operate an energy from waste (EfW) facility on behalf of the Council located at Javelin Park, near Gloucester. Following planning delays, the contract finally received permission in July 2015, and in January 2016 the existing contract with UBB was revised to take account of an updated project plan.

From October 2019 the facility became operational and at this point it is recognised on the Council's Balance Sheet. The contract period is for 25 years starting from the operational date with the option to extend by 5 years.

Under the contract the Council is required to ensure that all waste for disposal from the district councils within Gloucestershire is delivered to the contractor, who will take on the responsibility for recycling or recovering energy from the waste stream.

Property, Plant and Equipment
The Council's assets used to provide services at the Energy from Waste facility are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 3.

Payments
The Council makes an agreed payment each year based on the tonnage of waste processed which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year. Payments remaining to be made under the contract arrangements at 31st March 2021 (including an estimation of tonnage, inflation and excluding estimations of availability/performance deductions) are as follows:

2019/20		2020/21			
		Payment for Services	**Reimbursement of Capital Expenditure**	**Interest**	**Total**
£'000		**£'000**	**£'000**	**£'000**	**£'000**
47,088	**Paid in 2020/21**	**6,060**	**561**	**14,812**	**21,433**
	Outstanding undischarged contract obligations:				
21,448	Payable within one year	6,213	586	14,770	21,569
87,268	Payable within two to five years	20,179	1,875	43,689	65,743
112,862	Payable within six to ten years	38,796	3,855	70,273	112,924
118,770	Payable within eleven to fifteen years	44,414	8,585	65,846	118,845
126,720	Payable within sixteen to twenty years	52,850	19,807	54,158	126,815
122,790	Payable within twenty one to twenty five years	51,144	44,675	27,074	122,893
589,858	**Total**	**213,596**	**79,383**	**275,810**	**568,789**

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

	2019/20	**2020/21**
	£'000	**£'000**
Balance outstanding at start of year	-	79,943
Balance outstanding at date of recognition	118,368	-
Payments during the year	-38,425	-561
Balance outstanding at year-end	79,943	**79,382**

The deferred revenue value held as at the 31st March each year were:

	2019/20	**2020/21**
	£'000	**£'000**
Balance outstanding at start of year	-	62,116
Balance outstanding at date of recognition	63,202	-
Amortisation	-1,086	-2,485
Closing Balance	62,116	**59,631**

The asset value held as at the 31st March each year were:

	2019/20 £'000	**2020/21** **£'000**
Opening Net Book Value at start of year (Land only)	4,500	177,313
Opening Net Book Value at recognition	181,571	-
Depreciation	-3,520	-6,741
Additions	171	471
Revaluations	-5,409	-7,212
Closing Balance	177,313	**163,831**

Arrangements that contain a lease

The Council have examined arrangements that could contain a lease. This is where "a transaction does not take the legal form of a lease but conveys the right to use an asset in return for payment". None were identified.

29. Impairment Losses - Capital

Adjustment for impairment has not been considered necessary in respect of decline in value due to obsolescence or physical damage, or a commitment by the Council to undertake a significant reorganisation or due to a significant adverse change in the statutory or other regulatory environment in which the Council operates.

30. Termination Benefits

The Council terminated the contracts of a number of employees in 2020/21, incurring liabilities of £1.307 million (£0.831 million in 2019/20). Note 20 provides details of the number of exit packages and total cost per band.

31. Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi employer defined benefit scheme. The Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2020/21, the Council paid £21.17 million to the Teachers' Pensions Agency (TPA) in respect of teachers' retirement benefits, at 23.68% of pensionable pay from 1st April 2020 to the 31st March 2021. The figures for 2019/20, the Council paid £18.48 million, at 16.48% of pensionable pay from 1st April 2019 to 31st August 2019 and 23.68% of pensionable pay from 1st September 2019 to 31st March 2020. There were no contributions remaining payable at year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis, and fully accrued in the pensions liability. Detail can be found in Note 32.

Under the new arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the PCTs to local authorities and who had access to the NHS Pension Scheme on 31st March 2013 retained access to that Scheme on transfer at 1st April 2013

The NHS pension scheme is an unfunded, defined benefit scheme and it is a multi-employer defined benefit scheme. In the NHS, the scheme is accounted for as if it were a defined contribution scheme. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

32. Defined Benefit Pension Schemes

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

The Council participates in several post employment schemes:

• The Local Government Pension Scheme, administered locally by Gloucestershire County Council – this is a funded defined benefit Career Average Revalued Earnings scheme (CARE) , meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

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

• The Council also participates in the unfunded Firefighters Pension Scheme and these are disclosed separately within these accounts.

The Gloucestershire pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the pensions committee.

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

In 2020/21 the Council made an up-front payment of £10 million to the Local Government Pension Scheme towards the deficit contributions relating to 2020/21, 2021/22 and 2022/23. This was made following actuarial advice and discounted cashflow calculations indicated that the rate of return on this investment was beneficial and represented value for money for the Council.

The effect of the payment is a reduction in the net defined pension liability in the year of payment. As a result of this there is a difference between the value of the Pensions Reserve and the Pension Liability held on the Balance Sheet as per the following:-

	2020/21
	£m
Balance on the Pensions Reseve	**-909.926**
2021/22 Advanced Payment	**3.333**
2022/23 Advanced Payment	**3.334**
Balance on the Pension Liability	**-903.259**

Transactions Relating to Post-employment Benefits

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

Comprehensive Income and Expenditure Statement	**Local Government Pension Scheme**		**Unfunded - Firefighters' Pension Scheme**	
	2019/20 £'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**
Cost of Services:				
Service Cost Comprising:				
Current service cost	65,164	**52,218**	4,400	**3,500**
Past service costs	128	**126**	-1,300	**-**
Losses / Gains (-) on settlements	-3,356	**-1,706**	-	**-**
Financing and Investment Income and Expenditure				
Net interest on the defined pension liability	15,055	**10,925**	6,000	**5,200**
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	76,991	**61,563**	9,100	**8,700**

Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**Local Government Pension Scheme**		**Unfunded - Firefighters' Pension Scheme**	
	2019/20 £'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount charged in the net interest expense)	-67,624	**262,877**	-	**-**
Actuarial gains and losses arising on changes in demographic assumptions	57,337	**-24,245**	7,700	**-2,900**
Actuarial gains and losses arising on changes in financial assumptions	139,372	**-392,128**	20,900	**-52,900**
Other experience	44,932	**13,689**	-1,600	**4,700**
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	174,017	**-139,807**	27,000	**-51,100**

	Local Government Pension Scheme		Unfunded - Firefighters' Pension Scheme	
	2019/20 £'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	-41,084	**-11,211**	3,500	**2,500**
	-41,084	**-11,211**	3,500	**2,500**
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable for unfunded teachers scheme & LGPS benefits (discretionary)	37,593	**51,340**	6,400	**5,800**
Employers' contributions payable to scheme for unfunded LGPS benefits (Discretionary)	4,314	**4,212**	-	-
Total employers contributions	41,907	**55,552**	6,400	**5,800**
Firefighters pension and lump sum benefit payments			7,486	7,485

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Unfunded - Firefighters' Pension Scheme	
	2019/20 £'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**
Present value of the defined benefit obligation	1,555,155	2,000,800	225,500	279,300
Fair value of plan assets	-1,077,014	-1,376,841	-	-
Other movements in the liability (asset)	-	-	-	-
Net liability arising from defined benefit obligation	478,141	**623,959**	225,500	**279,300**

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

	Local Government Pension Scheme		Unfunded - Firefighters' Pension Scheme	
	2019/20 £'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**
Opening fair value of scheme assets	1,127,180	**1,077,014**		
Interest Income	26,926	**24,887**	-	-
Remeasurement Gain / Loss (-):			-	-
The return on plan assets, excluding the amount included in the net interest expense	-67,624	**262,877**	-	-
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	41,907	**55,552**	-	-
Contributions from employees into the scheme	8,673	**9,269**	6,600	**6,000**
Benefits paid	-46,875	**-45,154**	1,000	**1,100**
Benefits paid for unfunded LGPS benefits (Discretionary)	-4,314	**-4,212**	-7,600	**-7,100**
Assets distributed on settlement	-8,859	**-3,392**	-	-
Closing fair value of scheme assets	1,077,014	1,376,841	-	-

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Firefighters' Pension Scheme	
	2019/20 £'000	**2020/21 £'000**	2019/20 £'000	**2020/21 £'000**
Opening balance at 1st April	-1,744,254	**-1,555,155**	-250,000	**-225,500**
Current service cost	-65,164	**-52,218**	-4,400	**-3,500**
Interest cost	-41,981	**-35,812**	-6,000	**-5,200**
Contributions from scheme participants	-8,673	**-9,269**	-1,000	**-1,100**
Remeasurement Losses / Gains (-):				
Actuarial gains/losses arising from changes in demographic assumptions	57,337	**-24,245**	7,700	**-2,900**
Actuarial gains/losses arising from changes in financial assumptions	139,372	**-392,128**	20,900	**-52,900**
Other experience	44,932	**13,689**	-1,600	**4,700**
Past service costs (Including curtailments)	-128	**-126**	1,300	-
Liabilities assumed on entity combinations	-	-	-	-
Benefits paid	46,875	**45,154**	7,600	**7,100**
Benefits paid for unfunded teachers scheme & LGPS benefits (Discretionary)	4,314	**4,212**	-	-
Liabilities extinguished on settlements, where relevant	12,215	**5,098**	-	-
Closing balance at 31st March	-1,555,155	**-2,000,800**	-225,500	**-279,300**

Local Government Pension Scheme assets comprised:

	2019/20 Quoted prices in active markets £'000	2019/20 Quoted prices not in active markets £'000	2019/20 TOTAL £'000	**2020/21 Quoted prices in active markets £'000**	**2020/21 Quoted prices not in active markets £'000**	**2020/21 TOTAL £'000**
Cash and cash equivalents	12,435	-	**12,435**	38,251	-	**38,251**
Equity Instruments:						
By Industry Type (a)						
Consumer	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-
Energy and utilities	-	-	-	-	-	-
Financial institutions	-	-	-	-	-	-
Health and care	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-
Other	-	-	-	-	-	-
Sub-total equity (a)	-	-	-	-	-	-
Bonds by Sector:						
Corporate (investment grade)	119,660	-	**119,660**	155,315	-	**155,315**
Corporate (non-investment grade)	2,573	-	**2,573**	3,429	-	**3,429**
UK Government	19,748	-	**19,748**	17,617	-	**17,617**
Other	2,976	-	**2,976**	5,281	-	**5,281**
Sub-total bonds	144,957	-	**144,957**	181,642	-	**181,642**
Real Estate:						
UK Property	59,742	19,099	**78,841**	66,659	20,502	**87,161**
Overseas Property		5,550	**5,550**	-	6,445	**6,445**
Sub-total real estate	59,742	24,649	**84,391**	66,659	26,947	**93,606**
Private equity:						
All	-	3,552	**3,552**	-	7,030	**7,030**
Investment Funds and Unit Trusts:						
Equities	-	684,036	**684,036**	-	913,578	**913,578**
Bonds	85,088		**85,088**	100,223	3,419	**103,642**
Infrastructure		2,167	**-**		7,002	**7,002**
Other		60,046	**60,046**		31,653	**31,653**
Sub-total investments funds and Unit Trusts	85,088	746,249	**831,337**	100,223	955,652	**1,055,875**
Derivatives:						
Forward foreign exchange contracts	231	-	**231**	339	-	**339**
Other	111	-	**111**	98	-	**98**
Sub-total derivatives	342	-	**342**	436	-	**437**
Total Assets	302,564	774,450	**1,077,014**	387,211	989,629	**1,376,841**

	Fair Value of Scheme 2019/20 £'000	**Fair Value of Scheme 2020/21 £'000**
Equity Instruments by Company size:-:		
FTSE 100	-	-
FTSE 250	-	-
Pooled UK Smaller Companies	-	-
Sub-total equity instruments	-	-

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Firefighters' Pension Schemes liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1st April 2019. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		**Unfunded liabilities: Firefighters' Pension Schemes**	
	2019/20	**2020/21**	2019/20	**2020/21**
Mortality assumptions:				
Longevity (yrs) at 65 (60 for Fire) for current pensioners:				
Men	21.7	**21.9**	26.4	**26.6**
Women	23.9	**24.3**	28.5	**28.9**
Longevity (yrs) at 65 (60 for Fire) for future pensioners: (Figures assume members aged 45 as at 31.03.13 for the LGPS and as at 31.03.14 for Fire)				
Men	22.4	**22.9**	27.5	**27.9**
Women	25.3	**26.0**	29.7	**30.3**
Rate of Inflation	2.8%	**3.3%**	2.8%	**3.3%**
Rate of increase in salaries	2.2%	**3.2%**	2.8%	**3.3%**
Rate of increase in pensions **	1.9%	**2.9%**	1.9%	**2.9%**
Rate for discounting scheme liabilities #	2.3%	**2.0%**	2.3%	**2.0%**

** Pension increases are assumed to be 0.5% p.a. less than market derived RPI.

Under IAS19 requirements the long-term expected rate of return on all asset types is the discount rate.

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 the assumption analysed changes while all 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

Change in assumptions at 31 March 2021	Approximate Increase %	Approximate monetary amount £'000
Local Government Pension Scheme - Increase to Employer Liability		
0.5% decrease in Real Discount Rate	9%	191,076
1 year increase in member life expectancy	3%	59,824
0.5% increase in the Salary Increase Rate	1%	15,161
0.5% increase in the Pension Increase Rate (CPI)	8%	172,213
Fire Fighters Pension Scheme - Increase to Employer Liability		
0.5% decrease in Real Discount Rate	9%	25,622
1 year increase in member life expectancy	3%	8,357
0.5% increase in the Salary Increase Rate	<1%	971
0.5% increase in the Pension Increase Rate (CPI)	8%	22,106
Fire Fighters Pension Scheme - Increase to Projected Current Service Cost		
0.1% decrease in real Discount Rate	20%	956
1 year increase in member life expectancy	3%	146
0.5% increase in the Salary Increase Rate	<1%	-
0.5% increase in the Pension Increase Rate (CPI)	10%	466

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at a constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. A triennial valuation was undertaken on 31 March 2019. The Public Service Pensions Act 2013 provided for scheme regulations to be made within a common framework to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants in relation to service after 31st March 2014 for the Local Government Pension Scheme or service after 31st March 2015 for other main existing public service pension schemes in England and Wales.

The Council expects to pay £36.4m in contributions to the LGPS scheme and £2.5m for the Fire scheme in 2021/22.

The weighted average duration of the defined benefit obligation for scheme members:

		Duration 2019/20	**Duration 2020/21**
LGPS	Duration as at previous formal valuation - 31.03.19	19.0	**19.0**
Fire	Duration effective as at previous formal valuation - 31.03.16	17.3	**17.4**
Fire - Injury	Duration effective as at previous formal valuation - 31.03.16	20.8	**20.1**

33. Contingent Liabilities

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.

Pension Guarantees

The Council has guaranteed to cover the liabilities associated with the pensions of ex-employees following the transfers of council services to external bodies. These arrangements are monitored and assessed to ensure that any provision for possible liabilities are made. Following this assessment it is not considered to be necessary to include any costs associated with these guarantees within the 2020/21 accounts.

Pyke Quarry, Oak Quarry and Fosse Cross

Work by the Council has identified a contingent liability in respect of Pyke Quarry and Oak Quarry, restored landfill sites, and Fosse Cross, a closed landfill site. At the Pyke and Oak Quarry sites there are Household Recycling Centres. Should the Council vacate the sites they would have to be restored. At Fosse Cross the Council has a budget for maintenance of the site, and if this site were to be vacated restoration costs would be incurred. The work for restoration of the three sites is estimated to be £1.0 million.

34. Nature and extent of risks arising from Financial Instruments

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

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

- Credit risk – The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- Liquidity risk – The possibility that the Council might not have the cash available to make contracted payments on time.
- Market risk – The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk

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

A limit of £30m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government), and £50m in any group of funds under the same management. The Council also sets limits on investments in certain sectors and no more than £200m in total can be invested for a period longer than one year.

The credit quality of £1.4m of the Council's investments is enhanced by collateral held in the form of covered bonds and covered Floating Rate Notes. The collateral significantly reduces the likelihood of the Council suffering a credit loss on these investments.

Deposits are made with other local authorities, housing associations, banks, building societies and other financial institutions. The banks and financial institutions must satisfy a minimum credit rating and the Council sets limits on the amounts that can be invested in both an individual institution and also with a type of institution in total.

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

	01/04/2020 Restated		31/03/2021	
	Short Term £m	**Long Term £m**	**Short Term £m**	**Long Term £m**
Banks and Building Societies Rated A- or Higher	85.3	-	42.6	-
Unrated Local Authorities	98.7	33.5	112.5	60.2
Unrated Housing Associations	10.0	-	-	-
Covered Instruments	1.6	-	1.5	-
Total	195.6	33.5	156.6	60.2
Credit risk not applicable *:				
Money Market Funds	21.7	-	41.0	-
Pooled Funds	0.6	67.9	0.61	72.4
Total	**217.9**	**101.4**	**198.2**	**132.6**

* Credit risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. A delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. At 31st March 2021, £0.019m (2020: £0.082m) of loss allowances related to treasury investments. No adjustments have been made for this loss allowance as it is immaterial.

The Council's debtors, including any payments in advance made by the Council totalled £74.301 million as at 31st March 2021, represent a customer base with the potential for risk exposure to non-recovery of the debt. However a large proportion of the total debt relates to Government bodies and other debts which are not considered to be a risk. Therefore, in practice, the calculation of the risk exposure (bad debt provision) is confined to debtor invoices raised that are then subjected to recovery procedures. At 31st March 2021 these debts totalled £10.881 million.

Generally the recovery process commences when an invoice is 14 days overdue, with a reminder automatically being sent. The following provides an aged-debt analysis of our outstanding debtor invoices.

	2019/20 £'000	**2020/21** **£'000**
Less than a month	-	-
One to three months	1,488	3,922
Three to six months	1,608	1,795
More than six months	4,493	5,164
	7,589	**10,881**

Liquidity Risk
The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The current maturity for both assets and liabilities is as follows:

	2019/20		**2020/21**	
	Liabilities £'000	Assets £'000	**Liabilities** **£'000**	**Assets** **£'000**
Less than one year	63,773	253,118	**50,642**	**197,649**
Between one and two years	15,145	66,059	**6,900**	**132,668**
Between two and five years	21,400	-	**14,500**	-
Between five and ten years	18,000	-	**28,000**	-
Between ten and twenty years	38,000	-	**35,536**	-
Between twenty and thirty years	64,228	-	**68,692**	-
Between thirty and forty years	72,000	-	**60,000**	-
Finance Lease Liability	98,408	-	**97,070**	-
	390,954	319,177	**361,340**	**330,317**

The Council has £35.05 million (2018/19: £35.05 million) of “Lender’s option, borrower’s option” (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain, however as all these loans are under a six monthly call they are included in the "less than one year" category.

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

Market Risk

Interest Rate Risk
The Council is exposed to 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 Surplus or Deficit on the Provision of Services 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 Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council's strategy for managing interest rate risk is based on the prevailing interest rates and market forecasts. It works within any limits imposed by its own Investment Strategy and takes advice from external advisors to achieve a high rate for investments and borrow when rates are low.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and is used to monitor the budget during the year. In addition to considering the risk associated with the financial markets it also monitors the effects of interest adjustments with other external bodies such as the Pension Fund or Health Bodies.

According to this assessment strategy, at 31st March 2021, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	853
Impact on Surplus or Deficit on the Provision of Services	**853**

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. There would be no further effect as the remainder of the Council's borrowing and investments are held in fixed rate products.

Price Risk

The market prices of the Council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £30m. A 5% fall in commercial property prices at 31st March 2021 would result in a £1.5 million (2020: £1.5 million) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in a pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure in pooled funds of £150m. A 5% fall in share prices at 31st March 2021 would result in a £1.07m (2020: £0.75m) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in a real estate investment trust (REIT) is subject to the risk of falling residential property prices. This risk is limited by the Council's maximum exposure to REITs of £30m. A 5% fall in residential property prices at 31st March 2021 would result in a £0.245m (2020: £0.14m) charge to Other Comprehensive Income and Expenditure which would be reflected in the Financial Instruments Revaluation Reserve.

Foreign Exchange Risk

The Council has minimal exposure to foreign exchange rates with all conversions carried out at spot rates with minimal financial risk.

35. Trust Funds

At 31st March 2021 the Council administered 4 trust funds on behalf of the trustees. These funds do not represent assets of the Council and they have not been included in the Balance Sheet.

	Balance at 31st March 2020 £	Income £	Expenditure £	**Balance at 31st March 2021 £**
Libraries				
2 trusts providing books for libraries	2,804	185	-185	**2,804**
Gloucestershire Heritage Trust Ltd				
Preserves and renovates specific buildings and areas which are of historic interest	7,004	-	-	**7,004**
Gloucestershire War Relief				
The awarding of grants relating to service in the Great War	411	-	-	**411**
Total	10,219	185	-185	**10,219**

In addition to the above Trust Funds, the Council is holding £14,212 in cash relating to Criminal Injury awards. This is also included in the creditors balance on the Balance Sheet.

36. Insurance

The Council arranges external insurance subject to the following excess levels: public / employer's / official's indemnity liability policies, £0.375 million.

Property Risks (Fire / lightning / explosion / earthquake / riot / civil commotion / storm / floods and escape of water damage) to all Council Properties £0.100 million excess and own accident damage to GCC vehicles £0.20 million excess. This effectively means that all but the very largest claims are self-insured.

The Insurance Fund is made up of annual premiums charged to services. The fund consists of a provision representing the estimated cost of known outstanding claims, with the remaining balance being held as a reserve to meet the cost of potential future claims.

37. Deferred Liabilities

The amount of deferred liabilities recorded by the Council are as follows:-

Deferred Liabilities	2019/20	**2020/21**
	£'000	**£'000**
PFI Joint Fire Training Centre- Amounts held with the inqualisation fund on behalf of Avon Fire Authority and Devon & Somerset Fire Authority	2,184	**2,035**
Energy from Waste Contract- Deferred third party income	62,116	**59,631**
Total	64,300	**61,666**

38. Collection Fund Adjustment Account

Within Gloucestershire, precept collection of council tax and non-domestic rates for the Council is managed by the District Councils. Regulations require the Council to account for precept collection on an accruals basis. The Council is therefore required to include its share of any collection balances within the formal Statement of Accounts.

The following statement outlines the balances held as at 31st March 2020:

	Arrears after Impairment Allowance for Doubtful/Bad Debt (Debtors)	**Overpayments and Prepayments (Creditors)**	**Collection Fund Surplus (-) /Deficit**	**Cash (shown as Debtor or Creditor)**
	£'000	**£'000**	**£'000**	**£'000**
Council Tax Collection	9,798	-4,641	-2,174	-2,983
Non-Domestic Rates Collection	567	-2,675	2,378	-270
Total	**10,365**	**-7,316**	**204**	**-3,253**

The following statement outlines the balances held as at 31st March 2021:

	Arrears after Impairment Allowance for Doubtful/Bad Debt (Debtors)	**Overpayments and Prepayments (Creditors)**	**Collection Fund Surplus (-) /Deficit**	**Cash (shown as Debtor or Creditor)**
	£'000	**£'000**	**£'000**	**£'000**
Council Tax Collection	13,938	-5,132	2,921	-11,727
Non-Domestic Rates Collection	1,297	-3,251	13,492	-11,538
Total	**15,235**	**-8,383**	**16,413**	**-23,265**

39. Gain/Loss on the Disposal of Non Current Assets

The reported gain/loss reported on the Comprehensive Income and Expenditure Statement includes the loss of £18.497 million following the transfer of seven schools to academy status during 2020/21. Four schools converted to Academy status in 2019/20 totalling £20.552 million.

40. Revenue from Contracts with Service Recipients

Following a review of fees & charges Income summarised in note 4, with the adoption of IFRS 15, the Council has identified material contractual arrangements in relation to Adult Social Care provision under deferred payments (where care users use the value of their home to help pay care home costs) and client contributions (based on an assessment of how much care users must contribute towards the cost of their care).

The following amounts were recognised as income within the Comprehensive Income and Expenditure Statement for these contracts:

	2019/20 £'000	**2020/21 £'000**
Client Contributions	-28,095	-27,703
Deferred Payments	-2,018	-1,589
Total Income	-30,113	**-29,292**

There were no material arrangements identified with performance obligations, so the income has been recognised on the date the Council provided the goods or services for all contracts with service recipients. Further details of the income received by the Council through other contract arrangements are included within the fees, charges and other services income line within Note 18, Expenditure and Income Analysed by Nature.

The following amounts were included as debtors in the balance sheet for adult social care contracts with service recipients:

	2019/20 £'000	**2020/21 £'000**
Client Contributions	2,074	1,159
Deferred Payments	5,802	6,387
Total Income	7,876	**7,546**

Note 41 Prior Period Adjustment

There has been one prior period adjustment to the 2019/20 and 2018/19 position. The Treasury Management Strategic Funds held by the Council have been classified incorrectly. These funds are held for a period of at least 5 years as although the funds can be sold at short notice depending on market conditions this would realise a gain or loss. Following a review of the investments and to align them with the Treasury Management Strategy, which states that these funds are held as medium to long term investments , they were reclassified to Long Term.

As a result the following Strategic Funds have been moved to Long Term Investments. Where a dividend had been declared as at the balance sheet date, these have continued to be treated as Cash Equivalent investments:

	Cash Equivalents					Short Term Investments					Long Term Investments				
	Published 31st March 2019 position £'000	**Restated 31st March 2019 position**	Published 31st March 2020 position £'000	**Restated 31st March 2020 position**	Published 31st March 2021 position £'000	Published 31st March 2019 position £'000	**Restated 31st March 2019 position**	Published 31st March 2020 position £'000	**Restated 31st March 2020 position**	Published 31st March 2021 position £'000	Published 31st March 2019 position £'000	**Restated 31st March 2019 position**	Published 31st March 2020 position £'000	**Restated 31st March 2020 position**	Published 31st March 2021 position £'000
CCLA Diversified Income Fund	-	-	4,563	-	-	4,948	**39**	-	**59**	29	-	**4,909**	-	**4,503**	4,882
Ninety One Sterling Liquidity	-	-	9,173	-	-	9,843	**35**	-	**-**	53	-	**9,808**	-	**9,173**	9,739
Fidelity Global Enhanced Income Fund	-	-	4,441	-	-	-	**-**	-	**18**	37	-	**-**	-	**4,423**	5,026
Aegon Diversified Monthly Income Fund	-	-	4,134	-	-	-	**-**	-	**-**	19	-	**-**	-	**4,134**	4,915
Fundamentum REIT	-	-	4,900	-	-	-	**-**	-	**-**	-	-	**-**	-	**4,900**	4,900
Schroders Equity Fund	-	-	6,461	-	-	9,447	**147**	-	**154**	113	-	**9,300**	-	**6,308**	7,756
Columbia Threadneedle	-	-	3,827	-	-	4,652	**37**	-	**44**	27	-	**4,615**	-	**3,783**	4,783
Local Authorities Property Fund	-	-	-	-	-	349	**349**	-	**342**	338	32,300	**32,300**	31,005	**30,663**	30,445
TOTAL	-	-	37,499	-	-	29,239	**607**	-	**617**	616	32,300	**60,932**	31,005	**67,887**	72,446

As a result of this reclassification the balance sheet, cashflow and notes 5, 9, 15 and 17 have been amended for the 2019/20 position. The total effect of the amendment on the balance sheet is £36.882m from cash equivalents to long term in 2019/20.

For the 2018/19 revised position, only the balance sheet and note 5 has been amended. The total impact on the balance sheet is £28,632m between long term and short term investments. There is no restatement needed to other notes or the cashflow as these figures remain unchanged.

Balance Sheet Snapshot:

	Revised As at 1st April 2019 £'000	**Revised As at 31st March 2020 £'000**	**As at 31st March 2021 £'000**
Long Term Investments	116,938	102,942	132,668
Short Term Investments	147,450	114,344	114,663
Cash and Cash Equivalents	59,496	109,093	93,755
Total	**323,884**	**326,379**	**341,086**

42. Statement of Accounting Policies

Introduction

Accounting policies are the principles, bases, conventions, rules and practices applied by the Council. They specify how the financial effects of transactions and other events are reflected in the financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves. All of the accounting policies adopted, that are material in the context of the Council's 2020/21 financial statements, are described below.

General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end on 31st March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Council Accounting in the United Kingdom 2020/21 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) (referred to as "the Code" in the following notes) and the Accounts and Audit Regulations 2015. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. These accounts are prepared on a going concern basis.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. The bases of recognition are as follows:

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

Prior Period Adjustments, changes in accounting policies and estimates and errors

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

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

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

Basis for Redemption of Debt

The Council has historic debt from financing a proportion of its capital investment through raising loans. In accordance with statutory requirements the Comprehensive Income and Expenditure Statement has been charged with an amount that is sufficient to redeem a specified statutory percentage of outstanding debt. The statutory figure is called the Minimum Revenue Provision (MRP). The Council charges a fixed amount per annum, following a review of the methodology, for the repayment of debt.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that are readily converted to known amounts of cash within a short timescale, are subject to insignificant risk of changes in value and are available to meet short term cash commitments. Those investments that will mature within three months from the date of acquisition are treated as cash equivalents, however, those held for strategic purposes are treated as long term investments to reflect the Council's policy of holding them for a minimum of five years.

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

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding 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 insufficient accumulated gains in the revaluation reserve against which the losses can be written off.
- Amortisation of intangible non-current assets attributable to the service.

The Council is not allowed to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within its control. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Contingent Liabilities

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

Council Tax and Non Domestic Rates (NDR)

The district councils in Gloucestershire are acting as agents of the County Council in collecting council tax and business rates. The cash collected from council tax payers and business rates payers belongs proportionately to the district councils and the major preceptors. There is therefore a debtor/creditor position between each district council and the County Council to recognise that the net cash paid to the County Council in the year is not the same as its share of cash collected. The County Council recognises its share of council tax and business rates debtor and creditor balances, impairment allowances for doubtful debts and provisions for losses on appeal in its Balance Sheet. The Cash Flow Statement of the County Council includes the net council tax and business rates cash received from the Collection Fund in the year.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Events after the Balance Sheet Date

Balance sheet events have been considered up to the time the Statement of Accounts was authorised for issue.

An adjustment will be made for events after the balance sheet date that provides evidence of the conditions that existed at the balance sheet date. An adjustment will not be made for events that occurred after the balance sheet date that is indicative of conditions that arose after the balance sheet date. However, if the non-adjusting event would have a material effect, disclosure will be made in the notes to the accounts describing the nature of the event and the estimated financial effect.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination Benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These payments are charged on an accrual basis to the relevant directorate in the Cost of Services 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.

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

Post Employment Benefits

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

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

- The Local Government Pensions Scheme.
- The Firefighter's Pensions Scheme.
- The New Firefighter's Pension Scheme.
- The Modified Firefighters Pension Scheme.
- The Firefighters Pension Scheme 2015.
- The Teachers' Pension Scheme.
- The NHS Pension Scheme for employees that have transferred in respect of Public Health.

Local Government Pension Scheme

The Gloucestershire Local Government Pension Scheme for civilian employees is administered by the Council. The assets of the scheme are separately held in a Committee Administered Fund with the Council acting as trustees. It is a statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2013, as amended and a separate annual audit is carried out by the appointed external auditors.

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefits scheme hence:

- The liabilities of the LGPS attributable to the Council are included in the balance sheet on an actuarial basis, using the projected unit method, ie: an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on assumption about mortality rates, employee turnover rates, etc. and projected earnings of employees.
- Liabilities are discounted to their value at current prices, using a discount rate that is based upon indicative rate of return on a high rated corporate bond equivalent to the Scheme's liabilities.
- The Assets of the LGPS attributable to the Council are included in the balance sheet at their fair value.
- The Change in net pensions liability is analysed into the following components:-
    - Service Costs comprising:-
        - Current Service Cost – the increase in liabilities as a result of years of service earned this year is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
        - Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years is debited to the Surplus or Deficit on the provision of Services in the Comprehensive Income and Expenditure Statement.
        - Net Interest on the net defined benefit liability (asset), i.e. net increase expense for the Council – the change during the period in the net defined benefit liability (asset) arises from the passage of the time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
    - Remeasurements comprising:-
        - The return on plan assets – excluding amounts included in the net interest on the defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
        - Actuarial gains and losses – changes in the net pensions liability that arise because events have coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- Contributions paid to the Gloucestershire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or directly to the 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 transfers to and from the Pensions Reserve to remove notional debits and credits for retirement benefits and replace them with debits for 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 Pension 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 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 because of an award to any member of staff 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.

Firefighter's Pension Schemes

The Firefighter schemes are unfunded defined benefit schemes administered by the Council. There are no assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due. Annual pension costs are met from defined employee contributions and charges to the Fire and Rescue Service revenue account. The accounting for these schemes complies with the Code and the IAS19 adjustments are detailed in the notes to the accounts.

Teachers Pension Scheme

The Teachers Pension Scheme is an unfunded, multi-employer defined benefit pension scheme. The Council is unable to identify its share of the underlying assets and liabilities of the scheme. In compliance with the Code, the Council is reporting the Scheme as if it were a defined-contribution scheme.

NHS Pension Scheme

The NHS Pension Scheme is an unfunded, multi-employer defined benefit pension scheme. The Council is unable to identify its share of the underlying assets and liabilities of the scheme. In compliance with the Code, the Council is reporting the Scheme as if it were a defined-contribution scheme.

Exceptional Items

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

Financial Instruments

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and liabilities.

All financial instruments held by the Council are reviewed in accordance with the Code. Arrangements to establish the subsequent carrying value and recognition of any gains and losses, and accounting entries are made as applicable. All adjustments are detailed in the notes to the accounts.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (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.

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

Financial Assets

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

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

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

All of the Council's Strategic Pooled Funds are considered to be long term investments as the Council intends to hold these instruments for a minimum of five years.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

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

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

Financial Assets Measured at fair value through other comprehensive income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

The Council irrevocably elects to present changes in the fair value of the following equity investments in other comprehensive income as permitted by IFRS 9:

- Fundamentum Real Estate Investment Trust

Foreign Currency Translation

The Council does not generally deal in transactions denominated in a foreign currency but when transactions do take place in foreign currency they are converted into sterling at the exchange rate applicable when the transaction took place. Any assets or liabilities held in foreign denominations at the balance sheet date are reconverted at the spot rate applicable at the balance sheet date. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the CIES.

Government Grants and Contributions

Revenue grants received are credited to the Comprehensive Income and Expenditure Statement and are accounted for on an accruals basis when the conditions for their receipt have been met, and there is reasonable assurance that the grant or contribution will be received. Specific grants are credited to the Cost of Services, whilst grants received to cover general expenditure are credited to the Taxation and Investment Income line of the Comprehensive Income and Expenditure Statement.

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

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

Intangible Assets

Intangible assets are non-current assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights. The Council's intangible assets consist of purchased software licences which are capitalised at cost.

Inventories and Work in Progress

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on goods or services transferred to the service recipient during the financial year.

Certain stocks have not been valued (e.g. office stationery).

Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs, debiting and crediting the Comprehensive Income and Expenditure Statement accordingly with the appropriate share of income and expenditure related to the activity of the operation.

Better Care Fund & Pooled Budget Arrangements

There is a Section 75 joint agreement relating to the commissioning of health and social care services in Gloucestershire, which includes The Better Care Fund. It is a joint budget arrangement between the Council, and the Gloucestershire Clinical Commissioning Group. Within the Section 75 agreement there are budgets controlled by the Clinical Commissioning Group, budgets controlled by the Council, pooled budgets (jointly controlled) and aligned budgets.

Where services are controlled by the County Council the income and expenditure is reflected within the Net Cost of Services in the Comprehensive Income and Expenditure Statement. This also includes the Council's proportion of jointly controlled budgets. Where services are hosted by the Council, but controlled by the Clinical Commissioning Groups, the income and expenditure is not reflected in the Council's accounts.

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 and Equipment (PPE) from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Finance Leases - The Council as Lessee

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

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the PPE – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Finance Leases - The Council as Lessor

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the start of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Operating Leases - The Council as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased PPE. Charges are made on a straight-line basis over the life of the lease.

Operating Leases - The Council as Lessor

Where the Council grants an operating lease over PPE, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

Property, Plant and Equipment (PPE)

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 PPE.

Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. 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.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Revaluation of all the Council's PPE is undertaken using a two-year rolling programme with any material changes to asset valuations being adjusted in the interim periods.

	Value (post revaluation) & Date of Last Revaluation	**Value (NBV @ 31/03/21) & Date of next Revaluation**
All Maintained Schools	£639m 2020/21	£698m 2021/22
All Non-School Land & Buildings	£359m 2020/21	£344m 2022/23

Valuations are co-ordinated internally by the Council's Valuation Service Team, with valuations carried out through a combination of the Council's internal valuers and, where necessary, external valuers (RICS qualified). The Valuation Service Team ensures all valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Non operational PPE, classified as surplus assets, are now measured at fair value estimated at highest and best use from a market participant's perspective, in accordance with the Code, following the adoption of IFRS 13.

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

Impairment

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

Where impairment losses are identified, they are accounted for in the following way:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation and Amortisation

All PPE with a finite useful life (determined at the time of purchase or revaluation) are reduced in value (depreciated) using the straight line method according to the following rates:

Buildings	Permanent	Up to 100 years
	Leased	Period of lease
Infrastructure	Roads and street lighting	25 years
	Bridges	120 years
	Footpaths and footbridges	7 years
	Vehicles, plant, furniture and equipment	5 –10 years

Intangible assets are amortised over their useful economic lives using the straight-line method as shown below:

Purchased software licences	Up to 20 Years
Internally developed software	Up to 10 Years

Depreciation is calculated on the following basis:

- Assets which are bought from a third party are depreciated for a full year in the year of purchase. All other assets created as a result of capital expenditure during the year are depreciated for a full year on the following basis:-
- Land is not depreciated.
- Heritage Assets are not depreciated.
- Assets under construction, being capital works in progress where the uncompleted asset does not have a material benefit to the Council, are not depreciated.
- Where an item of PPE has major components whose cost is significant in relation to the total cost of the item (de-minimus of £1m per asset), the components are depreciated separately. The Council has identified four component groups that are used as a standard template to carry out valuations as shown below:
    - Land – No depreciation.
    - Host (Frame, floors, roof, windows, walls and doors), depreciate over 41 years, or the actual life of the asset.
    - Services (Internal water installations, sanitary ware, heating, ventilation, electrical, lifts, sprinklers, communications and Photovoltaic panels), depreciate over 22 years, unless the host asset's life is less than 41 years, then depreciate over 53.7% of the life of the host.

    - Externals (Drainage, roads, pavements, fences and external utility pipes), depreciate over 39 years, unless the host asset's life is less than 41 years, then depreciate over 95.2% of the life of the host asset.

- Revaluation gains are depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.
- Surplus Assets, held for disposal (10-99 years) are not depreciated.

Accounting for Schools

In determining these accounting policies the Council has considered the treatment of land and buildings separately and referred to the requirements and considerations within the following publications and standards:

- The Code.
- IFRS 10 Consolidated Financial Statements.
- IAS 16 Property, Plant and Equipment as adopted by the Code.
- IAS 17 Leases.
- The IASB Conceptual Framework on Local Authority Reporting.
- The Education Act 1996.
- The School Standards and Framework Act 1998.

The Code concluded that schools are separate entities and that under IFRS 10, maintained schools (but not free schools or academies) meet the definition of entities controlled by local authorities which should be consolidated in group accounts. However, rather than requiring local authorities to prepare group accounts, the Code requires local authorities to account for maintained schools within their single entity accounts. This includes school income and expenditure as well as assets and liabilities.

Maintained schools assets held under finance lease arrangements, where material, are recognised within the Council's accounts in accordance with the Code and IAS 17. A lease is recognised as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset even though title may or may not eventually be transferred. This therefore involves looking at the substance of the transaction rather than the form of the contract.

To determine whether a lease meets these conditions, consideration is given as to whether the following situations individually or in combination are in place:

- The lease transfers ownership of the asset to the lessee by the end of the lease term.
- The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value so as to make it reasonably certain the option will be exercised.
- The lease term is for the major part of the economic life of the asset.
- The present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset, and the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

Rentals payable under operating leases are charged directly to the Comprehensive Income and Expenditure Account (CIES).

Academies and Free Schools

These are owned and managed completely independently of the Council with all funding apart from high needs top up funding being provided directly by central government. The Council has granted long leases as part of the Academies transfer which includes a peppercorn rent, the Net Present Value (NPV) of future minimum lease payments will be nil and the finance lease receivable will be nil.

No revenue or capital amounts are therefore recognised in the Councils accounts for these entities.

No adjustment is made in the Council's financial statements for maintained schools that are in the process of conversion as it is still possible for them to pull out of the conversion process. Their assets are therefore treated and recognised on the basis explained under the maintained schools section below until the actual conversion date. This means assets of schools converting on a 1st April date are still recognised in the previous financial year's statements.

Maintained Schools

Locally maintained schools consist of the following type of schools: Community, Voluntary Aided, Voluntary Controlled and Foundation Schools.

All locally maintained schools are deemed to be entities controlled by the Council. For this reason, schools' transactions (i.e. income, expenditure, assets, liabilities, reserves and cash flows) that would be recognised by a 'school as an 'entity' are consolidated into the Council's statement of accounts. A 'school as an entity' should be understood to mean the management of the school (i.e. the governing body, including the head teacher, and the resources controlled by the school management).

This means that, for all locally maintained schools, the Council recognises:

- Their income and expenditure in the Comprehensive Income and Expenditure Statement (within the Children's and Education Services line) in accordance with accounting policy on accruals of income and expenditure.
- Any unspent resources held by Schools within an earmarked revenue reserve, in line with the Council's reserves policy.
- Their current assets and liabilities within the Balance Sheet, under the appropriate heading and in accordance with the Council's accounting policies specific to that asset / liability.

With regard to PPE, the Council recognises the assets of locally maintained schools in its financial statements if, and only if:

- As a result of a past event, it is probable that the future economic benefits or service potential associated with the items will flow to the Council and/or to a 'school as and entity'.
- The costs of the item can be measured reliably.

Playing fields are usually part of the Council's statutory duty and for some schools e.g. Community Schools, the Council is normally the freeholder of the buildings. In other cases trustees or religious bodies are the legal owners. However, in preparing the accounting judgement of whether these schools should or should not be recognised in the Council's financial statements we have considered not just legal ownership of the assets, but also the substance of the arrangement.

Although there are cases where a maintained school's land and building assets are not legally owned by the Council, and the owning entity has the right to take them back (described by CIPFA as "mere licences"), we are unaware of any instances where this right has been exercised. There is therefore an expectation of continued use of both land and building assets for the provision of education through the school. In a number of cases the Council has also incurred capital costs on the school buildings and there is an expectation within education regulations that where this is the case a period of notice would need to be given if the owning entity wanted to take back the land or buildings.
Even in cases where the Council does not actually own the freehold of Voluntary Aided, Voluntary Controlled and Foundation schools through legal title itself, the Council retains a residual interest in the proceeds on disposal of land or buildings of any Voluntary Aided school, Voluntary Controlled school, and Foundation School under the provisions of Schedule 22 of the School Standards and Framework Act 1998.

Section 13 of the Education Act 1996 also states: *"A local education authority shall (in so far as their powers enable them to do so) contribute towards the spiritual, moral, mental and physical development of the community by securing that efficient primary education, secondary education and further education are available to meet the needs of their area."*

This clearly shows that all maintained schools contribute towards meeting the Council's service objectives and should therefore form part of our statement of accounts.

Land and buildings of Voluntary Aided, Voluntary Controlled and Foundation Schools are recognised in the Council's statement of accounts.

2019-20 Number of Schools	Maintained Schools included in the Fixed Asset Register	2020-21 Number of Schools
4	Alternative Provision Schools	4
88	Community Mainstream Schools	86
6	Community Special Schools	4
19	Foundation Schools	19
38	Voluntary Aided Schools	38
49	Voluntary Controlled Schools	46
204	**Total on Balance Sheet**	**197**

2019-20 Number of Schools	Academies and Free Schools not included in the Fixed Asset Register	2020-21 Number of Schools
20	Academies Sponsor Led	23
69	Academy Converters	70
1	University Technical College	1
1	Academy Special School Converters	3
3	Academy Special Schools Sponsor Led	3
1	Free Alternative Provision Schools	1
2	Free Schools	2
97	**Total off Balance Sheet**	**103**

301	**Total Maintained Schools, Academies and Free Schools**	**300**

Private Finance Initiative (PFI) scheme

PFI contracts are agreements to receive services, where responsibility for making available the Property Plant & Equipment (PPE) needed to provide the services passes to the PFI contractor. Where the Council is deemed to control the services ownership of the PPE will pass to the Council at the end of the contract. The Council carries the PPE used under the contracts on the Balance Sheet.

The original recognition of the PPE is balanced by the recognition of a liability for the amounts due to the scheme operator to pay for the assets. PPE recognised on the Balance Sheet are valued and depreciated in the same way as other assets owned by the Council. Services received under the contract are recorded under the relevant expenditure headings as operating expenses.

The amounts payable to the PFI operators each year are analysed into five elements, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received, debited to the relevant service within the CIES,
b) Payment for the finance cost, an interest charge on the outstanding balance sheet liability, debited to the financing and investment income and expenditure line in the CIES,
c) Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES,
d) payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease) and,
e) lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation which 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. In these instances, services have been charged expenditure in anticipation of the liability having been met. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required, or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service.

A specific bad debt provision is estimated by considering the probability of recovery of individual debtor invoices. The specific provision is based upon all known information about the debtor including financial position of the debtor, the age of the invoice and current credit control status of the invoice.

Contingent Liabilities

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

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

Reserves

In addition to its general revenue balances, the Council has maintained specific reserves for future expenditure and to protect against unexpected events. These are created by transferring amounts out of the general fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service and included within the reported surplus or deficit on the provision of services in the Comprehensive Income & Expenditure Statement. The reserve is then transferred back into the general fund balance, through the movement in reserves statement, so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits. These reserves do not represent usable resources to the Council, and are explained further in the appropriate policies and notes to the accounts.

Revenue Expenditure Funded from Capital under Statute

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

Service Concessions

Service concessions are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The recognition point is the same as for assets under construction, when it is probable that future economic benefits associated with the asset will flow to the organisation and the cost of the asset can be reliably measured.

VAT

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

Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code requires consideration of the impact of standards that have been issued but not yet adopted. This is to enable users to evaluate the risk of these new standards on the Council's current financial position. A number of standards have been issued but are not yet applied, and these are listed below.

- **IFRS 16 Leases**
  CIPFA/LASAAC has again deferred the implementation of IFRS 16 for Local Government until 1st April 2022. The accounting standard requires that where Local Authorities have lease arrangements where they are the lessee, to recognise these on their balance sheet as a right of use asset with corresponding lease liabilities. Exemption does exist for leases of small value and of short term duration.

  The Council are undertaking a review to assess this further. It is therefore not currently possible to quantify the likely impact of this change in accounting standards.
- **Definition of a Business: Amendments to IFRS 3 Business Combinations**
  Effective from 1st April 2021, IFRS3 will make reference to the 2018 conceptual framework, instead of the 1989 framework, resulting in minor changes in the definition of assets and liabilities for Business Combinations. These changes will be reviewed by the Council but are unlikely to have any material impact.
- **Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7 and Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.**
  These reforms mainly relate to hedge accounting for derivatives moving from LIBOR to SONIA. As the Council does not use hedge accounting there will be no impact on the financial statements.

Critical Judgements in applying Accounting Policies

In applying the accounting policies set out, 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:

- The Council recognises school land and buildings for Community Schools, Voluntary Controlled, Voluntary Aided and Foundation Schools on its Balance Sheet, where it is probable that the future economic benefits or service flow to the Council, and costs can be measured reliably. The Council has not recognised assets relating to Academies, as it is of the opinion that these assets are not controlled by the Council. School assets are recognised as a disposal from the Council's Balance Sheet on the date on which a school converts to Academy status, not on the date of any related announcement, nor is any impairment recognised by the Council prior to conversion.

- Lender Option Borrower Option (LOBO) A LOBO is a type of loan instrument where borrowing is undertaken, initially at a fixed rate of interest. Periodically, at specific points, the lender has the option to alter the interest rate charged. Should the lender exercise the option to alter the interest rate, the borrower then has the option to continue with the loan instrument at the new rate or alternatively to terminate the agreement and pay back the sum borrowed with no other penalty. The Council currently have LOBO loan arrangements totalling £33.5 million and these provide the lender the option to amend the interest rates every 6 months. The Council has reviewed the classification of these arrangements and considered the current economic outlook and the fact that a number of Banking institutions have amended their portfolio to remove such LOBO arrangements from their Balance Sheets. The Council therefore considers that sufficient doubt remains over the call of these options and to ensure sufficient liquidity is available, maintains that these loans should be classified as short term loans within the financial statements.

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

In preparing the accounts there are areas where estimates are used. These include:

- Useful life and valuations of properties, which are estimated by qualified valuers.
- Fair values of financial assets and liabilities, which are estimated by our treasury advisors.
- Provisions, which are estimated using latest available information.
- Bad debt levels, which are estimated using past trends and experience.
- The liability for future pension payments, which are estimated by qualified actuaries.

The items for which there is significant risk of material adjustment in the forthcoming financial year are as follows:-

- **Property, Plant and Equipment – (Funding Implications)**

  Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase in these circumstances. A 20% increase in the annual depreciation charge for assets would currently equate to £5.19 million.

- **Pensions**

  The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. Details of the affect of any such changes are provided within Note 32.

Gloucestershire Pension Fund

Fund Account for the year ended 31st March 2021

2019/20			2020/21	Note
£'000		**£'000**	**£'000**	
	Contributions			
-84,158	employer contributions	**-123,689**		N18
-18,962	member contributions	**-20,110**		N18
-103,120			**-143,799**	N7
	Transfers in from other pension funds			
-12,575	individual transfers from other schemes or funds	**-5,883**		
-	group transfers from other schemes or funds	-		
-12,575			**-5,883**	
	Other income			
-136	recoveries for services provided		**-94**	N20
	Benefits			
73,026	pensions	**75,033**		N30
13,930	commutation of pensions and lump sum retirement benefits	**11,358**		
1,334	lump sum death benefits	**1,908**		
88,290			**88,299**	N7
	Payments to and on account of leavers			
373	refunds to members leaving scheme or fund	**227**		
-1	payments for members joining state scheme or fund	**-2**		
7,929	individual transfers to other schemes or funds	**5,706**		
-	group transfers to other schemes or funds	-		
8,301			**5,931**	
-19,240	**Net (additions) / withdrawals from dealings with members**		**-55,546**	
10,028	**Management Expenses**		**12,202**	N20
-9,212	**Net (additions) / withdrawals including fund management expenses**		**-43,344**	
	Returns on investments			
-25,088	Investment income	**-23,888**		N13
46	Taxes on income	**-43**		N3 & N13
168,409	Profit(-) and losses on disposal of investments and changes in market value of investments	**-590,652**		N4
143,367	**Net returns on investments**		**-614,583**	
134,155	**NET INCREASE (-) / DECREASE IN THE NET ASSETS AVAILABLE FOR BENEFITS DURING THE YEAR**		**-657,927**	
2,378,718	**Opening net assets of the scheme**		**2,244,563**	
2,244,563	**Closing net assets of the scheme**		**2,902,490**	

Gloucestershire Pension Fund

Net Assets Statement as at 31st March 2021

2019/20		2020/21	Note
£'000		**£'000**	
	Investment assets		
331,206	Bonds	**360,751**	
1,673,162	Pooled investment vehicles	**2,257,529**	N10
200,277	Pooled property investments	**202,134**	N10
2,904	Derivative contracts	**1,106**	N2 & N15
4,491	Other investments - Venture Capital/Private Equity	**4,856**	
12,328	Cash held on behalf of the investment managers	**15,816**	N25
4,352	Other investment balances	**5,800**	
2,228,720		**2,847,992**	N12
	Long term investment assets		
427	Brunel Pension Partnership Ltd.	**112**	
427		**112**	
	Investment liabilities		
-4,108	Derivative contracts	**-813**	N2 & N15
-946	Other investment balances	**-**	
-5,054		**-813**	N12
2,224,093	**Total net investments**	**2,847,291**	
	Long term assets		
315	Contributions due from employers	**308**	
315		**308**	N12 & N22
	Current assets		
4,808	Contributions due from employers	**4,974**	
471	Other current assets	**277**	
618	Money due re. transfer of staff to another pension scheme	**-**	
250	Payments in advance	**275**	
17,539	Cash balances	**50,668**	N2, N21, N25
23,686		**56,194**	N12 & N22
	Current liabilities		
-18	Unpaid benefits	**-7**	
-3,513	Other current liabilities	**-1,296**	
-3,531		**-1,303**	N12 & N23
2,244,563	**Net assets of the scheme available to fund benefits at the reporting period end**	**2,902,490**	N4, N5, N12 & N16

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end but rather summarise the transactions and net assets of the scheme.

The actuarial present value of promised retirement benefits is disclosed at Note N24.
The notes on the following pages form part of these Financial Statements.

Gloucestershire Pension Fund

Notes to Pension Fund Accounts

N1. Introduction

The County Council is the administering body for the Gloucestershire Pension Fund which is a contributory defined benefit scheme. This is not only for County Council employees but also for District Councils within the County and other local bodies providing public services. A full list of all employing bodies who are members of the Fund are shown in the Pension Fund's Annual Report alongside the detailed accounts of the Gloucestershire Pension Fund.

The Fund is governed by the Public Service Pensions Act 2013 and administered in accordance with the following secondary legislation:
- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2016 (as amended)

The Fund exists to provide pensions and certain other benefits to former employees. The Pension Fund is not a Gloucestershire County Council fund and is subject to its own audit; therefore balances are not included in the Gloucestershire County Council Consolidated Balance Sheet. The Fund is administered by the Pension Committee, which is a committee of Gloucestershire County Council. The Pension Board was set up with effect from the 1st April 2015 to assist the Pensions Committee in securing compliance with the relevant laws and Regulations and to help the Pension Committee ensure the effective and efficient governance and administration of the Fund.

Membership Breakdown

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Pension Fund include the following:
- Scheduled bodies, which are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Fire fighters, police and teachers have their own separate nationally-administered schemes.

Membership details are set out below:

	31st March 2020	**31st March 2021**
Number of employers	204	**204**
Number of employees in the scheme		
County Council	10,252	**10,074**
Other employers	8,869	**9,148**
	19,121	**19,222**
Number of pensioners		
County Council	9,812	**10,176**
Other employers	6,795	**7,114**
	16,607	**17,290**
Deferred pensioners		
County Council	11,743	**11,744**
Other employers	8,430	**8,530**
	20,173	**20,274**
Total number of members in pension scheme	55,901	**56,786**

In addition there were 5,110 (4,516 2019/20) undecided or unprocessed leavers.
Undecided leavers are those members who are no longer accruing service and to whom a refund of contributions or transfer out may be due.
Unprocessed leavers are those members which represent cases where we are aware that a member has left, but that case has not yet been processed.

Funding
Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31st March 2021. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31st March 2019. When setting contribution rates the Actuary takes into account the funding target, the time horizon over which the funding target is to be achieved and the strength of the employer covenant; further information can be found within the Fund's Funding Strategy Statement. During 2020/21 employer contribution rates ranged from 0% to 38.0% of pensionable pay.

Benefits
Prior to 1st April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1st April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with Consumer Prices Index.
A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website - see www.lgpsmember.org.

N2. Summary of significant accounting policies

Basis of preparation
The Statement of Accounts summarises the Funds' transactions for the 2020/21 financial year and its position at year end as at 31st March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts summarise the transactions of the Fund and reports 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 value of promised retirement benefits, valued on an International Accounting Standard (IAS19) basis, is disclosed at Note 24 of these accounts. The accounts are prepared on a going concern basis.

Critical judgements in applying accounting policies
The net Pension Fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.
This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note N24.
These actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies.

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 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. Income and expenditure have been accounted for on an accruals basis.

The items within the Financial Statements as at 31st March 2021, for which there is a risk of material adjustment in the forthcoming year, are highlighted below:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 24)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on 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 the individual assumptions can be measured as follows: - A 0.5% decrease in the real discount rate would increase the liability by £424m - A 0.5% increase in the pension increase rate would increase the liability by £379m - A 0.5% increase in the salary increase rate would increase the liability by £37m
Pooled Property Funds, Private Equity, Infrastructure and Private Debt	Investments are not publicly listed and as such there is a degree of estimation involved in the valuation. Due to the normal delay in receiving quarterly valuation statements for the underlying funds, investments in Pooled Property Funds, Private Equity, Infrastructure and Private Debt funds totalling £86.5m have a valuation date earlier than 31st March 2021.	The total value of Pooled Property Funds, Private equity, Infrastructure and Private Debt investments in the financial statements as at 31st March 2021 was £294.752m. There is a risk that these investments may be under or overstated in the accounts, see Note 26. A change in market price of those holdings with a valuation date prior to the 31st March 21 would equate to a potential movement of - Private Equity & Infrastructure £7.6m, 28.5% - Pooled Property Funds £4.0m, 14.2% - Private Debt £1.5m, 4.6%

Revenue and expense recognition

Contribution income
Contributions have been accounted for on an accruals basis where amounts due have been determined in time for inclusion in the accounts. Additional employer's contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Employer deficit contribution lump sum payments are accounted for in the year the payment is made. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Benefits payable and refunds of contributions
Benefits payable and refunds of contributions have been brought into the accounts on the basis of all valid claims approved during the year.

Transfers to and from other schemes
Individual transfer values are accounted for when they are paid or received. Bulk transfer values are accrued when the value has been determined.

Management expenses

Pension Fund expenses have been accounted for in accordance with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Costs* . A more detailed breakdown of management expenses can be found in Note N20.

<u>Investment management expenses</u>
Investment Management Expenses comprise of expenses which are incurred in relation to the management of pension fund assets. Broadly, these are based on the market value of the investments in the investment manager's portfolio and therefore increase or reduce as the value of these investments change. Where an investment manager's fee has not been received by the reporting period end date, an estimate based upon the market value of the mandate at the end of the reporting period has been used. Where fees are netted off investment market values by investment managers, these expenses are grossed up to increase the change in value of investments.

Federated Hermes deducts its fees from a combination of assets held and income distributions and is included within Investment Management Expenses. Technology Venture Partners (TVP) and Yorkshire Fund Managers Ltd. (YFM) deduct their fees from the value of the assets under their management. Fees for TVP and YFM have not been included as they are the legal responsibility of the managers and not the Fund. Management costs for Arcmont are deducted from distributions. Brunel's investment managers and Golub deduct their fees from the value of the pooled funds under their management. The investment manager for Brunel's passive global equity pooled funds encashes units to cover their fees and all these fees have also been included within Investment Management Expenses.

<u>Acquisition and transaction costs of investments</u>
Acquisition costs of investments (e.g. stamp duty) and transaction costs are included within Investment Management Expenses with a corresponding offset against Profit on Disposal of Investments. In addition to the transaction costs disclosed, indirect costs are incurred through the bid/offer spread on investments within pooled investment vehicles. A more detailed breakdown of management expenses, including transaction costs, can be found in Note N20.

<u>Administration expenses</u>
All administrative expenses are accounted for on an accrual basis. All staff costs associated with administration is charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. Further information on administrative expenses can be found in Note N20.

<u>Oversight & governance expenses</u>
All Oversight and Governance expenses are accounted for on an accrual basis. All staff costs associated with Oversight and Governance is charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. The cost of investment advice from external consultants is included in Oversight & Governance. Further information on Oversight and Governance expenses can be found in Note N20.

Investment Income
Dividends are accounted for when the holding is declared ex-dividend. Any amount not received by the end of the reporting period is recognised as a current financial asset. Investment income arising from the underlying investments of Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicle and reflected in the unit price.

Cash and cash equivalents

Cash comprises cash in hand (bank) and demand deposits (money market funds) which also includes amounts held by the Fund's custodian on behalf of its investment managers.

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

Cash balances held in accordance with the County Councils' Treasury Management Strategy and those held with the Funds' Custodian State Street Global Services, on behalf of investment managers, are in instant access accounts.

The Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 Post-Employment Benefits and relevant actuarial standards.
As permitted under the Code, the Fund has included a note disclosing the actuarial present value of retirement benefits by way of a note to the net asset statement in Note N24.

Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.
A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

Valuation of assets

The SORP requires securities to be valued on a Fair Value Basis therefore assets and liabilities, where there is an active and readily available market price, are valued at the bid price. Where assets do not actively trade through established exchange mechanisms, a price is obtained from the manager of the investment asset through their quarterly reports. Further details of their approach to establishing fair value can be found within Note N26, Basis of Valuation table. Any amounts due or payable in respect of trades entered into but not yet completed at 31st March each year, accrued dividend income, Fund debtors and creditors and cash and cash instruments are accounted for as financial instruments held at amortised cost. Investments held in foreign currencies are shown at market value translated into sterling at the exchange rates prevailing as at 31st March 2021. Purchases and sales during the year which require settlement in a foreign currency are converted from/to sterling at the exchange rate prevailing on the trade date. Fixed interest securities are recorded at market value based on their yields. Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is re-invested in the fund, net of applicable withholding tax. The Pooled Property Investments are independently valued either in accordance with the Royal Institute of Chartered Surveyors valuation standards or by a fair value process driven by International Private Equity and Venture Capital Valuation guidelines. Private Equity and Infrastructure funds are valued using the latest financial statements published by the respective fund managers and in accordance with the International Private Equity and Venture Capital Guidelines. The valuation standards followed by the managers are in accordance with the industry guidelines and the constituent management agreements. Such investments may not always be valued on year end valuation as information may not be available, and therefore will be valued based on the latest valuation provided by the managers adjusted for movements to the year end.

Financial assets are included in the financial statements on a fair value basis at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from the changes in the fair value of the asset are recognised in the Fund Account.

The values of investment as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 26). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association).

Gloucestershire Pension Fund together with nine other shareholders each hold a 10% share in Brunel Pension Partnership Ltd (company number 10429110). As such, no fund is deemed to have a significant influence and this long term investment is accounted for at fair value. The asset was initially measured at cost and is subsequently revalued for any impairment.

The accounts for the year ended 31st March 2021 use the valuations for the Fund's assets based on the figures provided by the Fund's custodian, State Street.

Derivatives

Derivative contracts are valued at fair value and are determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid or offer market quoted price of the contract. Derivative contract assets, those with a positive value, are valued at bid price and derivative contract liabilities, those with a negative value, are valued at the offer price. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts. The fair value of the forward currency contracts are based on market forward exchange rates at the year end date.

N3. Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and is exempt from UK capital gains tax on the proceeds of investments sold and UK income tax on interest received. Corporation Tax is deducted from UK equity dividends; tax deducted from property unit trusts can be reclaimed. Withholding tax is payable on income from overseas investments. This tax is recovered wherever local tax laws permit.

N4. Investment movements summary

2020/21

Asset Class	Market Value at 31st March 2020 £'000	Purchases during the year at cost and derivative payments £'000	Sales proceeds during the year and derivative receipts £'000	Change in market value during the year £'000	**Market Value at 31st March 2021 £'000**
Bonds	331,206	63,441	-52,290	18,394	**360,751**
Equities	-	-	-	-	-
Pooled Investments	*1,673,162	507,876	-496,390	572,881	**2,257,529**
Pooled Property Funds	*200,277	8,032	-2,509	-3,666	**202,134**
Private Equity/Venture Capital	4,491	-	-57	422	**4,856**
	2,209,136	579,349	-551,246	588,031	**2,825,270**
Derivative contracts:					
Futures	415	777	-1,857	459	**-206**
Forward currency contracts	-1,619	-	-	2,118	**499**
	-1,204	777	-1,857	2,577	**293**
Long term investment assets					
Brunel Pension Partnership Ltd.	427	-	-	-315	**112**
	427	-	-	-315	**112**
Net Investment Assets	2,208,359	580,126	-553,103	590,293	**2,825,675**

In addition to the investments there was £76,815k (£36,204k 2019/20) in cash, cash equivalents and accruals. Cash movements, currency adjustments and other end of year settlements totalled £359k (-£550k 2019/20). As a result the total profit (-) and losses on disposal of investments and changes in market value of investments was -£590.6m (£168.4m 2019/20).

* As a result of a change in CIPFA guidance Pooled Property Funds are now all grouped together in the Net Asset Statement where previously Property Unit Trusts were shown separately. The breakdown above has been changed to reflect the new format and £8,215k has been moved from the opening position of Pooled Investments to Pooled Property Funds

2019/20

Asset Class	Market Value at 31st March 2019 £'000	Purchases during the year at cost and derivative payments £'000	Sales proceeds during the year and derivative receipts £'000	Change in market value during the year £'000	**Market Value at 31st March 2020 £'000**
Bonds	323,927	91,304	-78,310	-5,715	**331,206**
Equities	-	-	-	-	-
Pooled Investments *	1,820,908	858,632	-849,625	-156,753	**1,673,162**
Pooled Property Funds *	201,128	3,773	-2,293	-2,331	**200,277**
Private Equity/Venture Capital	4,972	-	-44	-437	**4,491**
	2,350,935	953,709	-930,272	-165,236	**2,209,136**
Derivative contracts:					
Futures	-542	5,058	-3,474	-627	**415**
Forward currency contracts	410	-	-	-2,029	**-1,619**
	-132	5,058	-3,474	-2,656	**-1,204**
Long term investment assets					
Brunel Pension Partnership Ltd.	395	-	-	32	**427**
	395	-	-	32	**427**
Net Investment Assets	2,351,198	958,767	-933,746	-167,860	**2,208,359**

In addition to the investments there was £36,204k (£27,520k 2018/19) in cash, cash equivalents and accruals. Cash movements, currency adjustments and other end of year settlements totalled (-£550k) (£583k 2018/19). As a result the total profit (-) and losses on disposal of investments and changes in market value of investments was £168.4m (-£90.9m 2018/19).

* As a result of a change in CIPFA guidance in 2020/21, Pooled Property Funds are now all grouped together in the Net Asset Statement where previously Property Unit Trusts were shown separately. The breakdown above has been changed to reflect the new format and the movement of Property Funds from the Pooled Investment category to Pooled Property Funds.

The change in market value of investments comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

The closing market value of the derivatives in the previous tables represents fair value as at the year end date. In the case of derivative contracts, which are traded on exchanges, this value is determined using exchange prices at the reporting date. Forward foreign exchange contracts are over the counter contracts and are valued by determining the gain or loss that would arise from closing out the contract at the reporting date and entering into an equal and opposite contract as at that date. The profit or loss arising is included within the cash and accruals figure.

All derivative contracts settled during the period are reported within the table as purchases and sales.

N5. Management of fund assets

The market value of investments managed by each external manager at the end of the financial year was:

	2019/20		**2020/21**	
	£'000	%	**£'000**	**%**
Investments managed by the Brunel regional asset pool				
Legal & General Investment Management	477,178	21.3	**498,512**	**17.2**
Brunel Global High Alpha Fund	381,851	17.0	**436,140**	**15.0**
Brunel ACS UK Equity Fund	292,751	13.0	**373,224**	**12.9**
Brunel Global Sustainable Fund	-	-	**254,269**	**8.8**
Brunel Diversifying Returns Fund	-	-	**217,761**	**7.5**
Brunel Property Fund	-	-	**208,809**	**7.2**
Brunel Emerging Equity Fund	120,663	5.4	**176,328**	**6.1**
Brunel Private Equity and Infrastructure Portfolio	12,691	0.6	**29,709**	**1.0**
Brunel Pension Partnership Ltd. (Shareholding)	427	0.0	**112**	**0.0**
	1,285,561	57.3	**2,194,864**	**75.7**
Investments managed outside of the Brunel regional asset pool				
Western Asset Management Company Ltd.	521,508	23.2	**582,266**	**20.1**
Arcmont Asset Management Ltd.	30,752	1.4	**33,360**	**1.1**
Golub Capital Partners International	33,362	1.5	**31,710**	**1.1**
Technology Venture Partners	3,733	0.2	**3,817**	**0.1**
Yorkshire Fund Managers Ltd.	757	0.0	**1,039**	**0.0**
BlackRock Advisors (UK) Ltd.	63,290	2.8	**-**	**-**
CBRE Global Investment Partners Ltd.	62,383	2.8	**-**	**-**
Federated Hermes Investment Management Property Unit Trust	142,818	6.4	**-**	**-**
Aberdeen Standard Investments	79,715	3.5	**-**	**-**
	938,318	41.8	**652,192**	**22.4**
Total - External Managers	2,223,879	99.1	**2,847,056**	**98.1**
In-house cash and accruals	20,471	0.9	**55,199**	**1.9**
Cash instruments with Custodian	213	0.0	**235**	**0.0**
	2,244,563	100.0	**2,902,490**	**100.0**

Where the value of an investment exceeds 5% of the total value of net assets, details have been disclosed in note N16.

N6. Actuarial position of the Fund

- In line with the Local Government Pension Scheme Regulations, actuarial valuations of the Fund are required to be undertaken every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The latest valuation took place as at 31st March 2019 and established the minimum contribution payments for the three years until 31st March 2023. The next valuation will take place as at March 2022.

  The key elements of the actuarial valuation are:
- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where it is reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations

  The aim is to achieve 100% solvency over a period not exceeding 17 years depending on the type of employer and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

- The market value of the Fund's assets at the March 2019 triennial valuation date was £2,379m (£1,703m March 2016) and represented 102% (79.7% March 2016) of the Fund's accrued liabilities.

- The table below summarises the whole fund Primary and Secondary Contribution rates at the 2019 valuation. The 2016 valuation results of the Fund are shown for comparison.

	Last Valuation 31st March 2016		**This Valuation 31st March 2019**	
Primary Rate (% of pay)	19.6%		**20.9%**	
Secondary Rate (£)	2017/18	32,487,000	**2020/21**	**30,652,000**
	2018/19	36,638,000	**2021/22**	**26,850,000**
	2019/20	40,905,000	**2022/23**	**24,353,000**

- Individual employers' rates will vary depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2019 actuarial valuation report and the Funding Strategy Statement on the Fund's website. The Actuary has made an assessment of the contributions that should be paid into the Fund by participating employers for the period 1st April 2020 to 31st March 2023 in order to maintain the solvency of the Fund.

- The contribution rate has been calculated using the projected evolution of each employers' assets and benefit payments and the main actuarial assumptions used are as follows:

	Funding Basis 2016	**2019**
Rate of return on investments (Discount Rate)	4.0% pa	**4.2% pa**
Rate of general pay increases	2.4% pa	**2.6% pa**
Rate of increase to pensions in payment (in excess of guaranteed minimum pension)	2.1% pa	**2.3% pa**

- The estimate of the pension fund liability is subject to significant variations, based on changes to the underlying assumptions used - please see table above.

- The full actuarial valuation reports for 2007, 2010, 2013, 2016 and 2019 are published on the Pension pages of the County Council's website

- See note N24 for details of the Actuarial Present Value of Promised Retirement Benefits.

N7. Analysis of contributions receivable and benefits payable

	2019/20 Contributions receivable £'000	2019/20 Benefits payable £'000	**2020/21 Contributions receivable £'000**	**2020/21 Benefits payable £'000**
Gloucestershire County Council *[Administering authority]*	46,486	46,656	****60,830**	**47,185**
Scheduled bodies (167 20/21) (164 19/20)* *[Bodies admitted by right]*	50,666	35,667	****76,371**	**35,530**
Admitted bodies (36 20/21) (39 19/20)* *[Bodies admitted by agreement]*	5,968	5,967	**6,598**	**5,584**
	103,120	88,290	**143,799**	**88,299**

Scheduled bodies now include 102 (97 19/20) schools who have converted to academy status.

* These numbers relate to active employers with active members

** During 2020/21 Gloucestershire County Council and four scheduled bodies made the decision to pay lump sum deficit contributions of £38.8m to the Fund to benefit from earning greater investment returns in the short term resulting in reduced contribution payments owing in future years.

N8. Investment Strategy Statement

The Fund's Investment Strategy Statement (ISS) as required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 can be found on the Fund's website www.gloucestershire.gov.uk/pensions/investments. It includes a statement on the Fund's approach to pooling its investment assets as required under the Regulations.

N9. Related party transactions

Gloucestershire County Council, as Administering Authority for the Fund, incurred the following costs in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund. All monies owing to and due from the Fund were paid or accrued for in the year.

	2019/20 £'000	**2020/21** **£'000**
Administrative expenses	2,362	**2,144**

Part of the Pension Fund's cash holdings are invested on the money markets by the Treasury Management team of Gloucestershire County Council, see notes N2, N21 and N25.

Of the County Council's key management personnel, some of the Executive Director Corporate Resources and Director of Finance remuneration costs were recharged to the Fund to reflect time spent supporting the Fund. These consisted of salary, fees and allowances of £28,528 (£11,209 2019/20) and employers' pension contributions of £8,815 (£3,464 2019/20). The increase on the year reflects the extra time spent by the Director of Finance prior to the commencement of the new Head of Pensions.

The Executive Director and Director are members of the Fund as contributing Gloucestershire County Council employees. This does not impact on their role as Finance Director and S151 officer, which is clearly defined.

The Pensions Committee is the decision making body for the Fund and Gloucestershire County Council nominates 6 voting committee members.
Each member of the Pension Committee is required to declare their interests at each meeting.
Mr. P. Clark, the Scheme Member Representative, is a non-voting member of the Pension Committee. Mr. Clark is a contributing member of the Pension Fund and this does not impact on his Pension Committee role.
Three members of the Pension Committee were also District Council members as at 31st March 2021 and these are detailed below:

Member	**District Council**
Cllr. D. Brown	Gloucester City Council
Cllr. D. Gray	Tewkesbury Borough Council
Cllr. R. Theodoulou	Cotswold District Council

In addition to the roles outlined above, Cllr. R. Theodoulou represents the Gloucestershire Pension Fund on the Brunel Oversight Board. Cllr L. Stowe is corporate shareholder representative for Gloucestershire County Council for UBICO Limited which is an employer in the Fund.

Cllr. D. Gray replaced Cllr. N. Cooper on the Committee.

The Pension Board was created on the 1st April 2015. Five members of the Board are members of the Fund as contributing employees and another one is in receipt of pension benefits. This does not impact on their roles as members of the Pension Board given the nature of the Board's functions.

Transactions between employers and the Fund are disclosed in note N7.

Brunel Pension Partnership Ltd (Company Number 10429110)

Brunel was formed on the 14th October 2016 and will oversee the investment of pension fund assets for Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire Funds.

Each of the ten local authorities, including Gloucestershire County Council own 10% of Brunel. Pension Fund transactions with Brunel are as follows:

	2019/20 £'000	**2020/21 £'000**
Income	-	**-**
Expenditure	860	**909**
Debtors	-	**-**
Payments in Advance	250	**271**
	1,110	**1,180**

In addition to his role as Pension Committee member and Cotswold District Council councillor, Cllr. R Theodoulou represents the Fund on the Brunel Oversight Board.

In 2020/21 the Pension Fund, together with the other nine Funds in Brunel, entered into a Pension Cost Recharge Agreement whereby each Fund agreed to reimburse Brunel with its share of regular ongoing pension related cashflows via its Annual Operating Charge. As part of this arrangement the Fund also agreed to pay or receive its share of any exit payment or credit should Brunel cease to be a member of the Local Government Pension Scheme. At the end of September 2020 the Fund's share of the possible charge was £657k.

N9a Key management personnel

The key management personnel of the Fund are the Section 151 Officer and the Head of Pensions. The Section 151 Officer's costs have not been included as the Pension Fund is recharged on a time spent basis and their salary is accounted for in Gloucestershire County Council's accounts.

Total remuneration payable to the Head of Pensions position is set out below. This changed from 0.5 full time equivalent (F.T.E.) in 2019/20 to 1 F.T.E commencing November 2020,

	2019/20 £'000	**2020/21 £'000**
Short-term benefits	73	**51**
Post-employment benefits	37	**3**
Other long-term benefits	-	**-**
Termination benefits	-	**-**
Share-based payments	-	**-**
	110	**54**

N10. Contingent liabilities and contractual commitments

Investment commitments

The Fund has investment commitments with three managers where the investment manager has not yet drawn down all monies due. These commitments relate to investments in private debt, private equity and infrastructure and are requested as and when the respective investment manager identifies an investment opportunity. The amounts requested can therefore be irregular in both size and timing.
During the year the Fund increased its commitment to the Brunel's infrastructure mandate by £50m, private equity mandate by £10m and private debt mandate by £40m. Brunel's private debt mandate is still in the process of being set up. Brunel anticipates that investment in its private equity, infrastructure and private debt funds may be fully drawn down by 2026. In relation to the Fund's private debt funds managed by Arcmont and Golub it is estimated that 80-85% of the Fund's total commitment has been drawn down and the private debt funds will start returning monies as investments mature rather than draw down the entire commitment.
The following table shows the Fund's total commitment and the remaining liability, following drawdowns, at the year end.

	Total Commitment	Outstanding liability 2019/20	**Outstanding liability 2020/21**
	£'000	£'000	**£'000**
Arcmont Asset Management Ltd. (private debt)	**50,000**	17,532	**14,992**
Golub Capital Partners International (private debt)	**40,000**	5,798	**5,798**
Brunel Pension Partnership Ltd. (private equity) Cycle 1	**43,000**	36,930	**31,638**
Brunel Pension Partnership Ltd. (private equity) Cycle 2	**70,000**	60,000	**69,563**
Brunel Pension Partnership Ltd. (infrastructure) Cycle 1	**43,000**	36,212	**30,664**
Brunel Pension Partnership Ltd. (infrastructure) Cycle 2	**130,000**	80,000	**122,865**
Brunel Pension Partnership Ltd. (private debt) Cycle 2	**120,000**	80,000	**120,000**
	496,000	316,472	**395,520**

Pension bonds

Eleven admitted body employers in the Pension Fund held insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default. No such defaults have occurred in 2020/21 (2019/20 nil).

Contingent liability

In 2020/21 the Pension Fund, together with the other nine Funds in Brunel, entered into a Pension Cost Recharge Agreement whereby each Fund agreed to reimburse Brunel with its share of regular ongoing pension related cashflows via its Annual Operating Charge. As part of this arrangement the Fund also agreed to pay or receive its share of any exit payment or credit should Brunel cease to be a member of the Local Government Pension Scheme. At the end of September 2020 the Fund's share of the possible charge was £657k.

N11. Stock lending

The Pension Funds' custodian has been authorised to release stock to third parties under a stock lending arrangement. At 31st March 2021 the value of stock out on loan was £20.4m of which £14.4m was in UK Government stock and £6.0m in Overseas Government Stock (In 19/20 the value out on loan was £3.7m in UK Government stock and £1.1m in Overseas Equity).   Stock lending Commission of £3k was received by the Fund.

Collateral of £21.3m (£5.6m) equal to 104.4% (116.5%) of stock out on loan was held in the form of UK and Overseas Government stock and a restrictive list of Overseas Equities.
The Pension Fund stipulates those institutions that are allowed to borrow its stock and the type of collateral that is acceptable.

These investments continue to be recognised in the Fund's financial statements. During the period the stock is on loan, the voting rights of the loaned stocks pass to the borrower

Brunel also operated a stock lending programme in relation to the underlying assets in two of the Fund's pooled funds. At 31st March 2021 the market value of shares out on loan was £17.1m and the value of collateral held £18.5m (108.2%). Income of £40k was reinvested into the pooled funds.

N12. Financial asset analysis

Investment Assets	2019/20	**2020/21**	Note
	£'000	**£'000**	
Bonds			
Public Sector	45,332	**45,381**	
Corporate	285,874	**315,370**	
	331,206	**360,751**	
Pooled investment vehicles			
Equities	1,335,698	**1,738,473**	
Bonds	181,014	**208,677**	
Global Absolute Return	79,715	**-**	
Diversified Growth	-	**217,761**	
Private Equity	6,317	**11,407**	
Infrastructure	6,303	**16,141**	
Private Debt	64,115	**65,070**	
	1,673,162	**2,257,529**	N10
Other investments			
Pooled Property Investments	200,277	**202,134**	N10
Venture Capital/Private Equity	4,491	**4,856**	
	204,768	**206,990**	
Derivative Contracts			
Futures	2,426	**583**	
Forward Foreign Exchange Contracts	478	**523**	
	2,904	**1,106**	N15
Cash (Managers)			
Cash instruments	10,076	**13,239**	
Cash deposits	2,252	**2,577**	
	12,328	**15,816**	
Other investment balances			
Debtors			
Outstanding settlement of investment sales	-	**1**	
Accrued dividend income and tax reclaims due on dividend income	4,352	**5,799**	
	4,352	**5,800**	
Long term financial assets			
Brunel Pension Partnership Ltd.	427	**112**	
	427	**112**	
Total Investment Assets	2,229,147	**2,848,104**	

	2019/20	**2020/21**	Note
	£'000	**£'000**	
Investment Liabilities			
Derivative Contracts			
Futures	-2,011	**-789**	
Forward Foreign Exchange Contracts	-2,097	**-24**	
	-4,108	**-813**	N15
Other investment balances			
Creditors			
Outstanding settlement of investment purchases	-946	**-**	
Total Investment Liabilities	-5,054	**-813**	
Long Term Assets			
Contributions due from employers	315	**308**	
	315	**308**	N22
Current Assets			
Contributions due from employers	4,808	**4,974**	
Other current assets (debtors)	471	**277**	
Money due re. transfer of staff to another pension scheme	618	**-**	
Payments in advance	250	**275**	
Cash balances	17,539	**50,668**	N21
	23,686	**56,194**	N22
Current Liabilities			
Unpaid benefits	-18	**-7**	
Other liabilities (creditors)	-3,513	**-1,296**	
	-3,531	**-1,303**	N23
TOTAL	2,244,563	**2,902,490**	

The Chartered Institute of Public Finance & Accountancy (CIPFA) has removed the requirement to distinguish between quoted and unquoted assets and between UK and Overseas assets. CIPFA now also requires Pooled Investment Vehicles to be classified by underlying asset class rather than type of pooled fund. The presentation of the accounts have been adjusted to follow the new format.

N13. Investment income

Investment income arises from the following investment categories:

	2019/20 £'000	**2020/21 £'000**
Bonds	12,222	**11,751**
Pooled investment vehicles	5,574	**3,608**
Pooled property investments	6,902	**8,325**
Interest on cash deposits	303	**140**
Private equity	-	**7**
Other income from stock lending, underwriting and class actions	87	**57**
	25,088	**23,888**
Withholding tax	-46	**43**
	25,042	**23,931**

N14. Separately invested additional voluntary contributions (AVC's)

Gloucestershire Pension Fund provides additional voluntary contribution (AVC) schemes for its members with The Prudential Assurance Company Limited and Phoenix Life Limited. The AVC's are invested separately in funds managed by them. These are in the form of with-profits, unit-linked and deposit accounts and secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement confirming amounts held to their account and movements in the year. 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 (as amended).

Value of separately invested additional voluntary contributions

	31st March 2020 £'000	**31st March 2021 £'000**
The Prudential Assurance Company Limited	6,385	**6,922**
Phoenix Life Limited	18	**19**
	6,403	**6,941**

Contributions paid by members in the Prudential scheme during 2020/21 totalled £610,385 (2019/20 £557,479).

N15. Derivatives

Investments in derivatives are only made if they contribute to a reduction of risks and facilitate efficient portfolio management. A derivative is a generic term for financial instruments used in the management of portfolios and is a financial contract between two parties, the value of which is determined by the underlying asset. Derivatives include futures, forwards, swaps and options.

The fixed income portfolio uses futures for duration management purposes. Additionally, the investment strategy for this manager, for the majority of overseas currency exposures, is to be fully hedged back to Sterling which is achieved by the use of foreign exchange forward contracts. To mitigate large unrealised profits or losses accruing with any one counterparty the contracts are split between a handful of banks and the contracts rolled quarterly in order that gains or losses are realised at regular intervals.

Derivative Contract Analysis

	Contract type*	2019/20 Economic Exposure	**2020/21 Economic Exposure**	**Expiration**	2019/20 Market Value	**2020/21 Market Value**
INVESTMENT ASSETS		£'000	**£'000**		£'000	**£'000**
Futures						
UK - Fixed Interest						
UK Long Gilt Future	ET	-9,806	**-**	Less than 3 months	211	**-**
UK Futures		-9,806	**-**		211	**-**
Overseas - Fixed Interest						
US Treasury Long Bond Future	ET	1,444	**-**	Less than 3 months	105	**-**
US 5yr Note Future	ET	53,886	**-**	Less than 3 months	2,034	**-**
US 10yr Note Future	ET	-	**-16,608**	Less than 3 months	-	**478**
US Ultra Bond Future	ET	-	**-1,839**	Less than 3 months	-	**105**
German Euro-Bund Future	ET	-7,480	**-**	Less than 3 months	76	**-**
Overseas Futures		47,850	**-18,447**		2,215	**583**
Total Futures		38,044	**-18,447**		2,426	**583**
Forward foreign exchange contracts	OTC	10,805	**36,753**	Less than 6 months	478	**523**
Total Derivative Assets		48,849	**18,306**		2,904	**1,106**
INVESTMENT LIABILITIES						
Futures						
UK - Fixed Interest						
UK Long Gilt Future	ET	**-**	**4,976**	Less than 3 months	**-**	**-52**
UK Futures		**-**	**4,976**		**-**	**-52**
Overseas - Fixed Interest						
German Euro-Bund Future	ET	-	**-7,733**	Less than 3 months	**-**	**-24**
US 10yr Note Future	ET	-19,574	**-**	Less than 3 months	-1,084	**-**
US Ultra Bond Future	ET	-9,663	**-**	Less than 3 months	-927	**-**
US 5yr Note Future	ET	**-**	**47,671**	Less than 3 months	**-**	**-654**
US Treasury Long Bond Future	ET	-	**1,120**	Less than 3 months	-	**-59**
Overseas Futures		-29,237	**41,058**		-2,011	**-737**
Total Futures		-29,237	**46,034**		-2,011	**-789**
Forward foreign exchange contracts	OTC	46,343	**5,804**	Less than 6 months	-2,097	**-24**
Total Derivative Liabilities		17,106	**51,838**		-4,108	**-813**
Net Futures					-1,204	**293**

* Contract types ET (exchange traded) OTC (over the counter)

A breakdown of the open forward foreign exchange contracts at 31st March 2021 is given below:-

Open Forward Currency Contracts at 31st March 2021

Settlement	**Currency bought**	**Local Value**	**Currency sold**	**Local Value**	**Asset Value**	**Liability Value**
		000		000	£000	£000
Up to six months	GBP	10,892	EUR	12,392	329	-
Up to six months	GBP	11,888	USD	16,298	76	-
Up to six months	GBP	10,464	USD	14,345	68	-
Up to six months	GBP	1,328	EUR	1,509	41	-
Up to three months	USD	810	GBP	583	4	-
Up to three months	USD	1,156	GBP	835	3	-
Up to three months	USD	526	GBP	380	1	-
Up to three months	USD	530	GBP	383	1	-
Up to six months	GBP	5,804	USD	8,041	-	-24
Open forward currency contracts at 31st March 2021					523	-24
Net forward currency contracts at 31st March 2021						499
Prior year comparative						
Open forward currency contracts at 31st March 2020					478	-2,097
Net forward currency contracts at 31st March 2020						-1,619

N16. Investments exceeding 5% of Total Net Assets

At 31st March 2021 the Pension Fund held eight, (2019/20, seven) investments that each exceeded 5% of the total value of the net assets of the scheme. These eight investments totalled £2,089,909k out of a total market value for the Fund of £2,902,490k. These are detailed as follows:

Investments exceeding 5% of Total Net Assets	2019/20 £'000	%	**2020/21 £'000**	**%**
Brunel Global High Alpha Equity Fund	381,851	17.0	**436,140**	**15.0**
Brunel UK Equity Fund	292,751	13.0	**373,224**	**12.9**
Legal & General SSciBeta Multi Factor Developed Equity Index Fund	196,325	8.7	**263,530**	**9.1**
Brunel Global Sustainable Fund	-	-	**254,269**	**8.8**
Brunel Diversifying Returns Fund	-	-	**217,761**	**7.5**
Legg Mason Global Funds - WA GMS	173,831	7.7	**201,044**	**6.9**
Brunel Emerging Markets Equity Fund	120,663	5.4	**176,328**	**6.1**
Legal & General Developed World Equity Hedged Currency Index Fund	111,772	4.9	**167,613**	**5.8**
Federated Hermes Property Unit Trust	141,755	6.3	*****	*****
Legal & General Developed World Equity Index Fund	120,614	5.4	**-**	**-**
	1,539,562	68.4	**2,089,909**	**72.1**

* The Fund continues to hold the Federated Hermes Property Unit Trust, however it's value has dropped below 5% of Total Net Assets standing at £137,838,000 (4.75 %).

The Brunel Funds are Unit Trusts.
The Legg Mason Global Fund is an O.E.I.C. investing in overseas fixed interest.
Federated Hermes Property Unit Trust is a Property Unit Trust.
The Legal & General Funds are passively managed Unitised Insurance Policies .

N17. Agency services

The Pension Fund pays discretionary pension awards to former employees on behalf of some Pension Fund employers. The amounts paid are not included within the Fund Account but are provided as a service and fully reclaimed from the employer bodies. The sums are disclosed below.

	2019/20 £'000	**2020/21** **£'000**
Discretionary Payments	1,115	**1,109**

N18. Contributions breakdown	2019/20 £'000	**2020/21** **£'000**
From Employers:		
Normal contributions	57,371	**62,440**
Augmentation contributions	-	-
Deficit recovery contributions	25,757	**57,267**
Section 75 debt (cessation of employer)	-1,194	**2,066**
Other	2,224	**1,916**
	84,158	**123,689**
From Members:		
Normal contributions	18,789	**19,937**
Additional voluntary contributions	173	**173**
	18,962	**20,110**

The Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The primary contribution rate, the rate which all employers in the Fund will pay was set at 20.9%, in addition most employers will also pay a secondary contribution rate depending on their own particular circumstances. Full details of the contribution rates payable can be found in the 2019 Actuarial Valuation Report and the Pension Fund's Annual Report.
The employers' monthly contributions are expressed as a percentage of pensionable pay. Deficit recovery payments are either based on a percentage of pensionable pay or paid as a lump sum. Both monthly contributions and deficit funding payments have been identified above. The deficit recovery contributions relate to past service benefit accrual and are payable over an agreed recovery period, not exceeding 17 years.

During 2020/21 Gloucestershire County Council and four scheduled bodies made the decision to pay lump sum deficit contributions of £38.8m to the Fund to benefit from earning greater investment returns in the short term resulting in reduced contribution payments owing in future years.

Employers who left the scheme during 2020/21 paid outstanding deficit payments, where necessary, and this was included under Section 75 debt.
A revision to the Regulations in May 2018 and a further, more recent revision permits, at the discretion of the Pension Fund, the payment of an exit credit to an employer. Exit credit payments are also included within Section 75 debt.

Other contributions are those contributions paid by an employer to compensate the Pension Fund for early retirement costs or excess ill health retirement costs.

These payments follow the principles outlined in the Funding Strategy Statement. Early retirement costs are usually paid in one lump sum or were historically paid over several years dependent on the status of the employer. When a payment is spread there is an extra cost to reflect the delay in total payment. There are currently no early retirement costs being spread and at 31st March 2021 there were no accrued early retirements due to the Fund (2019/20 nil).

The majority of employers are covered by an ill health insurance policy and claims are made as they arise. Excess ill health retirement costs, not covered by the insurance policy, are invoiced for where necessary. At 31st March 2021 £454k (2019/20 £117k) was due to the Pension fund for ill health retirement costs which have been accrued.

It had been agreed previously that an employer who left the Fund in 2008/09 could spread the payment of their deficit over a number of years. The total amount was credited to the Pension Fund and an accrual made for the outstanding amount. The accrual is rolled forward each year and adjusted for deficit payments made.

N19. Custody of investments

The accounts for the year ended 31st March 2021 use the valuations for the Fund's assets provided by our custodian, State Street Global Services. This reflects the position of the custodian who is ultimately the master book of record. Custodian records are regularly reconciled with the Fund Manager's records. Using the custodian's valuations ensures that the various portfolios are priced consistently, so that the same stocks, in different portfolios, are valued on the same basis. Investments held in custody by State Street Global Services on behalf of the Pension Fund, are ring-fenced from the assets of the Bank and segregated within its books as belonging to Gloucestershire Pension Fund.

N20. Management expenses

Pension Fund expenses have been accounted for in accordance with the *CIPFA guidance Accounting for Local Government Pension Scheme Management Costs* .

Management expenses	2019/20 £'000	**2020/21** **£'000**
Investment management expenses *	7,797	**10,146**
Administration expenses	1,509	**1,556**
Oversight & governance	722	**500**
	10,028	**12,202**

* Please see a more detailed breakdown of the investment management expenses below.

Investment management expenses

2020/21

	Management Fees	**Performance fees**	**Transaction Costs**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Bonds	573	-	-	**573**
Pooled Investment Vehicles	6,699	-	554	**7,253**
Pooled Property Investments	1,040	-	-	**1,040**
Derivative Contracts	-	-	142	**142**
Brunel Pension Partnership Ltd.	1,049	-	-	**1,049**
	9,361	-	696	**10,057**
Custody Fees				**89**
				10,146

2019/20

	Management Fees	**Performance fees**	**Transaction Costs**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Bonds	541	-	-	**541**
Pooled Investment Vehicles	4,377	-	254	**4,631**
Pooled Property Investments	860	568	84	**1,512**
Derivative Contracts	-	-	29	**29**
Brunel Pension Partnership Ltd.	953	-	-	**953**
	6,731	568	367	**7,666**
Custody Fees				**131**
				7,797

Investment management expenses are generally set on a fixed fee basis, calculated using the market value of each portfolio. The cost of investment management expenses varies with the value of assets under management.

The increases investment management expenses during the period of £2.3 million arise as a result of three key factors:
• One of the Private Debt funds starting to return profits from which fees were deducted.
• The change in the Strategic Asset Allocation of the Fund.
• A different fee structure for the Brunel Global High Alpha and Brunel Emerging Market mandate compared to the previous investment mandate held by the Fund partly offset by a reduction in Pooled Property Investment fees.

Change in Strategic Asset Allocation
In accordance with the new agreed strategic asset allocation, two existing pooled funds were sold and the proceeds invested in a Global High Alpha Fund, Global Sustainable Fund and Diversifying Returns Fund managed by Brunel. This move resulted in increased transition costs of £492k in 2020/21. These changes, which were supported by the Independent Investment advisor to the Fund, are designed to improve investment returns, and increase diversification and reduce investment risks to the Fund.

Transaction costs
When an asset is purchased or sold a cost is incurred for broker commission and stamp duty, when appropriate, based on a small percentage of the value of assets being transacted.

Transaction costs of £696k (£367k 2019/20) were included within the purchase cost/proceeds of investment at the point of purchase or sale but for transparency purposes have been added to Investment Management Expenses with a corresponding offset against Profit on Disposal of Investments as recommended by CIPFA.

Transaction costs increased in 2020/21 largely due to an on-going re-organisation of investment managers and investment assets which commenced in 2018/19 together with an increase in derivative contract expenses.

Administration expenses and Oversight & Governance expenses
The increase in Administration Expenses was largely due to an increase in the number of staff employed. Whilst the decrease in Oversight & Governance was mainly due to a reduction in actuarial fees during the inter-valuation period.

Within Oversight and Governance costs there were actuarial expenses of £87,680 (£123,512 2019/20) generated by specific employer requirements, these were recharged back to the employer. The corresponding income is included within Recoveries for Services Provided in the Fund Account.

In addition to the recharged actuarial expenses, recoveries for services provided includes £5,959 (£12,586 19/20) for pension and fee reimbursements.

Audit fees
Audit fees of £22,575 (£24,605 in 2019/20) were incurred in relation to Grant Thornton UK LLP, the auditors appointed by Public Sector Audit Appointments Ltd. for external audit services.

N21. Cash

From the 1st April 2010 the Pension Fund has had its own bank account. At 31st March 2021 cash of £50.7m (£17.5m in 2019/20) was invested through the County Council's short-term investment procedures. During the year the average investment balance was £55.4m (£22.6m 2019/20) earning interest of £54.5k (£159.5k 2019/20).

N22. Current & long term assets

	2019/20	**2020/21**
Current assets	£'000	**£'000**
Contributions due - Employees	942	**925**
Contributions due - Employers	3,866	**4,049**
Sundry debtors	471	**277**
Payment in advance	250	**275**
Money due re. transfer of staff to another pension scheme	618	**-**
	6,147	**5,526**
Cash balances	17,539	**50,668**
	23,686	**56,194**

	2019/20	**2020/21**
	£'000	**£'000**
Long term assets		
Long term debtors	315	**308**

It had been agreed that an employer who left the Fund could spread the payment of their deficit over a number of years. The total amount was credited to the Pension Fund and an accrual made for the outstanding amount. The accrual is rolled forward each year and adjusted for deficit payments made. A payment of £7,200 is due to the Pension Fund within the next twelve months.

N23. Current liabilities

	2019/20	**2020/21**
	£'000	**£'000**
Benefits payable	-18	**-7**
Sundry creditors	-3,513	**-1,296**
	-3,531	**-1,303**

N24. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation (See Note N6), the fund's Actuary also undertakes a valuation of the Pension Fund liabilities on an IAS19 basis every year. The promised retirement benefits at 31st March 2021 have been projected using a roll forward approximation from the latest formal funding valuation as at 31st March 2019. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However the Actuary is satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.
The Present Value of Promised Retirement Benefits at 31st March 2021 includes an allowance for the "McCloud ruling", i.e. an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes. This estimate was allowed for in the 31st March 2020 IAS26 reporting and is continued to be allowed for within the liabilities this year.

Present Value of Promised Retirement Benefits:

Year Ended	31st March 2020	**31st March 2021**
	£m	**£m**
Active members	1,233	**1,881**
Deferred members	721	**990**
Pensioners	1,183	**1,277**
Total	3,137	**4,148**

It should be noted that the above figures are appropriate only for the preparation of the Fund's accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31st March 2021 and 31st March 2020. It is estimated that the impact of the change in financial assumptions to 31st March 2021 is to increase the actuarial present value by £837m (19/20 decrease of £303m). It is estimated that the impact of the change in demographic and longevity assumptions is to increase the actuarial present value by £49m (19/20 decrease by £104m).

Significant Actuarial Assumptions Used

Financial assumption:

Year Ended	31st March 2020 % pa	**31st March 2021 % pa**
Pension Increase Rate	1.90	**2.85**
Salary Increase Rate	2.20	**3.15**
Discount Rate	2.30	**2.00**

Longevity assumption:

Life expectancy is based on the Fund’s VitaCurves alongside future improvements based on the CMI 2020 model with an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below.

Longevity assumptions as at 31st March 2021	Males	Females
	Years	
Current Pensioners	21.9	24.3
Future Pensioners **	22.9	26.0

Longevity assumptions as at 31st March 2020	Males	Females
	Years	
Current Pensioners	21.7	23.9
Future Pensioners **	22.4	25.3

** Future pensioners are assumed to be aged 45 at the latest formal valuation as at 31st March 2019.
Please note that the longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Commutation assumption:

An allowance is included for future retirements to elect to take 35% (35% 2019/20) of the maximum additional tax free cash up to HMRC limits for pre-April 2008 service and 68% (68% 2019/20) of the maximum tax free cash for post-April 2008 service.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31st March 2021	**Approximate % increase to liabilities %**	**Approximate monetary amount £m**
0.5% p.a. increase in the Pension Increase Rate	9	379
0.5% p.a. increase in the Salary Increase Rate	1	37
0.5% p.a. decrease in the Real Discount Rate	10	424

Sensitivity to the assumptions for the year ended 31st March 2020	**Approximate % increase to liabilities %**	**Approximate monetary amount £m**
0.5% p.a. increase in the Pension Increase Rate	9	273
0.5% p.a. increase in the Salary Increase Rate	1	28
0.5% p.a. decrease in the Real Discount Rate	10	304

The principal demographic assumption is the longevity assumption. For sensitivity purposes, the Actuary estimates that a 1 year increase in life expectancy would approximately increase the liabilities by around 3-5%.

N25. Nature and extent of risks arising from Financial Instruments

The Gloucestershire Pension Fund's (“The Fund”) objective is to generate positive investment returns for a given level of risk. Therefore the Fund holds financial instruments such as securities (equities, bonds), collective investment schemes (or pooled funds) and cash and cash equivalents. In addition debtors and creditors arise as a result of its operations. The value of these financial instruments in the financial statements approximates to their fair value.

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 on 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 there is sufficient liquidity to meet the Fund's forecast cash flows.

The Fund's investments are managed on behalf of the Fund via Brunel and its appointed Investment Managers. In addition the Fund also has a small number of directly appointed Investment Managers. Each Investment Manager is required to invest the assets managed by them in accordance with the terms of their investment guidelines or pooled fund prospectus. The Gloucestershire Pension Fund Committee ("Committee") has determined that the investment management structure is appropriate and is in accordance with its investment strategy. The Committee regularly monitors each investment mandate and considers and takes advice on the nature of the investments made and associated risks.

The Fund's investments are held by State Street Global Services, who act as custodian on behalf of the Fund.

Because the Fund adopts a long term investment strategy, the high level risks described below will not alter significantly during the year unless there are significant strategic or tactical changes in the portfolio.

Market Risk

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices, interest rates or currencies. The Fund is exposed through its investments in equities, bonds and investment funds, to all these market risks. The aim of the investment strategy is to manage and control market risk within acceptable parameters, while optimising the return from the investment portfolio.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical, industry sectors, individual securities, investment mandate guidelines and Investment Managers. The risk arising from exposure to specific markets is limited by the strategic asset allocation, which is regularly monitored by the Committee as well as appropriate monitoring of market conditions and benchmark analysis.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, caused by factors other than interest rate or foreign currency movements, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all such instruments in the market.

Market price risk arises from uncertainty about the future value of the financial instruments that the Fund holds. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited. The Investment Managers mitigate this price risk through diversification in line with their own investment strategies and mandate guidelines.

Other Price Risk - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in market prices has been analysed using the volatility of return experienced by each investment portfolio during the year to 31st March 2021. The volatility data is broadly consistent with a one-standard deviation movement in the value of the assets. The analysis assumes that all other variables remain constant.

Movements in market prices would have increased or decreased the assets, as held by the Fund's custodian, at 31st March 2021 by the amounts shown below:

As at 31st March 2021	**Value £'000**	**Volatility of return %**	**Value on Increase £'000**	**Value on Decrease £'000**
UK Bonds	**333,654**	**8.00**	**360,346**	**306,962**
Overseas Bonds	**235,774**	**8.00**	**254,636**	**216,912**
UK Equities	**373,224**	**16.70**	**435,552**	**310,896**
Multi National Equities	**1,583,011**	**16.60**	**1,845,791**	**1,320,231**
UK Property	**188,361**	**14.20**	**215,108**	**161,614**
Overseas Property	**13,773**	**14.20**	**15,729**	**11,817**
Venture Capital/Private Equity/Infrastructure	**32,404**	**28.50**	**41,639**	**23,169**
Private Debt	**65,070**	**4.60**	**68,063**	**62,077**
	2,825,271		**3,236,864**	**2,413,678**
Total Gloucestershire Fund	**2,825,271**	**10.50%**	**3,121,924**	**2,528,618**

As at 31st March 2020	Value £'000	Volatility of return %	Value on Increase £'000	Value on Decrease £'000
UK Bonds	308,486	9.80	338,718	278,254
Overseas Bonds	203,734	9.80	223,700	183,768
UK Equities	292,751	27.50	373,258	212,244
Multi National Equities	1,122,661	27.00	1,425,779	819,543
UK Property	185,723	14.20	212,096	159,350
Overseas Property	14,554	14.20	16,621	12,487
Venture Capital/Private Equity/Infrastructure	17,111	28.40	21,971	12,251
Private Debt	64,115	7.20	68,731	59,499
	2,209,135		2,680,874	1,737,396
Total Gloucestershire Fund	2,209,135	16.30%	2,569,224	1,849,046

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risk, which represents the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. This risk will affect the value of both fixed interest and index linked securities. The amount of income receivable from cash balances will also be affected by fluctuations in interest rates.

The Funds exposure to interest rate movements, as a result of the bond portfolio, as at the 31st March 2021 is set out below along with the interest rate sensitivity analysis data.

Interest Rate Risk Sensitivity Analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. Over the last five years long term yields, as measured by the yield on the FTSE Over 15 Year Gilt Index as at the end of March 2021, have averaged 1.44% (2019/20 1.77%) and moved between a high of 2.36% (2.76% 2019/20) and a low of 0.45% (0.45% 2019/20). As at the end of March 2021 this yield was 1.32% (0.75% 2019/20). Given the high degree of uncertainty over the future economic situation, the Fund's bond manager has advised that it is entirely possible that yields could fluctuate anywhere within this historic range in the next year, or in extreme circumstances outside these boundaries.

Changes in interest rates do not impact on the value of cash and cash equivalents but they will affect the interest income received on those balances.
The analysis that follows assumes that all other variables, in particular, exchange rates, remain constant and shows the effect in the year on the values of a +/- 100bps (1%) change in interest rates on a time-weighted basis.

Assets exposed to interest rate risk	**Carrying amount as at 31st March 2021**	**Change in the year in the net assets available to pay benefits**	
		+100BPS (1% increase)	**-100BPS (1% decrease)**
	£'000	**£'000**	**£'000**
Cash held directly by the Fund	50,668	-	-
Cash and cash equivalents held on behalf of the Fund	15,816	-	-
Bond Portfolio - Fixed Interest Securities excluding cash	551,606	-32,568	32,568
	618,090	-32,568	32,568

Assets exposed to interest rate risk	**Carrying amount as at 31st March 2020**	**Change in the year in the net assets available to pay benefits**	
		+100BPS (1% increase)	**-100BPS (1% decrease)**
	£'000	**£'000**	**£'000**
Cash held directly by the Fund	17,539	-	-
Cash and cash equivalents held on behalf of the Fund	12,328	-	-
Bond Portfolio - Fixed Interest Securities excluding cash	516,614	-31,968	31,968
	546,481	-31,968	31,968

Foreign Currency Risk
Foreign currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on both monetary and non-monetary investments denominated in a currency other than Sterling. For a Sterling based investor, when Sterling weakens, the Sterling value of foreign currency denominated investments rises. As Sterling strengthens, the Sterling value of foreign currency denominated investment falls. We permit the fixed income portfolio manager and the global multi asset manager to hedge currency exposures back to Sterling.

Currency Risk Sensitivity Analysis

Following analysis of historical data, by the Fund's performance measurement service, the likely volatility associated with foreign exchange rate movements is considered to be 6.9% (as measured by one standard deviation).

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 6.9% strengthening/weakening of the Pound against the various countries in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

2020/21 Currency exposure - Asset type	**Asset value as at 31st March 2021**	**Change to net assets available to pay benefits**	
	£'000	**£'000**	**£'000**
		+6.9%	**-6.9%**
UK Equities	-	-	-
Global Equities	1,140,344	1,219,028	1,061,660
Emerging Market Equities	-	-	-
Overseas Private Debt	32,611	34,861	30,361
Venture Capital /Private Equity/ Infrastructure	-	-	-
Diversified Growth	10,651	11,386	9,916
Cash/Cash equivalents	739	790	688
	1,184,345	1,266,065	1,102,625

2019/20 Currency exposure - Asset type	**Asset value as at 31st March 2020**	**Change to net assets available to pay benefits**	
	£'000	**£'000**	**£'000**
		+7.4%	**-7.4%**
UK Equities	3	3	3
Global Equities	877,084	941,988	812,180
Emerging Market Equities	-	-	-
Overseas Private Debt	33,363	35,832	30,894
Venture Capital /Private Equity/ Infrastructure	10,204	10,959	9,449
Diversified Growth	-	-	-
Cash/Cash equivalents	3,137	3,369	2,905
	923,791	992,151	855,431

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. This is often referred to as counterparty risk.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the careful selection and monitoring of counterparties including brokers, custodian and investment managers minimises any credit risk that may occur through the failure to settle transactions in a timely manner. The Fund's contractual exposure to credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Bankruptcy or insolvency of the custodian may affect the Fund's access to its assets. However, all assets held by the custodian are ring-fenced as "client assets" and therefore cannot be claimed by creditors of the custodian. Brunel, on behalf of the Fund, manages the risk by monitoring the credit quality and financial position of the custodian.

Credit risk on over the counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

The Fund's bond portfolios have significant credit risk through its underlying investments. This risk is managed through diversification across sovereign and corporate entities, credit quality and maturity of bonds. The market prices of bonds incorporate an assessment of credit quality in their valuation which reflects the probability of default (the yield of a bond will include a premium that will compensate for the risk of default).

The Council believes it has managed its exposure to credit risk within an acceptable level and its default experience over the last five financial years is not significantly out of line with the industry.

Another source of credit risk is the cash balances held to meet operational requirements or by the managers at their discretion. Internally held cash is managed on the Fund's behalf by the Council's Treasury Management Team in line with the Fund's Treasury Management Policy which sets out the permitted counterparties and limits. The Fund invests surplus cash held with the custodian in diversified money market funds.

Through its securities lending activities, the Fund is exposed to the counterparty risk of the collateral provided by borrowers against the securities lent. This risk is managed by restricting the collateral permitted to high grade sovereign debt, AAA rated fixed interest stock issued by Supranational bodies and a restrictive list of equities indices. Cash collateral is not permitted.

Foreign exchange contracts are subject to credit risk in relation to the counterparties of the contracts which are primarily banks. The maximum credit exposure on foreign currency contracts is any net profit on forward contracts, should the counterparty fail to meet its obligations to the Fund when it falls due.

The credit risk within the bond portfolios can be analysed using standard industry credit ratings and the analysis as at 31st March 2021 is set out below.

Credit Analysis

31st March 2021	AAA £'000	AA £'000	A £'000	BBB £'000	BB £'000	B £'000	Unrated £'000
UK Gilts	-	35,621	-	-	-	-	-
Overseas Govt Bonds	9,224	-	-	-	-	-	-
Corporate Bonds	-	15,468	149,081	110,538	7,130	4,109	1,160
Asset backed	1,098	5,483	4,966	19,044	2,296	-	-
Emerging Markets	-	-	3,796	824	1,023	30	-
Mortgage Backed Securities	-	1,908	-	-	-	-	-
Cash/Cash Equivalents/Currency Forwards/Derivatives	2	1	-	-	-	-	8,527
	10,324	**58,481**	**157,843**	**130,406**	**10,449**	**4,139**	**9,687**
% of Fixed Interest Portfolio	2.7	15.3	41.4	34.2	2.7	1.1	2.6

31st March 2020	AAA £'000	AA £'000	A £'000	BBB £'000	BB £'000	B £'000	Unrated £'000
UK Gilts	-	36,206	-	-	-	-	-
Overseas Govt Bonds	8,591	-	792	-	-	-	-
Corporate Bonds	3,399	22,302	150,966	102,758	-	-	-
High Yield	-	-	-	-	6,348	3,930	683
Emerging Markets	-	-	3,702	-	840	-	-
Mortgage Backed Securities	-	1,984	-	-	-	-	-
Cash/Cash Equivalents/Currency Forwards	6,818	1	-	-	-	-	-1,611
	18,808	**60,493**	**155,460**	**102,758**	**7,188**	**3,930**	**-928**
% of Fixed Interest Portfolio	5.4	17.4	44.7	29.6	2.1	1.1	-0.3

Treasury Management Year End Cash Balances

The management of Pension Fund cash balances not held by the Custodian is delegated to Gloucestershire County Council's Treasury Management team to manage in accordance with their Treasury Management Strategy, which reflects the CIPFA Code of Practice on Treasury Management in Public Services. Pension Fund cash is invested separately from Gloucestershire County Council monies.

The Fund's cash holding under its treasury management arrangements at 31st March 2021 is shown below:

	Balances as at 31st March 2020		**Balances as at 31st March 2021**	
Account Name	Rating*	£'000	**Rating***	**£'000**
Aberdeen Standard Liquidity Fund	AAAm	5,857	AAAm	**10,000**
Federated Short Term Sterling Prime Fund	AAAm	-	AAAm	**10,000**
Goldman Sachs	AAAm	-	AAAm	**9,483**
HSBC Instant Access	A-1+	7,176	A-1	**21,210**
HSBC Current Account	A-1+	569	A-1	**-25**
Handelsbanken	A-1+	3,937	A-1+	**-**
Total		17,539		**50,668**

* Ratings quoted are all Standard and Poors as at 31st March 2021 and 2020

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The Pension Fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. Contributions due as at 31st March 2021 was £4,974k (2019/20 £4,808k) and as at 2nd June 2021 £509k remained outstanding.

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments. A substantial portion of the Fund's investments consist of readily realisable securities, in particular equities and fixed income investments, even though a significant proportion is held in pooled funds. However, the main liability of the Fund are the benefits payable, which fall due over a long period and the investment strategy reflects the long term nature of these liabilities. Therefore the Fund is able to manage the liquidity risk that arises from its investments in less liquid asset classes such as property which are subject to longer redemption periods and cannot be considered as liquid as the other investments. The Fund maintains a cash balance to meet working requirements and has immediate access to its cash holdings.

Refinancing risk

Refinancing risk relates to the Fund being required to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. Refinancing risk within the Bond portfolio is mitigated through credit and liquidity analysis of all investments and diversification by issuer and maturity. The Brunel property portfolio managed on behalf of the Pension Fund is not leveraged or subject to refinancing risk. However, the underlying investments within this portfolio are leveraged and so may be subject to refinancing risk. This risk is mitigated by covenants written into the Fund documentation. There are no other financial instruments that have refinancing risk as part of its treasury management and investment strategies.

N26 Fair value hierarchy

Basis of valuation
The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Futures	Level 1	Published exchange prices at the year end	Not required	Not required
Quoted Bonds	Level 2	Fixed interest securities are valued at a market value based on current yields	Source of pricing, valuation methodology documentation	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risks	Not required
Pooled investments	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published.	NAV based pricing set on a forward pricing basis and prices published frequently.	Not required
Property Pooled investments	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published.	NAV-based pricing set on a forward pricing basis. Ease of redemption	Not required
Quoted Bonds	Level 3	Fixed interest securities are valued at a market value based on current yields	Source of pricing, valuation methodology documentat-ion, trade comparison review	Low volume of trades in trade comparison review cohort.
Property Pooled investments	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published.	NAV-based pricing set on a forward pricing basis. Ease of redemption	Valuations could be affected by changes in the structure of the holdings such as changing from a closed ended fund to an open ended fund.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Private equity	Level 3	Direct investments: valuation performed in accordance with international Financial Reporting Standards, International Private Equity Valuation guidelines and respective United States Generally Accepted Accounting Principles	EBITDA multiple, Revenue multiple, Discount for lack of marketability, Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts
Private Debt	Level 3	Fair value is determined by the following factors: enterprise value of a portfolio company, the nature and realisable value of any collateral, the portfolio company's ability to make payments and its earnings, discounted cash flows, market environment and changes in the interest rate environment	Initial recognition cost, Principal repayments, effective interest method, Impairment reductions	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts
Infrastructure Funds	Level 3	Direct investments: valuation performed in accordance with International Private Equity Valuation guidelines and respective United States Generally Accepted Accounting Principles	Future free cash flows from underlying investments. Cost of capital of underlying investments	Valuations could be affected by material events occurring after the preparation of the independent reports, and by changes to expected cash flows

Sensitivity of assets valued at level 3
Having consulted with independent advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31st March 2021.

2020/21	**Assessed valuation range (+/-)**	**Value at 31st March 2021 £'000**	**Value on increase £'000**	**Value on decrease £'000**
UK Pooled Property Investments	14.2%	145,184	165,800	124,568
Venture Capital/Private Equity/Infrastructure	28.5%	32,404	41,639	23,169
UK Corporate Bonds	8.0%	3,395	3,667	3,123
UK Private Debt	4.6%	33,360	34,895	31,825
Overseas Private Debt	4.6%	31,710	33,169	30,251
Total		**246,053**	**279,170**	**212,936**

2019/20	**Assessed valuation range (+/-)**	**Value at 31st March 2020 £'000**	**Value on increase £'000**	**Value on decrease £'000**
UK Pooled Property Investments	14.2%	170,116	194,272	145,960
Venture Capital/Private Equity/Infrastructure	28.4%	17,111	21,971	12,251
UK Corporate Bonds	9.8%	17,699	19,434	15,965
UK Private Debt	7.2%	30,752	32,966	28,538
Overseas Private Debt	7.2%	33,363	35,765	30,961
Total		**269,041**	**304,408**	**233,675**

Fair Value Hierarchy

The Fund is required to classify its investments using a fair value hierarchy that reflects the subjectivity of the inputs used in making an assessment of fair value. Fair value is the value at which the investments could be realised within a reasonable timeframe. This hierarchy is not a measure of investment risk but a reflection of the ability to value the investments at fair value. Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur. The fair value hierarchy has the following levels:

- Level 1 – Unadjusted quoted prices in an active market for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Products classified as Level 1 comprise quoted equities, quoted fixed securities and quoted index linked securities.
- Level 2 – Inputs other than quoted market prices under Level 1, for example, when an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.
- Level 3 – At least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Values at 31st March 2021	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss	583	2,592,456	246,053	2,839,092
Non-financial assets at fair value through profit and loss	-	-	-	-
Financial liabilities at fair value through profit and loss	-789	-	-	-789
Investment manager cash and accruals				8,876
Net Investments Assets	-206	2,592,456	246,053	2,847,179
Brunel Pension Partnership Ltd.				112
Investment Debtors/Creditors*				55,199
Total Net Investment Assets	**-206**	**2,592,456**	**246,053**	**2,902,490**

Values at 31st March 2020	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss	2,426	1,950,170	269,041	2,221,637
Non-financial assets at fair value through profit and loss	-	-	-	-
Financial liabilities at fair value through profit and loss	-2,011	-	-	-2,011
Investment manager cash and accruals				4,039
Net Investments Assets	415	1,950,170	269,041	2,223,665
Brunel Pension Partnership Ltd.				427
Investment Debtors/Creditors*				20,471
Total Net Investment Assets	**415**	**1,950,170**	**269,041**	**2,244,563**

* Investment debtors and creditors have been added to this table to reflect the total net assets of the Fund.

Transfers between Levels 1 and 2

There has been no movement between levels 1 & 2

Reconciliation of Fair Value Measurements within Level 3

2020/21

	UK property pooled funds £'000	Venture Capital/Private Equity £'000	Overseas Private Debt £'000	UK Private Debt £'000	UK Corporate Bonds £'000	Total £'000
Market Value 31st March 2020	170,116	17,111	33,363	30,752	17,699	269,041
Transfers into Level 3*	2,963	-	-	-	-	2,963
Transfers out of Level 3*	-24,064	-	-	-	-14,369	-38,433
Purchases during the year and derivative payments	25	23,501	-	2,540	-	26,066
Sales during the year and derivative receipts	-	-8,644	-	-93	-52	-8,789
Unrealised gains/(losses)	-3,856	450	-1,653	161	121	-4,777
Realised gains/(losses)	-	-14	-	-	-4	-18
Market Value 31st March 2021	**145,184**	**32,404**	**31,710**	**33,360**	**3,395**	**246,053**

2019/20

	UK property pooled funds £'000	Venture Capital/Private Equity £'000	Overseas Private Debt £'000	UK Private Debt £'000	UK Corporate Bonds £'000	Total £'000
Market Value 31st March 2019	164,487	7,249	20,145	22,252	3,512	217,645
Transfers into Level 3	6,135	-	-	-	15,451	21,586
Transfers out of Level 3	-	-	-	-	-	-
Purchases during the year and derivative payments	4,277	8,938	13,797	16,737	-	43,749
Sales during the year and derivative receipts	-	-793	-2,442	-7,775	-1,238	-12,248
Unrealised gains/(losses)	-4,783	1,752	-579	-462	-59	-4,131
Realised gains/(losses)	-	-35	2,442	-	33	2,440
Market Value 31st March 2020	**170,116**	**17,111**	**33,363**	**30,752**	**17,699**	**269,041**

* Following further information received, on the 1st April 2020 £24.1m of Pooled Property Investment was transferred from level 3 to level 2 and £3m Pooled Property Investment was transferred from level 2 to level 3.
In the quarter ending March 2021, £14.4m of UK Corporate Bonds were transferred from level 3 to level 2 due to there being more observed trading activity to corroborate the fair values given.

N27. Financial instrument disclosure

2020/21	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
	£'000	£'000	£'000
Financial assets			
Bonds	360,751	-	-
Pooled investment vehicles	2,257,529	-	-
Pooled property investments	202,134	-	-
Venture Capital/Private equity	4,856	-	-
Brunel Pension Partnership Ltd.	112	-	-
Derivative contracts	1,106	-	-
Cash	-	66,484	-
Other investment balances	-	5,800	-
Debtors	-	552	-
	2,826,488	72,836	-
Financial liabilities			
Derivative contracts	-813	-	-
Other investment balances	-	-	-
Creditors	-	-	-1,296
Borrowings	-	-	-
	-813	-	-1,296
	2,825,675	**72,836**	**-1,296**

2019/20	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
	£'000	£'000	£'000
Financial assets			
Bonds	331,206	-	-
Pooled investment vehicles*	1,673,162	-	-
Pooled property investments*	200,277	-	-
Venture Capital/Private equity	4,491	-	-
Brunel Pension Partnership Ltd.	427	-	-
Derivative contracts	2,904	-	-
Cash	-	29,867	-
Other investment balances	-	4,352	-
Debtors	-	1,339	-
	2,212,467	35,558	-
Financial liabilities			
Derivative contracts	-4,108	-	-
Other investment balances	-	-	**-946
Creditors	-	-	-3,513
Borrowings	-	-	-
	-4,108	-	-4,459
	2,208,359	**35,558**	**-4,459**

* As a result of a change in CIPFA guidance Pooled Property Funds are now all grouped together in the Net Asset Statement where previously Property Unit Trusts were shown separately. The breakdown above has been changed to reflect the new format and £8,215k has been moved from Pooled Investment Vehicles to Pooled Property Investments.

**Other investment Balances of -£946 was entered in the wrong column in 2019-20; rather than being in the Assets at Amortised Cost column it should have been in the Liabilities at Amortised Cost column, the note has been re-stated to correct this error.

N27 (a) Net gains and losses on financial instruments

	2019/20 £'000	**2020/21 £'000**
Financial assets		
Fair value through profit and loss	-168,409	590,652
Amortised cost - realised gains on de-recognition of assets	-	-
Amortised cost - unrealised gains	-	-
Financial liabilities		
Fair value through profit and loss	-	-
Amortised cost - realised losses on de-recognition of assets	-	-
Amortised cost - unrealised losses	-	-
	-168,409	590,652

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements.
The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

N28. Bulk transfers in and out of the Pension Fund

Transfers to or from other pension funds
During 2020/21 there were no bulk transfers to or from other pension funds.

N29. Accounting Standards that have been issued but have not yet been adopted

The Code requires consideration of the impact of standards that have been issued but not yet adopted. This is to enable users to evaluate the risk of these new standards on the pension fund's current financial position.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform
The amendments address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate. This will not have an impact on the Pension Fund and is therefore considered to be immaterial.

N30. Taxation where lifetime or annual allowances are exceeded
Where a member's benefit entitlement exceeds the United Kingdom Inland Revenue tax limits (Lifetime Allowance or the Annual Allowance), the member is liable for taxation. This tax can be paid by the member or has to be paid by the Pension Fund on behalf of the member in exchange for a reduction in benefit entitlement. The Pension Fund has paid £67k on behalf of members during 2020/21 (£74k 2019/20). Any lifetime or annual allowance tax paid on behalf of members is recovered from their future pension payments. No accruals are made for the recovery of this tax element on the grounds of materiality and the very long term nature of its recovery.

N31. Events after the reporting date

There were no events after the reporting date.

Fire Pensions Accounts

Fund Account for the year ended 31st March 2021

2019/20 £000		1992 FPS £000	2006 NFPS £000	Modified Scheme £000	2015 Care Scheme £000	2020/21 Total £000
	Contributions Receivable					
	Fire Authority					
-2,351	Contributions in relation to pensionable pay	-352	-15	- 33	- 2,099	- 2,498
-	Early retirements					-
-	Other: Ill health retirement					-
						-
	Firefighters' contributions					-
-1,042	Normal	- 140	- 6	- 21	- 930	- 1,097
-4	Other: Added Years	- 4				- 4
						-
	Transfers in					-
4	Transfers in from other schemes		-		- 31	- 31
35	Additional Grant for Holiday Payments	-				-
						-
	Benefits Payable					-
5,983	Pensions	6,176	27	63	9	6,276
1,463	Commutations & lump sum retirement benefits	1,116	3	4	83	1,205
40	Lump sum death benefits	6				6
						-
	Payments to and on account of leavers					-
-	Refunds of contributions				-	-
-	Transfers out to other schemes					-
4,127	**Net amount payable for the year**	6,802	10	14	-2,968	3,858
-4,127	Top-up grant receivable / payable to Central Government	-6,802	-10	-14	2,968	-3,858
-		-	-	-	-	-

Net Assets Statement for the year ended 31st March 2021

2019/20 £000		FPS £000	NFPS £000	Modified Scheme £000	2015 Care Scheme £000	2020/21 Total £000
	Net current assets and liabilities					
	Current Assets					
-	Contributions due from employer					
-4,127	Pension top-up grant receivable from central government	-6,802	-10	-14	2,968	-3,858
-	Recoverable overpayments of pensions					
	Current Liabilities					
-	Unpaid pension benefits					
-2,619	Amount payable to central government				-2,968	-2,968
	Other current lliabilities					
6,746	Amount owing to general fund	6,802	10	14		6,826
-		-	-	-	-	-

Notes

1. The Firefighters Pension Scheme is a defined benefit occupational pension scheme which is guaranteed and backed by law. From 1st April 2015, the Scheme changed from a Final Salary Scheme to a Career Average Revalued Earnings Scheme (CARE). The Firefighters pension fund is administered by the County Council. There are currently four pension schemes for fire officers, all of which are unfunded defined benefit final salary schemes. Unfunded means that there are no investment assets held to meet the pension liabilities as they fall due. The four

- 1992 Firefighters Pension Scheme (FPS- Closed to new members)
- 2006 New Firefighters Pension Scheme (NFPS - Closed to new members)
- 2006 Modified Firefighters Pension Scheme (Closed to new members)
- 2015 Firefighters Pension Scheme

Members starting after 1 April 2015, and members of the 1992 and 2006 Final Salary Schemes will move into the new 2015 Scheme, unless protections apply.

The fund is financed by contributions paid in by existing firefighters and the Fire Service with any balance receivable from or payable to the Home Office through the payment of the Fire Pensions Top Up Grant.

2. Employees and employers contribution levels are based on percentages of pensionable pay set nationally by the DCLG/WG and are subject to triennial revaluation by the Government Actuary's Department.

3. Pension benefits are payable from the fund in accordance with the relevant statutory provisions and include ordinary and ill-health awards. Any ongoing injury awards are not payable from the fund.

4. The fund has been prepared to meet the requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. There are no administration charges included in the accounts and the fund's financial statements do not take into account any liabilities to pay pensions and other benefits after the period end.

5. The liability under IAS 19 is disclosed in note 32 of the Notes to the Accounts

Glossary of terms

Accounting Policies
Those principles, bases, conventions, rules and practices that specify how the effects of transactions and other events are reflected in Financial Statements through recognising, selecting measurement bases for, and presenting Assets, Liabilities, Gains, Losses and changes to Reserves. Accounting policies do not include estimation techniques.

Accounting Standards
The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Council. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Accrual
An amount to cover income or spending that has not yet been paid but which belongs to that accounting period.

Actuary
An adviser on financial questions involving probabilities relating to mortality and other contingencies. Every three years the Scheme appointed actuary reviews the Assets and the Liabilities of the Fund and reports to the Group Director of Enabling & Transition on the financial position. This is known as the triennial actuarial valuation.

Actuarial Gains and Losses
For a Defined Benefit Pension Scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or the actuarial assumptions have changed.

Admitted Body
An organisation that chooses and is allowed by the Scheme to be admitted to the LGPS using an Admission Agreement in order to provide access to the Scheme for some or all of its employees.

Amortisation
The writing down in book value of Intangible Assets to reflect the Asset's usage.

Additional Voluntary Contributions (AVC’s)
Contributions over and above a member’s normal contributions which the member elects to pay in order to secure additional benefits.

Capital Expenditure
Includes spending on the acquisition, creation or enhancement of Assets either directly by the Council or indirectly in the form of grants to other persons or bodies. Expenditure not falling within this definition must be charged to the General Fund as Revenue Expenditure.

Class of Tangible Fixed Assets
The classes of Tangible Fixed Assets required to be included in the accounting statements are:

Operational Assets
- Land and buildings
- Vehicles, plant, furniture and equipment
- Infrastructure assets
- Community assets

Non-operational Assets
- Assets under construction
- Surplus assets held for disposal.

Code of Practise (CODE)
A publication produced by CIPFA that provides comprehensive guidance on the content of a Council's Statement of Accounts.

Consistency
The principle that the accounting treatment of like items within an accounting period, and from one period to the next, is the same.

Contingent Asset
A Contingent Asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council’s control.

Contingent Liability
A Contingent Liability is either a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council’s control, or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Creditors
Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made by the end of the financial year.

Debtors
Amounts due to the Council for work done, goods received or services rendered but which remain unpaid at the end of the financial year.

Dedicated Schools Grant (DSG)
A specific Government grant which funds schools and schools related expenditure. The grant is ringfenced and can only be used in support of the School's budget.

Deferred Charges
Expenditure which may properly be deferred, but which does not result in, or remain matched with, assets controlled by the Council.

Depreciation
The measure of the cost or revalued amount of the benefits of the Fixed Asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a Fixed Asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the Asset.

Derivative
A security whose price is dependent upon, or derived from, one or more underlying Assets. The derivative itself is merely a contract between two or more parties. It's value is determined by fluctuations in the underlying Asset. The most common underlying Assets include stocks, bonds, commodities, currencies, interest rates and market indexes.

Disclosure
Information that must be shown in the accounts under the CIPFA code of practice (CODE).

Discretionary Benefits
Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the council’s discretionary powers, such as the Local Government (Discretionary Payments) Regulations 1996.

Estimation Techniques
The methods adopted by an Entity to arrive at estimated monetary amounts corresponding to the measurement bases selected for Assets, Liabilities, Gains, Losses and changes to Reserves. Estimation techniques implement the measurement aspects of Accounting Policies. An Accounting Policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique.

Events After the Balance Sheet Date
Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Exceptional Items
Material items which derive from events or transactions that fall within the ordinary activities of the council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the Accounts.

Exchange Traded Funds (ETFs/ET's)
A fund that tracks a selection or 'basket' of related securities within a Stock Market Index but can be traded on an Exchange like a stock or share.

Fair Value
The amount for which an Asset could be exchanged or a Liability settled at arms length between knowledgeable parties.

Finance Lease
A finance lease involves payment by the lessee (the user) of the full cost of the asset together with a return on the finance provided by the lessor, usually payable over the anticipated life of the asset.

Funding Level
The relationship at a specified date between the actuarial value of Assets and the Actuarial Liability, normally expressed as a funding ratio or percentage.

Futures Contracts
A contract which binds two parties to complete a sale or purchase at a specified future date at a price which is fixed at the time the contract is effected. Exchange Traded Futures Contracts have standard terms and margin payments are required.

Going Concern
The concept that the Council will remain in operational existence for the foreseeable future, in particular that the Accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

Government Grants
The assistance by Government and Inter-Government Agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to a Council in return for past or future compliance with certain conditions relating to the activities of the council.

Guaranteed Minimum Pension (GMP)
The minimum pension which a salary related Occupational Pension Scheme must provide in respect of contracted out contributions paid between April 1978 and 1997 as a condition of contracting out.

IFRS
These standards are issued by the International Accounting Standards Board. They are adapted under the auspices of CIPFA so as to apply to local authorities and consolidated in the Code of Practice on Local Authority Accounting.

International Accounting Standard (IAS) 19
International Accounting Standard (IAS) 19 outlines the accounting requirements for employee benefits, including short-term benefits (e.g. wages and salaries, annual leave), post-employment benefits such as retirement benefits, other long-term benefits (e.g. long service leave) and termination benefits. The standard establishes the principle that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable, and outlines how each category of employee benefits are measured, providing detailed guidance in particular about post-employment benefits.

International Financial Reporting Interpretations Committee (IFRIC) 12
The objective of IFRIC 12 is to clarify how certain aspects of existing International Accounting Standards are to be applied to service concession arrangements. A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure assets such as roads, bridges, tunnels, airports, energy distribution networks, prisons or hospitals. The grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price, and also controls any significant residual interest in the assets at the end of the term of the arrangement.

Inventories
The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Impairment
A loss in the value of a Fixed Asset arising from physical damage such as a major fire or a significant reduction in market value. In addition a reduction in value where there is insufficient unrealised gains in the revaluation reserve for that asset. A loss in the value of a financial instrument arising from market conditions.

Infrastructure Assets
Fixed assets that are not able to be transferred and expenditure on which is recoverable only by continued use of the asset created. Examples of Infrastructure Assets are highways and footpaths.

Investment Management
Investment management is the professional asset management of various securities (e.g. shares or bonds) and other assets (e.g. real estate) in order to meet specified investment goals for the benefit of the investors.

Liquid Resources
Current Asset investments that are readily disposable by the council without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Long-term Contracts
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

Managed Fund
An arrangement where the assets of a scheme are invested on similar lines to the operation of unit trusts by an external investment manager.

Market Value
The price at which an asset might reasonably be expected to be sold in an open market.

Net Book Value
The amount at which Fixed Assets are included in the Balance Sheet, i.e. at their historical cost or current value less the cumulative amounts provided for depreciation.

Non-Operational Assets
Fixed Assets held by a council but not used or consumed in the delivery of services or for the service or strategic objectives of the council. Examples of Non-Operational Assets include investment properties and assets that are surplus to requirements, pending their sale.

Operating Leases
A method of obtaining the use of an asset where the rewards and risks of ownership of the asset remain with the leasing company and the annual rental is charged directly to the revenue account

Operational Assets
Fixed assets held and occupied, used or consumed by the council in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the Council.

Options
The right but not the obligation to buy (call option) or sell (put option) a specific security at a specified price (the exercise or strike price), at or within a specified time (the expiry date). This right is obtained by payment of an amount (known as the premium) to the writer (seller) of the option, and can be exercised whatever happens to the security's market price.

Over The Counter (OTC)
A market that is conducted between dealers by telephone and computer and not on a listed exchange.

Past Service Cost
For a Defined Benefit Scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Pensionable Pay
The earnings on which benefits and/or contributions are calculated under the scheme rules.

Pension Interest Cost and Expected Return on Pensions Assets
For a Funded Defined Benefit Scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Pooled Investment Vehicle
A fund in which a number of investors pool their assets which are managed on a collective basis. The assets of a pooled investment vehicle are denominated in units that are revalued regularly to reflect the values of underlying assets. Vehicles include open ended investment companies, real estate investment trusts and unit trusts.

Prior Period Adjustments
Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Projected Unit Method

An Accrued Benefits funding method in which the actuarial liability makes allowance for projected earnings. The standard contribution rate is that necessary to cover the cost of all benefits which will accrue in the control period following the valuation date by reference to earnings projected to the dates on which benefits become payable.

Public Works Loans Board (PWLB)

A Government agency providing long and short term loans to local authorities at interest rates only slightly higher than those at which Government itself can borrow.

Quoted Investments

Investments that have their prices quoted on a recognised stock exchange.

Realised Gains/ (Losses)

Profit/(losses) on investments when they are sold at more/(less) than the purchase price.

Related Parties

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party, or
- The parties are subject to common control from the same source, or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests, or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of the Council include:

- Central Government
- Local Authorities and other bodies precepting or levying demands on the Council Tax
- It's subsidiary and associated companies
- It's joint ventures and joint venture partners
- It's Members
- It's Chief Officers, and
- It's Pension Fund.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family, or the same household, and
- Partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

Related Party Transaction

A Related Party Transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- The purchase, sale, lease, rental or hire of assets between related parties
- The provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund
- The provision of a guarantee to a third party in relation to a liability or obligation of a related party
- The provision of services to a related party, including the provision of pension fund administration services
- Transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as council tax, rents and payments of benefits.

Remuneration
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Reserves
Amounts set aside in one year’s accounts to be spent in future years. Some reserves are earmarked for specific purposes and other general revenue balances are available to meet future revenue and capital expenditure.

Retirement Benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either an employer’s decision to terminate an employee’s employment before the normal retirement date, or an employee’s decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Scheduled Bodies
Local authorities and similar bodies whose staff are entitled automatically to become members of the Local Authority Pension Fund.

Tangible Fixed Assets - Property Plant & Equipment
Tangible Assets that yield benefits to the council and the services it provides for a period of more than one year.

Transfer Value
The amount of a transfer payment, i.e. the payment made from a pension scheme to another pension scheme in lieu of benefits, which have accrued to the member or members concerned, to enable the receiving arrangement to provide alternative benefits.

Trust Funds
Funds administered by the Council on behalf of others for such purposes as prizes, charities and specific projects.

Unitised Insurance Policy
Investors are issued with a life policy representing title. Investors' 'holdings of units' represent a means of calculating the value of their policy. The Life Fund/Company holds the pool of investments and is the owner of all the assets. The activities of Life Companies are regulated by the FSA.

Unit Trust
Unit Trusts are collective funds, which allow private investors to pool their money in a single fund, thus spreading risk, getting the benefit of professional fund management and reducing dealing costs. Unit trust trading is based on market forces and their Net Asset Value - that is, the value of their underlying assets divided by the number of units in issue. The activities of unit trusts are regulated by the FSA.

Unquoted Investments
Investments which are dealt in the market but are not subject to any listing requirements and are given no official status.

Useful Life
The period over which the council will derive benefits from the use of a fixed asset.

Unrealised Profit
This is the anticipated profit that would be generated from selling the asset.

Venture Capital
The term used to describe a subset of private equity covering the seed to expansion stages of investment.

Abbreviations

CFR	Capital Financing Requirement
CPI	Consumer Price Index
DCLG	Department of Communities and Local Government
DSG	Dedicated Schools Grant
FPS	Firefighters Pension Scheme
FSA	Financial Services Authority
GCC	Gloucestershire County Council
GFRS	Gloucestershire Fire and Rescue Service
GSWBP	Gloucester South West Bypass
HMRC	Her Majesty's Revenue and Customs
IAS	International Accounting Standard
ICO	Information Commissioner's Office
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
ISB	Individual School Budget
LAMS	Local Authority Mortgage Scheme
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LGPS	Local Government Pension Scheme
LOBO	Lender Option Borrower Option (Loans)
MRP	Minimum Revenue Provision
NFPS	New Firefighters Pension Scheme
NHS	National Health Service
NPV	Net Present Value
PCT	Primary Care Trust
PFI	Public Finance Initiative
PPP	Public-Private Partnership
PPE	Property Plant and Equipment
PWLB	Public Works Loans Board
RCCO	Revenue Contribution to Capital Outlay
RPI	Retail Price Index
RSG	Revenue Support Grant
SORP	Statement of Recommended Practice
TOIL	Time Off in Lieu
TPA	Teachers' Pensions Agency
WG	Welsh Government

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