Solihull Metropolitan Borough Council
Draft Statement of Accounts 2020/21

Contents

Narrative Report

This Narrative Report provides information on the Council and the environment in which it operates, to set the Statement of Accounts into context. In addition to describing the borough of Solihull and its particular strengths and challenges, the Narrative Report summarises some of the key risks and opportunities for the Council and explains how the Council's approach to budgeting contributes to its financial resilience. The Narrative Report provides an overview of the Council's financial performance in 2020/21 to complement the key financial statements and highlights some of the Council's achievements against the 2020/21 priorities. It further outlines the main priorities of the Council Plan and sets out the key objectives for the year ahead.

Covid-19
Although Covid-19 was emerging as a global pandemic at the end of 2019/20, the full impact only began to crystallise in 2020/21, an extraordinary year for the Council as for all of us. The year began and ended with periods of national lockdown, during which the Council's focus was on helping our most vulnerable residents, supporting the local economy, maintaining the delivery of essential services in a Covid-secure manner and fulfilling our local leadership responsibilities.

From a financial perspective, the main challenges associated with the pandemic have been managing additional costs (e.g. of providing new services and making existing services Covid-secure) and income losses, and the administration of a large number of funding streams.

The Council received various government grants in 2020/21 to mitigate the financial pressures caused by Covid-19, including three tranches of general funding totalling £10.771 million, grants to support the public health response and funding for specific activities. In addition, the government has introduced two grants for local authorities specifically in respect of lost income: one relating to income losses from sales, fees and charges and one relating to income from business rates and council tax. Note 9 to the accounts includes £99 million of revenue grants and contributions relating to Covid-19 (including business rates relief funding).

The Council has also administered the distribution of around £41 million in business grants and around £4 million in grants to social care providers on behalf of the government. These grants are not included as income and expenditure in the Statement of Accounts as the Council has acted merely as an agent of the government in their distribution; however there is around £8 million of grant income that has been received but not yet spent or returned to the government, which is included in the Balance Sheet as part of Short-term Creditors.

The table below summarises the grants received and how they have been applied.

Funding source	Grant Income £000	Agent Expenditure £000	Additional Expenditure £000	Income losses £000	Contribution to Reserves £000
Specific grants credited to Cost of Services	(23,141)	0	21,072	0	2,069
Non Ring-Fenced Government Grants - Business rates relief	(56,000)	0	0	0	56,000
Non Ring-Fenced Government Grants - Other	(20,069)	0	3,345	7,296	9,428
Grants where Council has acted as agent [1]	(45,674)	45,674	0	0	0
	(144,884)	**45,674**	**24,417**	**7,296**	**67,497**

[1] Transactions where the Council has acted as an agent on behalf of the government are not included in the Council's accounts

The government's decision to provide extensive business rates relief for businesses within the retail, hospitality and leisure sector and other businesses such as nurseries has had a significant effect on the Council's accounts for 2020/21. Although such measures have been fully funded by the government (with £56 million of section 31 grants received in the year for this purpose, as shown above and in Note 9), accounting requirements mean that the cost of these measures will not be realised until future years. As a

result, the grants have been contributed to a reserve and will be released over the course of the MTFS to fund this extraordinary cost.

Looking ahead to 2021/22 and beyond, the Council expects additional costs and income losses to continue for some time. Although expectations are that restrictions will be lifted during the summer of 2021, some of the effects of the pandemic will take longer to unwind and some may be permanent. As part of the budget process for 2021/22, the potential financial impact on different services was assessed for inclusion in the updated MTFS for 2021/22 to 2023/24. The government has confirmed the continuation of some funding streams into 2021/22, including a fifth tranche of emergency grant and the extension of the sales, fees and charges income loss relief scheme, which together with funding carried forward from 2020/21 should enable the Council to balance its position in respect of Covid-19. We also recognise that this position is subject to change and our budget strategy reserve and business rates windfall resources provide valuable flexibility and resilience.

Organisational Overview and Operating Environment

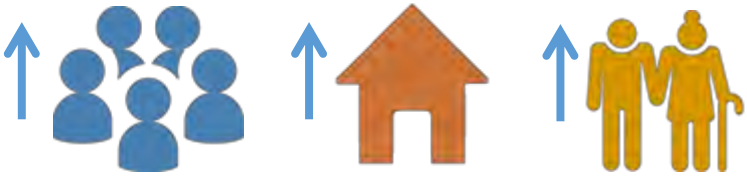
Solihull: population and place

The Council serves a broadly affluent borough, characterised by above-average levels of income, employment and home ownership. The living environment, with a mix of urban and rural communities, key strategic sites and transport infrastructure, and large amounts of green space, is one of Solihull's main strengths, as evidenced by high levels of resident satisfaction with the area (89% in the 2020 Place Survey[1]).

The population of the borough has increased at a much slower rate than nationally over recent years but is expected to grow by around 11% between 2018 and 2038, with significant growth in rural and semi-rural areas.[2] This growth will put considerable pressure on transport, housing, education and public service infrastructure and there is a widespread shortage of affordable homes and homes which are suitable for older people, especially the increasing numbers living alone. Challenges will include balancing these pressures with the need to take action to reduce carbon emissions.

Our community is becoming increasingly diverse, with an increasing proportion from a Black, Asian or other Minority Ethnic (BAME) group (11% in the 2011 census). Estimates suggest that one in five of the Solihull population will be from a BAME background by 2029 and we want to hear diverse community voices and reflect different needs in our service design.

The Office for National Statistics projections suggest that the relative ageing of Solihull's population will continue and by 2038 it is likely that those aged 65 and over will account for around 25% of the borough's population. People aged 75+ represent more than 15% of the population in 11 neighbourhoods and the growth in the number of residents aged 85 and over, who are expected to account for nearly 5% of the borough's population by 2038, represents a particular challenge in terms of health and social care.[3] The frailties of the social care system have been highlighted by the Covid-19 pandemic and this is likely to become a subject of greater focus nationally in the recovery period.



Population forecast to grow by 0.5% p.a. from 2018-2038

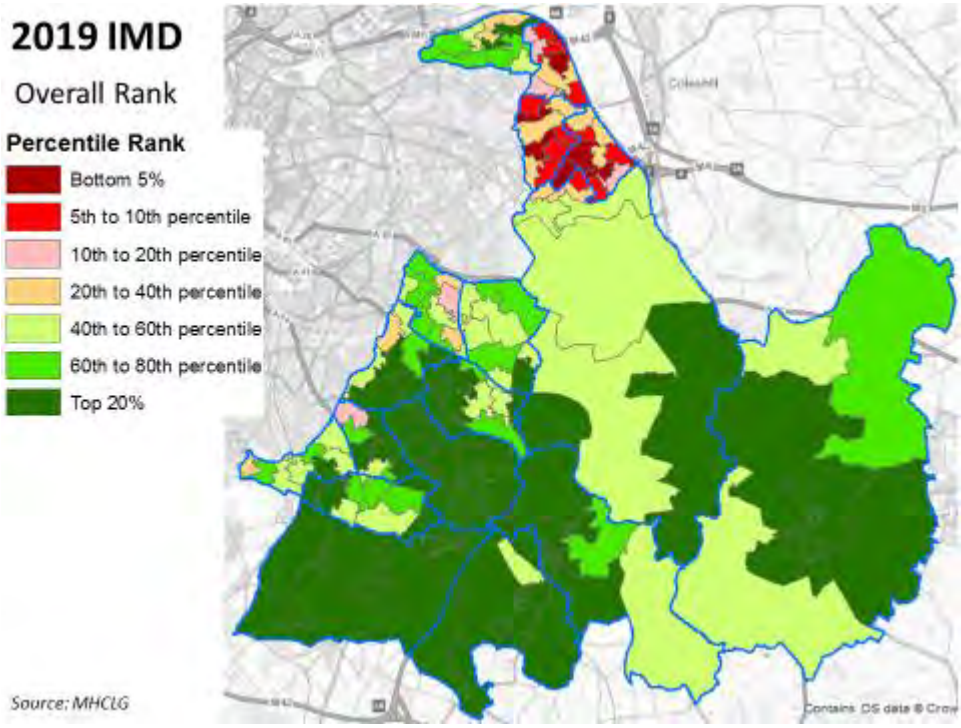
No. of households forecast to grow by 12% from 2018-2038

People aged 65+ with dementia forecast to grow by 41% by 2035

[1] Solihull Metropolitan Borough Council, *Solihull Place Survey 2020*
[2] Solihull Metropolitan Borough Council, *Solihull Population Estimates and Projections*
[3] Ibid

The borough has a thriving economy, with above average wages and relatively low numbers of residents claiming an out of work benefit. In addition to its location at the heart of the nation's road and rail network, it is home to some of the region's key economic assets, such as Birmingham International Airport and the National Exhibition Centre.

The borough's many advantages can give the impression that some of the social challenges are less and are easier to tackle than in other parts of the country. However, the borough has a persistent prosperity gap which has proved difficult to close. National deprivation statistics suggest that despite being the least deprived upper tier authority in the West Midlands, Solihull is relatively polarised, with more than one in ten residents living in neighbourhoods classed as among the most deprived 10% in the country and nearly one in three residents living in the least deprived 10% neighbourhoods.[4]



This polarisation is illustrated in this map of the borough, which is based on the indices of multiple deprivation (IMD) and shows the most deprived wards in red and the least deprived wards in green.

The impacts of this are felt across a broad range of outcomes, particularly health, employment and educational attainment. Although life expectancy in the borough is above the national average, those in the borough's affluent neighbourhoods can expect to live more than 10 years longer than those in the more deprived wards. Furthermore, projections suggest that an increasing number of our residents will experience financial pressures as a result of changes to the benefits system and low income growth among lower earners. Such inequalities have been highlighted by the coronavirus pandemic, which has had a disproportionate impact on many who already face disadvantage and discrimination. The Solihull Health & Well Being Board is overseeing the development of a Health Inequalities Strategy and Action Plan, targeting the areas (for example, best start in life) that can have most impact.

Solihull: the council

Our purpose, as set out in the Council Plan, is to improve lives by delivering great services. The Council Plan sets out the direction we want to go in as a Council (our vision and purpose), how we aim to travel that journey and what we want to see at the end of it. It covers those major steps that we need to take to achieve our vision. It does not cover the 'business as usual' of the Council, which, of course, also has a vital role in the success of our vision and purpose.

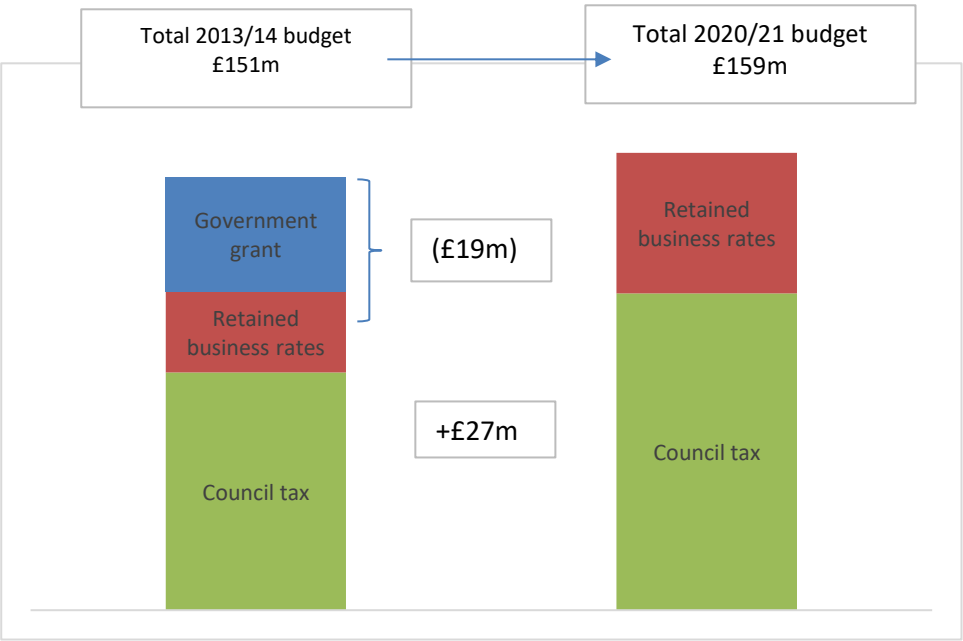
[4] Solihull Metropolitan Borough Council, *Deprivation in Solihull – The Index of Multiple Deprivation 2019*

The Council's vision for Solihull is that it will be a place where everyone has an equal chance to be healthier, happier, safer and prosperous. We are one of 36 metropolitan district councils, on the fringe of the West Midlands conurbation but with a distinct identity and strong rural roots, as characterised by the motto “Urbs in Rure”. A unitary authority since 1986, the Council is led by a Conservative administration which as at May 2021 holds 30 out of the 51 seats. The borough covers two parliamentary wards, Solihull and Meriden.

The Council employs around 4,200 full time equivalent staff, approximately half of whom work in the borough’s schools (excluding academies), organised into five directorates – Adult Care and Support, Children’s Services, Economy and Infrastructure, Public Health and Resources – under the management of the Corporate Leadership Team. The number of full-time equivalent staff has fallen by 7% over the past five years, and we recognise the pressure this has put on our committed workforce – pressure exacerbated by the strains of the coronavirus pandemic with the increase in workload combined with challenging working conditions. The updated Council Plan recognises these pressures with the addition of workforce wellbeing as a tenth ‘key thing to do’. Our Employee Journey Strategy is key to ensuring our employees are healthy and engaged in order to enable business resilience and realise opportunities for organisational transformation in the wake of the pandemic. One of the Council’s strengths is the positive working relationships between officers and elected members, which facilitates effective decision making and strong leadership. This is underpinned by our core values, which are to be open, honest, clear, approachable and keep our promises.

Each local authority operates a governance framework that brings together a set of legislative requirements, governance principles, corporate strategies and policies, systems, management processes, culture and values. The quality of these arrangements underpins the level of trust in public services and is fundamental to the Council’s statutory and democratic obligations. A framework of good governance allows the Council to be clear about how it discharges its responsibilities. Further information on the Council's governance arrangements across all its activities is provided in the Annual Governance Statement, which includes an action plan to address any governance issues which have been assessed as significant.

Our funding comes from two main sources, retained business rates and council tax. In 2013/14, the year in which business rates retention was first introduced, Solihull received 55% of its funding from council tax payers, 26% from government grant and 19% from retained business rates. In the years since, the level of government grant has fallen significantly and the proportion of funding which comes from council taxpayers has increased to 69%.



Since April 2017 Solihull has been involved in a pilot of 100% business rates retention with the other West Midlands metropolitan districts, as a result of which we no longer receive revenue support grant from government. At the outset of the pilot, the tariffs paid to central government and the top-ups received from central government through the business rates scheme were adjusted to ensure a cost-neutral starting position for the pilot authorities.

For the pilot period, the region will retain the 50% share of business rates previously attributable to central government, the growth on which is shared with the combined authority to provide a funding stream for its investment programme. The future of such business rates pilots beyond 2021/22 remains unclear.

We have a long-established culture of working in partnership across the public, private, community and voluntary sectors, with a shared commitment to the people of Solihull. Our key strategic and operational relationships include:

Solihull is a strong and active member of the West Midlands Combined Authority (WMCA), committing political and officer leadership, expertise and resources. The development of the Local Industrial Strategy, Inclusive Growth Strategy and the response to the climate emergency have been particularly significant areas of collaboration in the last two years.

We play an important role in the leadership of the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), a partnership between business, local government and education. We lead the delivery of business start-up support and a habitat improvement grant programme on behalf of the whole GBSLEP area.

Through the Birmingham and Solihull Sustainability and Transformation Partnership (STP) we are working with health partners to set out the key priorities for each local area across three headline issues: improving quality and developing new models of care, improving health and wellbeing and improving efficiency of services.

The Council works at operational level with both the police and fire services across our local communities, for example through the Safer Solihull Partnership, which is working to address crime, disorder and substance misuse.

Solihull Community Housing (SCH) manages our council housing stock and works in partnership with us across a range of priorities including housing delivery, supporting those affected by homelessness and how we work together in localities. SCH is owned by the Council and led by a board of directors on which the Council is represented.

We work closely with the education sector, including private early years' providers, maintained schools, academies, free schools and colleges. In particular, the local authority is represented on the Solihull Schools' Strategic Accountability Board and through working committees relating to Early Years, Special Educational Needs and School Improvement.

The Voluntary and Community Sector (VCS) in Solihull consists of more than 700 separate organisations which contribute to the social fabric and wellbeing of our communities. We have developed a more focused commissioning approach with the VCS that maximises the resources available to deliver against our priorities.

The Council has interests and relationships in other entities which are included in the Council's Group Accounts. Solihull Community Housing Limited, which is our arm's length management organisation (ALMO) for our housing stock, and the Urban Growth Company are consolidated as wholly owned subsidiaries of the Council. The Coventry and Solihull Waste Disposal Company Limited is included as a joint venture. In April 2020, Blythe Valley Innovation Centre Ltd was dissolved and the remaining balances were transferred to the Council; it is now incorporated into the Council's single entity accounts with effect from 2020/21.

Operational Model and Performance

Business Operating Model
The Council Plan, which was reset in July 2020 to respond to the challenges posed by the coronavirus pandemic, sets out a strategic and operating model for the Council to 2025. Underpinning this operating model is a renewed focus on making best use of data to identify who is accessing our services, how and why. This includes customer mapping and segmenting the population into groups of key service users, with whom we work in different ways according to their needs.

As a local authority we provide a range of services, some of which are used by or available to every resident in the borough and others which are only used by a small number of people with specific needs. In designing our offer for the future, we divided our services into three categories (universal, targeted and specialist), each with a different focus and a different proposal.

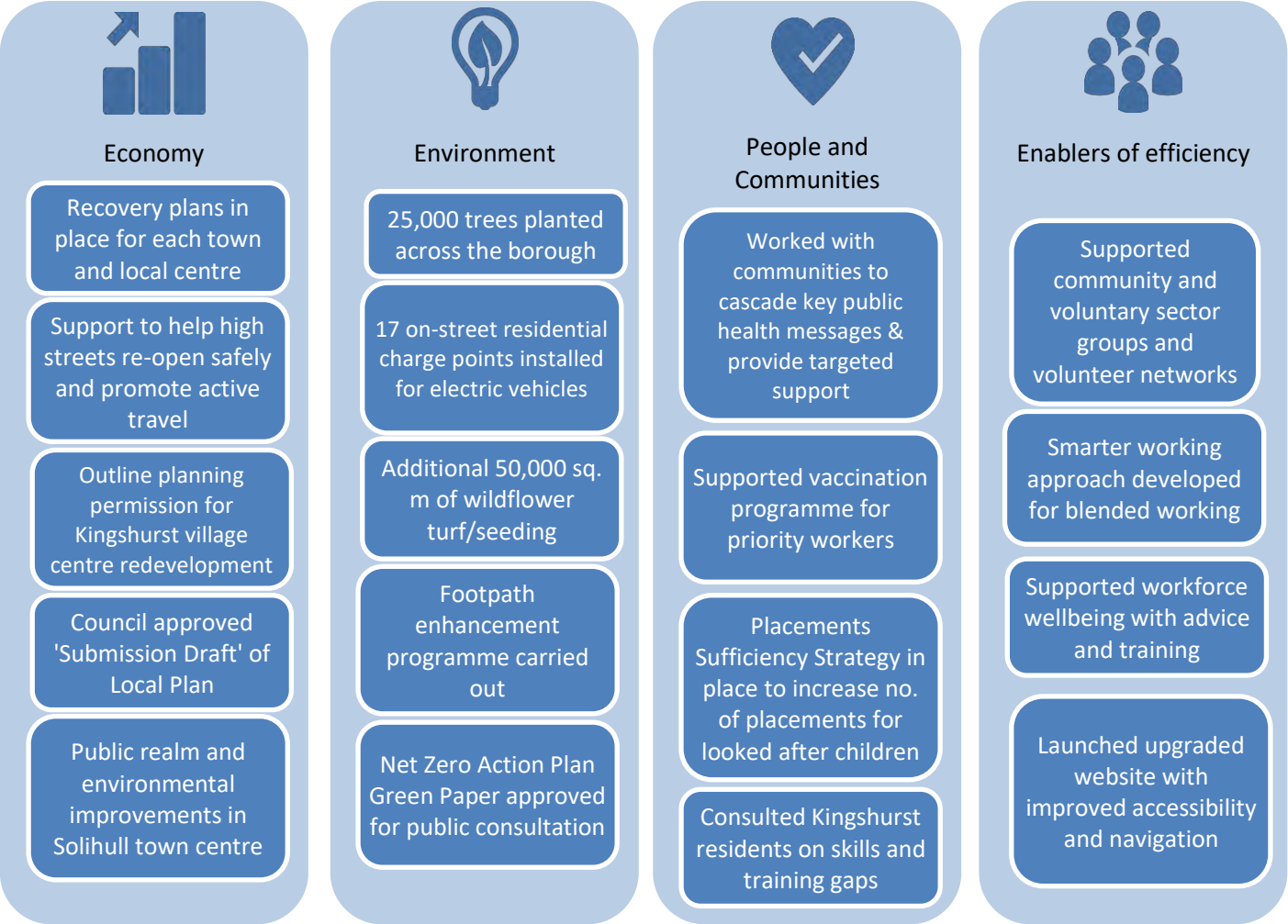
- Universal services are those offered to all of our residents and provide the foundation upon which successful, sustainable communities are built.
- Targeted services are there to help these residents to get things back on track and try to ensure temporary difficulties do not escalate to become long term issues.
- Specialist services are received by residents who need specialised support, such as adults with long term health issues and children in need.

Enabling independence is a theme that runs throughout these offers. This means encouraging and supporting residents to do as much as possible for themselves, looking out for those around them and coming together with others to tackle local issues. We will also work creatively with partners to deploy our resources more effectively, each partner doing what they are best placed to do. Transparency, honesty and truth underpin this partnership approach.

Each of these categories is underpinned by support services which need to be equally efficient and focused, and the fundamentals we call our 'enablers': connected and engaged communities and a vibrant voluntary and community sector; strong, effective local and regional partnerships; sound finance and management of assets; smarter ways of working; digital empowerment and our employee journey.

Review of 2020/21

Although the response to the pandemic has been a dominant theme over the course of the year, we have maintained our focus on the priorities set out in the Council Plan. The figure overleaf highlights some significant non-financial outcomes against the Council Plan priorities in 2020/21.



A full summary of achievements in delivering our plan, and those areas we are continuing to work on, will be outlined in our Annual Report.

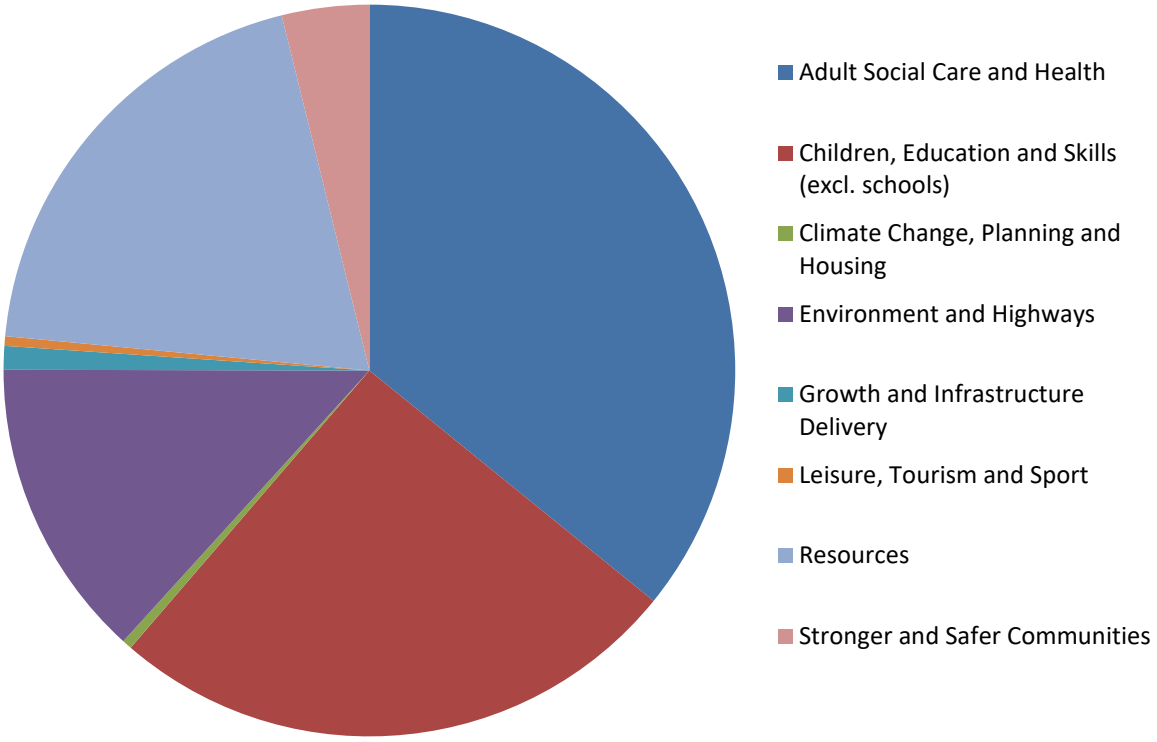
Financial performance - overview

The Council adopts a cash limited approach to its budget with Cabinet Members and Corporate Directors being responsible for ensuring services are delivered within budget, whilst allowing flexibility within the overall cash limit to transfer money from one budget head to another to meet changing demands. This process is supported by a series of delegations overseen by the Leader of the Council.

Our budget for 2020/21 was £159.077 million, an overall increase in the net budget of £11.457 million compared to the 2019/20 budget of £147.620 million. The budget was approved on 27 February 2020, with net planned expenditure on services and corporate commitments increasing by £15.463 million over the 2019/20 base budget, of which £8.224 million related to service pressures, £1.188 million contribution to corporate pressures and £2.939 million to inflation. In addition, the Council planned an increase in the net use of reserves, working balances and contingencies totalling £3.112 million. This increase in expenditure was offset by savings totalling (£4.006 million).

The budget of £159.077 million was funded from retained business rates of £48.880 million and council tax income of £110.197 million. Solihull increased its element of the council tax charge by 3.90% in 2020/21. This included a charge of 2.0% specifically to support adult social care which generated £9.7 million for the service (£2.2 million more than in 2019/20). Council tax income continues to be the most significant funding source for the authority, reflecting the proportion of higher-banded homes in the borough, and comprised 69% of the total funding for 2020/21.

This chart shows our net spending (£150 million excluding levies, working balances and the Dedicated Schools Grant) across our cabinet portfolios in 2020/21.



Financial performance – revenue outturn

The outturn position on the General Fund and Dedicated Schools Grant (DSG) for the year was presented to Full Cabinet on 17 June 2021. The favourable variance on the General Fund was contributed to working balances pending Full Cabinet's approval of the requests outlined in the report to contribute £0.164 million to earmarked reserves and to fund future year commitments. The final position on the General Fund will see the Council (£0.105 million) (2019/20: (£0.090 million)) ahead of the financial position set out in the approved Medium Term Financial Strategy (MTFS). Members approved the contribution of this amount to the budget strategy reserve, in order to provide further financial resilience for future years' planning.

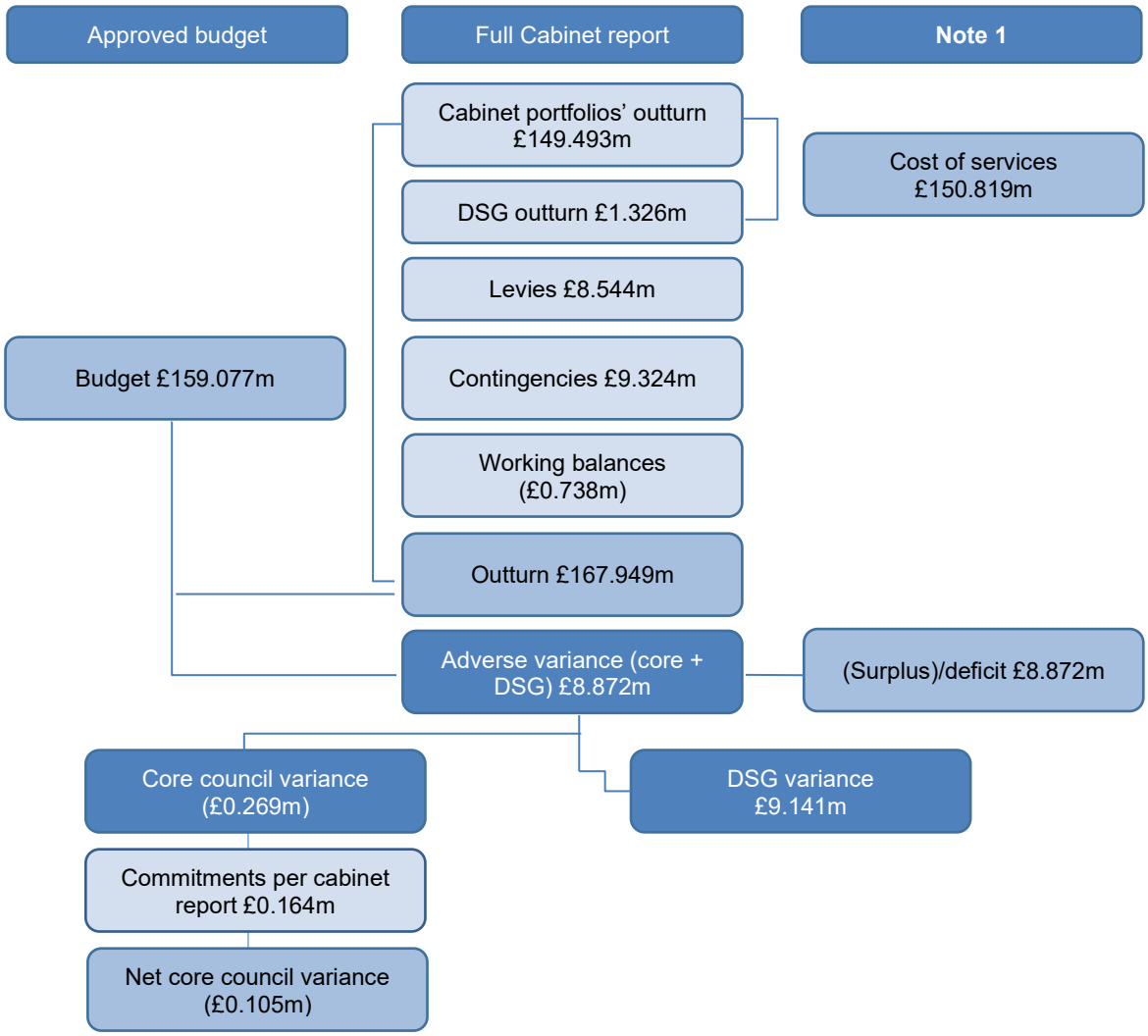
Across the cabinet portfolios, in year pressures were managed through ongoing and one-off resources, including the use of reserves where appropriate. Favourable variances in the Resources portfolio contributed to the overall favourable outturn for the core council budgets.

In the Adult Social Care and Health portfolio, largely as a result of customers opting to receive care at home from family and friends and reduced take-up of day care services during the pandemic, the year-end position allowed for a net contribution to the adult social care contingency. This will give the service more scope to manage the anticipated increase in future demand following the easing of restrictions and sustained demand for services that were made available during the pandemic. Reserves will also be utilised to manage decreases in government funding as part of longer-term financial management plans.

Significant demand pressures in the Children, Education and Skills portfolio - particularly in children's placements, home-to-school transport and special educational needs and disabilities services - were mitigated through the use of the children’s social care reserve and the maximisation of government grants.

The Council reported an adverse variance on the DSG of £9.141 million, including a cumulative deficit of £5.934 million carried forward from previous years. The key issue for the DSG continues to be the pressure on the High Needs Block, which is largely due to sustained increases in the number of children requiring support, the saturation of internal place provision and an increasing reliance on external independent placements. In accordance with Department for Education requirements, the Council has begun to implement the High Needs Block Recovery Plan, outlining how the in-year position will be brought back into balance with the accumulated deficit recovered over a longer period.

Note 1 in the Statement of Accounts provides a breakdown of the total income and expenditure by cabinet portfolio. This note also shows the adjustments required in order to arrive at the figures in the Comprehensive Income and Expenditure Statement (CI&ES). The diagram overleaf shows how the outturn figures in the Full Cabinet report compare to the approved budget, and the resulting net adverse variance of £8.872 million (2019/20: (£5.196 million) adverse variance), which is then further broken down to show the final position after the proposed contributions to specific reserves and future years' commitments. It also demonstrates how the figures in Note 1 are derived from the figures in the Full Cabinet report.



Financial performance - capital outturn

Capital spending is expenditure on non-current assets that have a life expectancy of more than one year and, therefore, have the potential to benefit not just current but future taxpayers within the borough. The assets are usually funded over a longer period than one year, either from borrowing, grants or from reserves built up over a period of time.

The total spending on the capital programme for 2020/21, including the Housing Revenue Account (HRA), was £59.299 million (2019/20: £71.682 million) compared with a revised budget of £77.223 million, giving a net favourable variance in year of (£17.924 million) (2019/20: (£8.453 million)). Rephasing of £18.611 million will be added into the capital programme for 2021/22.

A summary of the Council's internal and external sources of funds available to meet its capital expenditure and other financial commitments including Private Finance Initiatives (PFI) / Public-Private Partnership (PPP) schemes is included in Note 18 - Capital Expenditure and Capital Financing.

The disposal of assets resulted in total gross capital receipts for the Council during the year of £4.323 million. These included HRA right to buy properties totalling £2.264 million.

Business Rates Retention Pilot
Since 2017 the Council has been working closely with its counterparts across the West Midlands through the combined authority to progress the funding needed to deliver the Council's vision for UK Central. 2020/21 marked the fourth year of the West Midlands business rates retention pilot, through which the combined authority has secured a share of business rates growth to support the investment programme. In addition, involvement in the pilot has generated windfall resources each year for the member authorities for investment in local priorities. In 2020/21, this windfall income totalled £4.217 million, a shortfall of £4.980 million against original forecasts as a result of the pandemic. £2.246 million of this pressure was offset by tax income guarantee funding and £1.293 million of the remaining shortfall was met from Covid-19 emergency funding, topping up the windfall income for 2020/21 to £7.756 million. In June 2021, Full Cabinet approved investments from the windfall income of £1.250 million in Economy and Infrastructure budgets and £1.000 million to fund pressures in children's social care. The balance of £5.506 million will be contributed to a new business rates volatility reserve, to mitigate the risks inherent in the MTFS assumptions in respect of business rates income.

Academisation
There was one academy conversion during the year, resulting in an increase in land values in the Balance Sheet of £1,000. Ten schools converted to academy status, at no cost, on 1 April 2021.

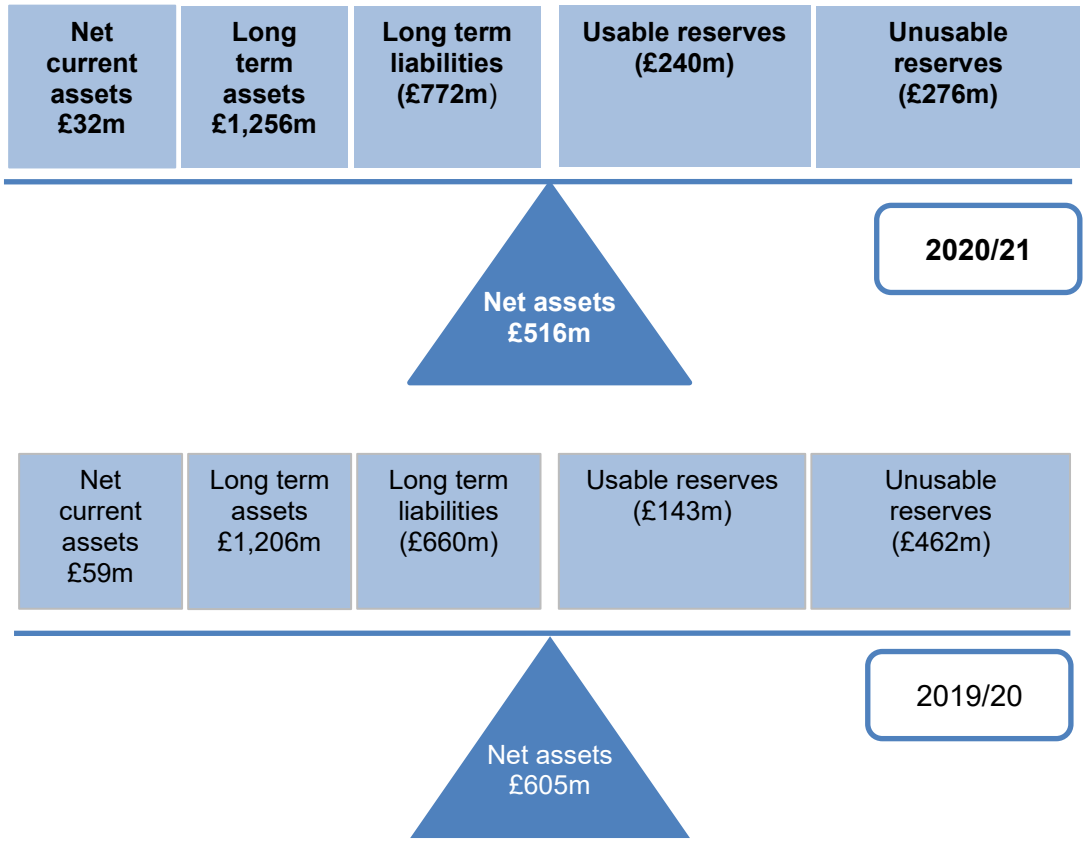
Pension liabilities
There is currently a net deficit attributable to the Council on the West Midlands Pension Fund. This is reviewed periodically by the Fund Actuary and includes an estimate of the potential impact of the Court of Appeal judgement regarding the McCloud and Sargeant cases relating to age discrimination within the judicial and fire pension schemes respectively. Steps have been taken to address this deficit within the medium and long-term financial strategy of the Council.

In April 2020 the Council made an upfront payment of £58.3 million in respect of pension contributions for the three years from 2020/21 to 2022/23 in order to save a net £3.9 million over those three financial years. The full payment was accounted for as a reduction in the Council's net pension liability in 2020/21. The effect on the accounts for 2020/21 was to reduce the year-end cash and investment position.

In addition, during 2020/21 the updating of assumptions by the Council's actuaries has led to an increase in the net pension liability of £114.563 million. This has been calculated by the Council's actuaries in line with the Government Actuary's Department impact analysis and has contributed to the reduction in the Council's net assets as shown in the Balance Sheet.

Net assets

The Council's net assets have reduced during the year, in part due to the impact of changes made by the Council's actuaries to assumptions underlying the pensions liability. The Council is in a robust financial position at the end of 2020/21 and continues to maintain a strong Balance Sheet.



Cash flows

The Cash Flow Statement shows how the movement in resources has been reflected in cash flows. During 2020/21, net cash and cash equivalents increased by £7.260 million, from (£13.973 million) to (£6.713 million), as shown in the table below.

	31 March 2020 £000	31 March 2021 £000
Opening cash and cash equivalents	(814)	(13,973)
Movement during the year	(13,159)	7,260
Closing cash and cash equivalents	(13,973)	(6,713)

The increase in the cash and cash equivalents figure is due in part to a reduced borrowing requirement, which meant that no external borrowing was required in 2020/21. In addition, cash inflows and outflows in respect of investments were higher this year, as a result of the Council taking a shorter approach to investments in response to the uncertain economic climate.

Strategy and Resource Allocation

Council Plan

In July 2020 we adopted a new Council Plan, setting out a direction of travel until 2025 and describing the major steps we need to take to achieve our ambitions. Our plan, which was reviewed and updated in spring 2021, focuses on recovery and reset and sets out a clear direction based on our ten 'key things to do', grouped into the categories of economy; environment; people and communities; and enablers or foundations.

Our plan has a clear set of activities for each of our 'key things to do' and measurable outcomes. We recognise however that recovery from the impacts of Covid-19 will not be linear or straightforward and that how we do things will have to be flexible and evolve further over the next two years as circumstances change. The plan outlines how we will develop key enablers of council efficiency and value for money: community engagement, use of digital, the employee journey, robust finance and use of our physical assets. It describes how we will take the opportunity to reset our business, using what we've learnt in responding to the Covid-19 pandemic to do things differently and better in the future.

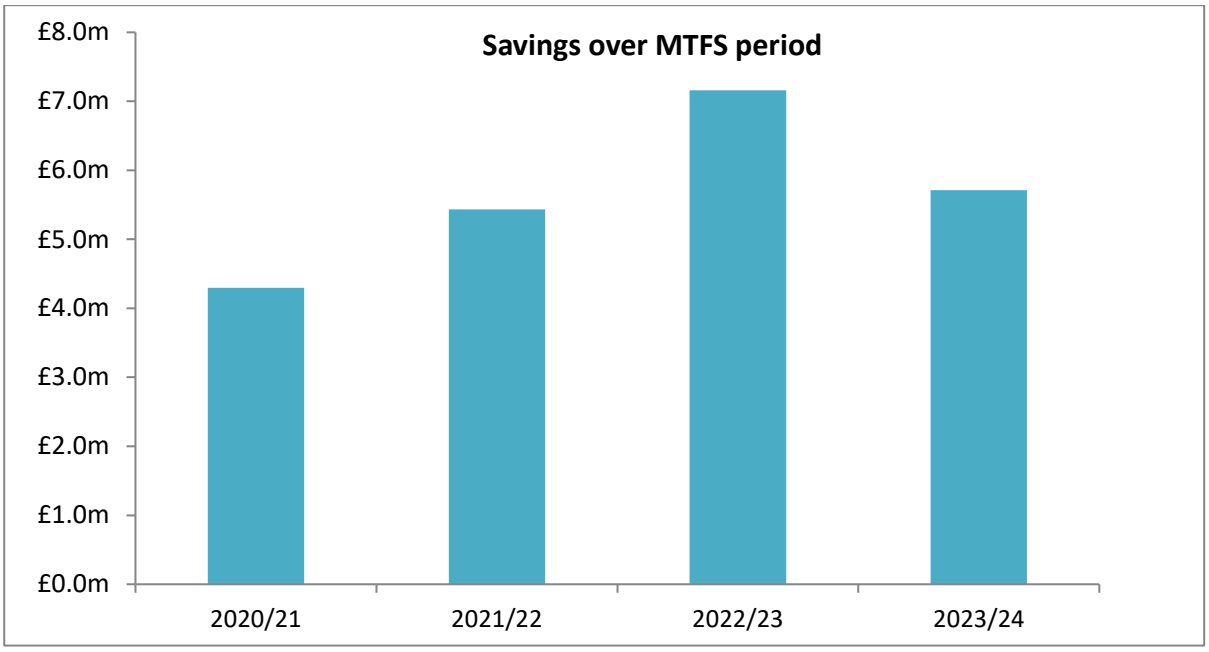
Our borough has great fundamentals, including our strategic location, a robust economy and high quality places to live, which will stand us in good stead in recovering from the impacts of the Covid-19 pandemic and rising to the underlying challenges: meeting the needs of our changing population, managing spending within constrained budgets and ensuring that growth generates opportunities for all.

Medium Term Financial Strategy

The Council Plan is supported by our Medium Term Financial Strategy (MTFS), which covers the period to March 2024. The MTFS is reviewed and updated annually as part of the budget process, and the current MTFS reflects the principles of reset and recovery, moving away from the focus on budget savings which has been a constant in recent years to an emphasis on supporting those services under most financial pressure.

Our MTFS is approved by members before the start of each financial year but is kept under review throughout the year, with updates reported to members through the Budget Strategy Group, members' seminar, scrutiny and Full Cabinet. Where these updates result in changes to the financial planning assumptions in the first two years of the MTFS, we use a budget strategy reserve to smooth the impact into the third year. The focus of the annual budget setting process is on balancing the financial position in the third year of the MTFS, with savings for the upcoming financial year having been approved two years previously.

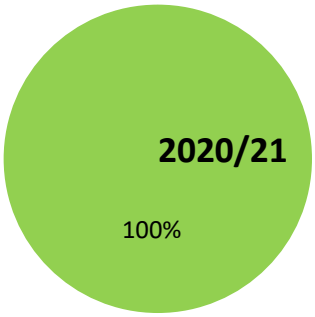
The budget process for 2021/22 did not require any new savings to be identified to address the funding gap in the third year, but the MTFS does include savings approved in previous years. The chart overleaf shows cumulative ongoing savings of £5.7 million (net of the reversal of temporary savings) approved in previous years for the period from 2020/21 to 2023/24.

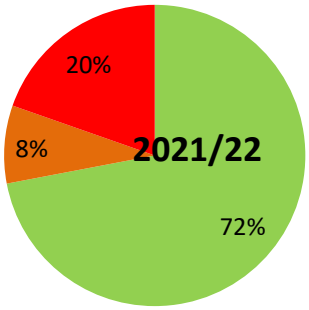


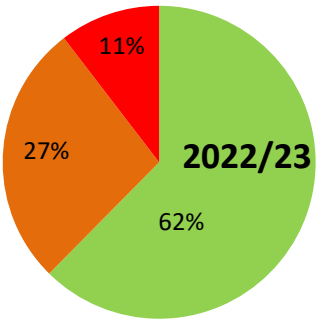
Note the reduction in 2023/24 reflects the reversal of time-limited savings achieved in earlier years

Our budget process provides us with the time required to plan effectively and realistically for the implementation of savings and means that we are able to avoid hasty reactions to any unexpected financial shocks. Underpinned by our budget strategy reserve, our three-year budgeting approach is an important factor in the continued resilience of our financial position and has helped us to manage the impact of Covid-19.

A group of senior officers (the Aligning our Resources to our Priorities (ARTOP) Board) closely monitors the delivery of savings and supports the management and mitigation of any anticipated shortfalls. The ARTOP Board categorises each saving as red, amber or green depending on their assessment of deliverability - the pie charts below show the proportions of savings in each year in each category, as at March 2021.







Treasury management and borrowing strategy
The Council's Treasury Management Strategy sets out the Council's objectives in relation to the management of the Council's cash flow in order to ensure it is available when needed, and to manage borrowing and investments in support of the Council's longer term capital plans.

The Council is currently maintaining an under-borrowed position, which means that the capital financing requirement has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cashflow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Looking Ahead: Risks and Opportunities

The immediate challenge facing the country as a whole is how to manage the public health implications of Covid-19 (both directly and indirectly) while also supporting the economic recovery from the measures put in place to restrict the spread of the virus. The Council's response to the pandemic is to support those who are most vulnerable to the impacts of Covid-19, while the plan for recovery will also consider the needs of people, business and place, focusing on major projects such as the HS2 interchange and town and local centres in order to capitalise on opportunities for renewal and growth.

Across the local government sector, rising demand, particularly in adults' and children's services, continues to be a challenge which councils need to manage within limited funding envelopes. The devolution agenda and the increased retention of business rates that has accompanied it in areas like the West Midlands has brought new freedoms and flexibilities, but with them increased risk and the challenge of negotiating complex local and regional partnerships.

Service pressures
Solihull is not alone in experiencing significant increases in demand for specialist services such as domiciliary care, looked after children and home to school transport. The strain on adult social care services in particular is well-documented (Local Government Association analysis before the 2020 Spending Review estimated the funding gap would be £2.7 billion by 2023/24) but there is also increasing recognition of the pressures facing children's social care across the country, as the number of children protection enquiries and looked after children increase each year.

Since 2016/17, in recognition of the national pressures facing adult social care, local authorities have been able to charge an adult social care precept on the council tax, which is expected to generate around £11.3 million a year for Solihull by 2021/22. A longer-term solution to the national problem of funding adult social care has been promised for some time.

Economic Uncertainty
As outlined by the Office for Budget Responsibility in March 2021, the UK has been hit particularly hard by the pandemic, with relatively high mortality and a reduction in GDP of 9.9% - the largest decline in the G7 group of industrialised nations. However, the success of the vaccination programme and easing of public health restrictions in the first half of 2021 are expected to support a rebound in consumption and output through 2021, with GDP forecast to grow by 4% and regain pre-pandemic levels by the second quarter of 2022.[5]

Solihull as a borough is relatively well placed to withstand the economic impacts of Covid-19, given the dynamism of the local economy, its well-balanced profile across manufacturing and service sectors and the highly qualified local workforce. That said, over a third of local businesses are in sectors particularly affected, with air transport and automotive manufacturing and supply chain particularly significant for the borough.

In addition, although the end of the Brexit transition period has brought some clarity for business, trade with the EU was disrupted at the beginning of 2021 and there is still a great deal of uncertainty over trading arrangements for the future.

In this context it is difficult to forecast the impact on future demand for public services or on the overall economic prosperity and employment prospects for the borough.

At this stage, no projects in receipt of European funding have been withdrawn or discontinued as a result of the UK's departure from the EU. However, in a more general sense, Brexit could affect the Council's activities in the following ways:

- Any impact on economic prosperity and employment prospects for the borough and the wider region could increase demand for public services and reduce the resources available to the Council to deliver those services;
- Any impact on the stock market and on interest rates could affect the Council's investments;
- Any impact on inflation would particularly affect the cost of index-linked contracts;
- Much of UK procurement, employment, environmental and consumer protection legislation is currently derived from EU law and so there is a possibility that the government may wish to change some of these laws as part of the process of rewriting this legislation.

We continue to monitor developments in relation to these key risks and will update our strategic and financial plans as necessary as and when the implications become clearer.

Local government funding
The national focus on Brexit prior to the emergence of Covid-19 inevitably meant that other issues of vital importance to local government, such as the sustainable funding of adult social care and devolution to the regions, attracted little attention outside the sector.

A multi-year spending review, setting out the overall quantum of funding for central government departments (and by extension local government), and the outcome of the Fair Funding Review into local government finance, were both delayed following the 2019 general election and again as a result of the pandemic, with a one-year spending review and finance settlement published in the last quarter of 2020. Beyond April 2022, therefore, local authorities have little information on which to base their funding projections and the certainty sought by the local government sector seems a distant goal.

That said, we are confident in the robustness of the Council's finances. We have invested additional resources in services which are under financial pressure as a result of increasing demand, with further investment planned over the period of the MTFS, and our Budget Strategy Reserve provides additional resilience.

[5] Office for Budget Responsibility, *March 2021 Economic and Fiscal Outlook* (March 2021) https://obr.uk/efo/economic-and-fiscal-outlook-march-2021/

Sustainable inclusive growth
The Council's response is to focus on managing demand, reducing costs and maximising the income generated locally.

The High Speed 2 (HS2) Growth Strategy and UK Central investment programme provide an unprecedented opportunity to support the recovery of the borough's towns and the revival of the visitor economy, ensuring that good opportunities will be available to all our residents. Inclusive economic growth will mean supporting residents to access new employment opportunities and ensuring the provision of appropriate and affordable housing, already an issue for first time buyers in particular. We know that securing economic growth is not an end in itself, but is a means of achieving wellbeing, inclusion and shared prosperity.

In future, many new jobs will require higher level skills and we recognise that some of our residents will require support to access these new employment opportunities. School attainment varies, with only 55% of those pupils attending secondary school in the north of the borough achieving grades 9 to 4 in GCSE English and Maths in 2019, compared to 76% of pupils in the south of the borough. Employment rates for those with lower skills, ill health (particularly for those with a mental health issue), carers and lone parents are much lower than the rest of the population.

Delivering a sustainable low-carbon future
We also want to manage economic growth to minimise the impact on the attractive living environment for the benefits of our residents and for our wildlife. Our Green Prospectus articulates the Council's low carbon vision for the borough and sets out a coordinated approach to capitalising on new markets for green technology, goods and services.

Among the challenges we face is how to adapt our local transport system to cope with current and forecast demand, and how to increase the proportion of people who commute by public transport, walking or cycling. Maximising public transport connectivity is also essential in linking our major employment sites to where people live and delivering on our commitment to a low carbon future. The Covid-19 pandemic has also demonstrated that things can be done differently with, for example, the rapid expansion of homeworking significantly reducing the volume of traffic on the roads.

Outlook

Key service developments

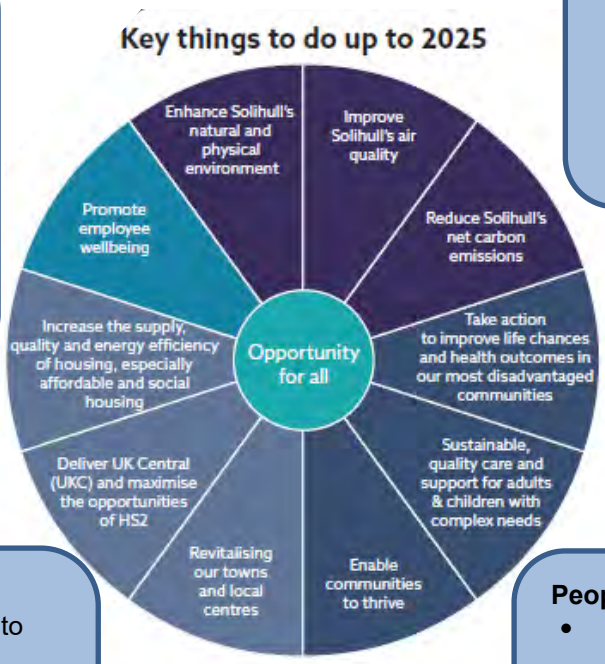
Our Council Plan outlines ten 'key things to do' which will contribute to our five building blocks of inclusive economic growth: building a vibrant economy (including the social economy), promoting and delivering social value, supporting communities to thrive, improving skills and access to good work and responding to climate change and ensuring that environments enable healthy living. The ten 'key things to do' are illustrated below, together with examples of planned deliverables for 2021/22.

Enablers:

- Provide physical and digital environment to support smarter ways of working
- Develop sustainable financial position for 2022/23 to 2025/26
- Complete migration of finance, procurement and HR systems to Oracle Cloud

Environment:

- Plant 25,000 trees
- Complete Wildlife Ways project
- Reduce council emissions to 9,744 tonnes



Economy:

- Public realm improvements to support town/local centre recovery
- Unlock development opportunity at Arden Cross and HS2 by securing planning permission and funding for multi storey car park

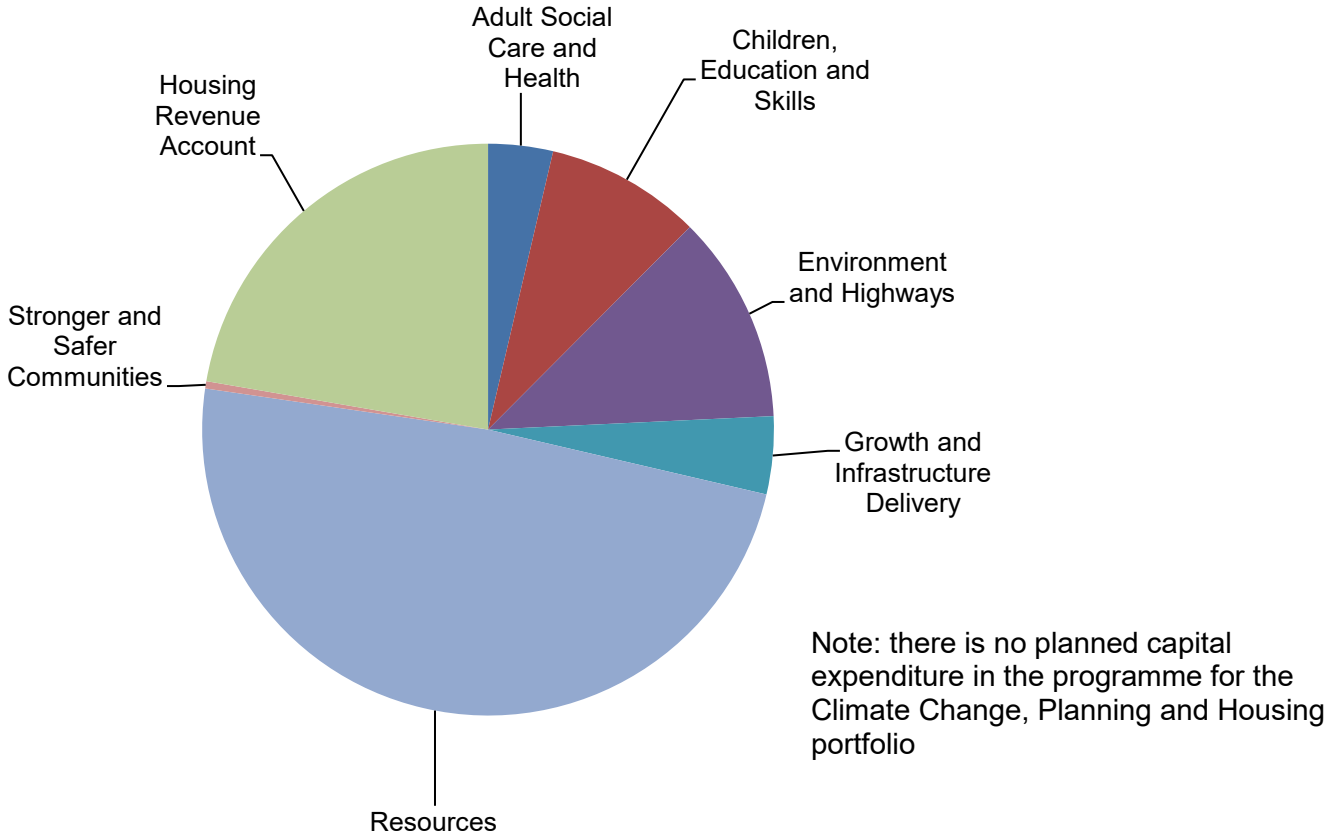
People and Communities:

- Create kick-start jobs and youth employment hub
- Establish long-term hospital admissions avoidance service
- Increase number/range of in-house foster placements

This activity will be supported by the financial resources set out in the MTFS, which are summarised in the table below.

	2021/22	2022/23	2023/24
	£000	£000	£000
Base budget	159,077	151,372	162,426
Funding commitments	7,135	5,231	6,896
Savings	(849)	(1,729)	1,450
Net Covid-19 pressures/funding	(5,005)	14,935	(6,709)
Government grants	666	(975)	(44)
Contributions to/ (from) reserves	(9,652)	(6,408)	3,471
Indicative budget	**151,372**	**162,426**	**167,490**

Capital programme
The capital programme represents the Council's plans for spending on non-current assets across the different service areas. Planned expenditure in the programme for 2021/22 totals £115 million (excluding rephasing approved by Full Cabinet in June 2021), divided between cabinet portfolios as shown in the chart below.



Significant items within the capital programme for 2021/22 include the schools improvement programme, highways improvements and ICT projects, in addition to a programme of works totalling £26 million within the Housing Revenue Account.

Looking ahead, the total projected value of the capital programme between 2021/22 and 2023/24 is circa £265 million (before the addition of rephasing from 2020/21). This will be funded from the following internal and external sources: prudential borrowing (£137 million), external grants (£59 million), revenue and contributions (£68 million) and capital receipts (£1 million).

Adequacy of reserves
The Council holds working balances (both General Fund and HRA) to meet unforeseen spending requirements and to provide certainty for medium term financial planning. The level of working balances takes into account the strategic, operational and financial risks facing the Council and is reviewed each year as part of the budget process.

The Council also has a budget strategy reserve, specifically to meet budget risks in order that the Council can continue to focus on three-year budget planning. This reserve is considered to be particularly important to the Council given the uncertainty over central government funding post-2021. The accumulated deficit on the DSG was temporarily funded from the budget strategy reserve in 2019/20 but regulations now allow the Council to hold the accumulated deficit in a new reserve called the DSG adjustment account, which is included in the unusable reserves shown at Note 14.

As part of the budget process for 2021/22, Full Cabinet agreed the creation of a new business rates volatility reserve to mitigate the uncertainty in the business rates assumptions in the MTFS. At its meeting in June 2021, Full Cabinet approved the contribution of the balance of the 2020/21 business rates windfall (£5.506 million) to this new reserve.

As at 31 March 2021, the balance on the budget strategy reserve was £9.655 million, with the forecast balances to 2023/24 shown in the table below. These figures do not include the contribution of the net favourable variance against the 2020/21 core council budget of £105,000 which was approved by Full Cabinet in June 2021.

	2021/22	2022/23	2023/24
	£000	**£000**	**£000**
Forecast contribution (to)/from reserve	604	3,176	(586)*
Forecast balance at year end	**(10,259)**	**(13,435)**	**(12,849)**

** To fund one-off pressures*

In addition, the individual cabinet portfolios maintain specific reserves which are earmarked for particular purposes, for example to fund future projects, smooth uneven funding or spending profiles or mitigate future risks. Transfers to and from earmarked reserves are detailed in Note 15, which shows a significant increase in such reserves in 2020/21. This largely relates to funding received in respect of Covid-19 pressures which will materialise in future years, most significantly in relation to business rates reliefs, where the funding has been received in advance of the impact on the MTFS.

We have also been prudent in our treatment of the windfall income which we have been receiving as a result of our involvement in the West Midlands business rates retention pilot. The first call on any such income would to make good the financial position of any of the members of the pilot, under the agreed principle of "no detriment", but to date this principle has yet to be invoked. The windfall income received in 2020/21 totalled £4.217 million which has been contributed to the windfall reserve, together with £3.539 million of Covid-19 emergency and local tax income guarantee grants. In June 2021, Full Cabinet approved the allocation of the full windfall amount relating to 2020/21 in line with recommendations reported as part of the 2021/22 budget process.

Further information on the movements in the earmarked general fund balances, which includes the budget strategy reserve, the windfall contingency and a specific contingency for adult social care, is provided in Note 15.

Taken together, the level of the general fund earmarked and working balances contributes to the financial resilience of the Council and supports the MTFS, which continues to serve us well in balancing the many and complex demands on our budget and resourcing framework. These are difficult times for local government, and the resilience that is built into our financial planning will be needed more than it has ever been.

[signed by Paul Johnson on 22 June 2021]

Paul Johnson CPFA
Director of Resources and
Deputy Chief Executive
22 June 2021

Statement of Responsibilities

The Council's 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 responsibility for the administration of those affairs. In this authority, that officer is the Director of Resources and Deputy Chief Executive;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Director of Resources and Deputy Chief Executive's Responsibilities:

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

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

The Director of Resources and Deputy Chief Executive has also:

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

Certification by the Director of Resources and Deputy Chief Executive:

I, the Director of Resources and Deputy Chief Executive of Solihull Metropolitan Borough Council, certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31 March 2021.

[signed by Paul Johnson on 22 June 2021]

Paul Johnson CPFA
Director of Resources and Deputy Chief Executive

Authorised for issue date: 22 June 2021

Comprehensive Income and Expenditure Statement (CI&ES)

The Comprehensive Income and Expenditure Statement (CI&ES) shows the income, expenditure and net cost of services the Council provides, funding from general government grants and income from local taxpayers in the financial year. The CI&ES reconciles to the change in the year of the net worth of the Council as shown in the Balance Sheet.

The CI&ES is prepared in accordance with the Code, which differs from the legal rules used to calculate budgets and available balances. These differences are adjusted for in the Movement in Reserves Statement. It is the General Fund Working Balance increase or decrease shown in the Movement in Reserves Statement which shows the overall revenue position for the Council.

2019/20				2020/21			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	**Net Expenditure**	
£000	£000	£000		£000	£000	**£000**	
106,986	(50,665)	56,321	Adult Social Care and Health	122,679	(63,887)	**58,792**	
208,878	(158,689)	50,189	Children, Education and Skills	205,646	(160,907)	**44,739**	
4,062	(2,819)	1,243	Climate Change, Planning and Housing	4,725	(2,336)	**2,389**	
35,972	(9,808)	26,164	Environment and Highways	38,437	(6,177)	**32,260**	
11,289	(10,243)	1,046	Growth and Infrastructure Delivery	9,995	(9,483)	**512**	
2,815	(1,504)	1,311	Leisure, Tourism and Sport	3,277	(129)	**3,148**	
87,170	(61,901)	25,269	Resources	109,711	(62,314)	**47,397**	5
38,145	(51,368)	(13,223)	Stronger and Safer Communities (includes HRA)	48,448	(53,132)	**(4,684)**	
495,317	(346,997)	148,320	**Cost of services**	542,918	(358,365)	**184,553**	5
		1,366	Parish precepts			**1,487**	
		8,559	Levies payable			**8,544**	
		1,249	Amounts payable into the housing capital receipts pool			**1,202**	
		8,347	(Gain)/loss on disposal of non-current assets			**(1,812)**	
		19,521	**Total other operating expenditure**			**9,421**	
		16,738	Interest payable and similar charges			**16,896**	24
		6,868	Net interest on the net defined benefit liability			**6,538**	33
		(1,299)	Investment interest income			**(413)**	24
		(4,578)	Other investment income			**(3,088)**	24
		459	Income, expenditure and changes in fair value of investment properties			**(1,020)**	
		18,188	**Total financing and investment income & expenditure**			**18,913**	

2019/20				2020/21			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	**Net Expenditure**	
£000	£000	£000		£000	£000	**£000**	
		(106,434)	Council tax			**(109,910)**	C3
		(47,106)	Business rates			**17,577**	5, C3
		(14,988)	Non ring-fenced government grants			**(83,121)**	5, 9
		(14,446)	Recognised capital grants and contributions			**(25,968)**	9
		(182,974)	**Total taxation and non-specific grant income**			**(201,422)**	
		3,055	**(Surplus)/deficit on the provision of services**			**11,465**	
		16,212	(Surplus)/deficit on revaluation of property, plant & equipment			**(58,808)**	5, 16
		7,314	Impairment losses on non-current assets charged to the revaluation reserve			**118**	16
		7,381	(Surplus)/deficit from investments in equity instruments designated at fair value through other comprehensive income			**378**	24
		(15,234)	Remeasurement of the net defined benefit liability			**136,097**	5, 33
		15,673	**Other comprehensive income and expenditure**			**77,785**	
		18,728	**Total comprehensive income and expenditure**			**89,250**	

Movement in Reserves Statement (MIRS)

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 council tax) and 'unusable reserves'. This statement shows how the movements in the Council’s reserves are broken down between gains and losses shown in the CI&ES and the statutory adjustments required, resulting in the amounts chargeable to council tax or rents for the year. The (Increase)/ decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

2020/21	General Fund Working Balances	Earmarked Revenue Reserves (Note 15)	**Sub-total General Fund Balance**	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	**Total Usable Reserves**	Unusable Reserves	**Total Council Reserves**
	£000	£000	**£000**	£000	£000	£000	£000	**£000**	£000	**£000**
Balance at 31 March 2020	**(6,738)**	**(74,966)**	**(81,704)**	**(15,866)**	**(20,729)**	**(4,284)**	**(20,735)**	**(143,318)**	**(462,136)**	**(605,454)**
Movement in reserves during 2020/21:										
Total Comprehensive Income and Expenditure (CI&ES)	16,619	0	**16,619**	(5,154)	0	0	0	**11,465**	77,785	**89,250**
Adjustments between accounting basis and funding basis under regulations (Note 13)	(110,586)	0	**(110,586)**	4,905	927	(397)	(2,663)	**(107,814)**	107,814	**0**
Transfers (to)/from earmarked reserves (Note 15)	94,436	(94,436)	**0**	0	0	0	0	**0**	0	**0**
(Increase)/decrease in 2020/21	**469**	**(94,436)**	**(93,967)**	**(249)**	**927**	**(397)**	**(2,663)**	**(96,349)**	**185,599**	**89,250**
Balance at 31 March 2021	**(6,269)**	**(169,402)**	**(175,671)**	**(16,115)**	**(19,802)**	**(4,681)**	**(23,398)**	**(239,667)**	**(276,537)**	**(516,204)**

2019/20	General Fund Working Balances	Earmarked Revenue Reserves (Note 15)	**Sub-total General Fund Balance**	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	**Total Council Reserves**
	£000	£000	**£000**	£000	£000	£000	£000	£000	£000	**£000**
Balance at 31 March 2019	(4,983)	(65,637)	(70,620)	(14,554)	(17,718)	(3,194)	(18,680)	(124,766)	(499,416)	(624,182)
Movement in reserves during 2019/20:										
Total Comprehensive Income and Expenditure (CI&ES)	17,215	0	17,215	(14,160)	0	0	0	3,055	15,673	18,728
Adjustments between accounting basis & funding basis under regulations (Note13)	(28,299)	0	(28,299)	12,848	(3,011)	(1,090)	(2,055)	(21,607)	21,607	0
Transfers (to)/from earmarked reserves (Note 15)	9,329	(9,329)	0	0	0	0	0	0	0	0
(Increase)/decrease in 2019/20	(1,755)	(9,329)	(11,084)	(1,312)	(3,011)	(1,090)	(2,055)	(18,552)	37,280	18,728
Balance at 31 March 2020	(6,738)	(74,966)	(81,704)	(15,866)	(20,729)	(4,284)	(20,735)	(143,318)	(462,136)	(605,454)

Balance Sheet

The Balance Sheet shows the overall financial position of the Council at the year end, by detailing how much is owned by the Council and how much it owes. The net assets of the Council (what is owned less what is owed) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council and schools may use to provide services. The second category – unusable reserves – represents those that the Council is not able to use to provide services.

31 March 2020		31 March 2021	Notes
£000		£000	
1,143,297	Property, Plant & Equipment	**1,190,734**	16,19
950	Heritage Assets	**950**	19
16,749	Investment Property	**17,450**	19, 20
3,848	Intangible Assets	**6,108**	19
40,260	Long-Term Investments	**39,679**	22
1,325	Long-Term Debtors	**1,220**	
1,206,429	**Long-Term Assets**	**1,256,141**	
100,667	Short-Term Investments	**63,089**	
1,036	Inventories	**1,499**	
44,779	Short-Term Debtors	**56,405**	27
142	Cash and Cash Equivalents	**3,137**	29
146,624	**Current Assets**	**124,130**	
(14,115)	Bank Overdraft	**(9,850)**	29
(3,134)	Short-Term Borrowing	**(7,342)**	22
(64,409)	Short-Term Creditors	**(70,001)**	30
(6,032)	Short-Term Provisions	**(5,080)**	31
(87,690)	**Current Liabilities**	**(92,273)**	
(7,683)	Long-Term Provisions	**(8,504)**	31
(286,267)	Long-Term Borrowing	**(280,970)**	22
(308,191)	Net Pensions Liability	**(422,754)**	33
(48,890)	Other Long-Term Liabilities	**(45,452)**	22
(8,878)	Capital Grants Receipts in Advance	**(14,114)**	9
(659,909)	**Long-Term Liabilities**	**(771,794)**	
605,454	**Net Assets**	**516,204**	
(143,318)	Usable Reserves	**(239,667)**	MIRS
(462,136)	Unusable Reserves	**(276,537)**	14
(605,454)	**Total Reserves**	**(516,204)**	

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2019/20		2020/21	Notes
£000		£000	
3,055	Net (surplus)/deficit on the provision of services	**11,465**	CI&ES
(85,114)	Adjustments to net (surplus)/deficit on the provision of services for non-cash movements	**(34,827)**	34
18,816	Adjustments for items in the net (surplus)/deficit on the provision of services that are investing/financing activities	**30,044**	35
(63,243)	**Net cash flows from operating activities**	**6,682**	
68,539	Purchase of property, plant and equipment, investment property and intangible assets	**57,783**	
226,977	Purchase of short-term and long-term investments	**684,452**	
5,634	Other payments for investing activities	**2,296**	
(5,202)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**(4,281)**	
(18,005)	Capital grants received	**(36,583)**	
(172,489)	Proceeds from short-term and long-term investments	**(722,030)**	
(882)	Other receipts from investing activities	**(3,919)**	
104,572	**Net cash flows from investing activities**	**(22,282)**	
(32,800)	Cash receipts of short- and long-term borrowing	**0**	
66	Other receipts from financing activities	**99**	
2,573	Cash payments for the reduction of the outstanding liabilities relating to finance leases and PFI contracts	**3,127**	
1,991	Repayments of short and long-term borrowing	**5,114**	
(28,170)	**Net cash flows from financing activities**	**8,340**	
13,159	**Net (increase)/decrease in cash and cash equivalents**	**(7,260)**	
	Overall movement in cash and cash equivalents		
(814)	Cash and cash equivalents at the beginning of the reporting period	**(13,973)**	
(13,159)	Net increase/(decrease) in cash and cash equivalents	**7,260**	
(13,973)	**Cash and cash equivalents at the end of the reporting period**	**(6,713)**	29

Disclosure notes – notes supporting the core financial statements

1. Expenditure and Funding Analysis (EFA)

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

2020/21	Cabinet Report June 2021	Total adjustments (Note1a)	Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the funding and accounting basis (Note1a)	**Net expenditure in the CI&ES**
	£000	£000	£000	£000	**£000**
Adult Social Care and Health	53,680	(2,960)	50,720	8,072	**58,792**
Children, Education and Skills	38,045	(5,508)	32,537	12,202	**44,739**
Children, Education and Skills - Dedicated Schools Grant (DSG)	1,326	(1,326)	0	0	**0**
Climate Change, Planning and Housing	644	2,176	2,820	(431)	**2,389**
Environment and Highways	21,448	4,513	25,961	6,299	**32,260**
Growth and Infrastructure Delivery	1,180	(864)	316	196	**512**
Leisure, Tourism and Sport	399	1,355	1,754	1,394	**3,148**
Resources	29,296	(7,831)	21,465	25,932	**47,397**
Stronger and Safer Communities (includes HRA)	4,801	(5,933)	(1,132)	(3,552)	**(4,684)**
Cost of services	**150,819**	**(16,378)**	**134,441**	**50,112**	**184,553**
Other income and expenditure	(141,947)	(86,710)	(228,657)	55,569	**(173,088)**
(Surplus)/deficit	**8,872**	**(103,088)**	**(94,216)**	**105,681**	**11,465**

The following table shows how the net expenditure chargeable to the General Fund and HRA balances of £94.216 million is represented in the MIRS.

2020/21	Sub-total General Fund Balance	Housing Revenue Account (HRA)	**Total General Fund and Housing Revenue Account (HRA)**
	£000	£000	**£000**
Opening General Fund and HRA Balances at 1 April 2020	(81,704)	(15,866)	**(97,570)**
Add (surplus)/deficit on the General Fund and HRA Balances in year	(93,967)	(249)	**(94,216)**
Closing General Fund and HRA Balances at 31 March 2021	**(175,671)**	**(16,115)**	**(191,786)**

Prior year comparatives

2019/20	Cabinet Report June 2020	Total adjustments (Note 1a)	Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the funding and accounting basis (Note 1a)	Net expenditure in the CI&ES
	£000	£000	£000	£000	£000
Adult Social Care and Health	54,812	(267)	54,545	1,776	56,321
Children, Education and Skills	34,267	(1,126)	33,141	17,048	50,189
Children, Education and Skills - Dedicated Schools Grant (DSG)	2,694	(2,694)	0	0	0
Climate Change, Planning and Housing	1,311	2,099	3,410	(2,167)	1,243
Environment and Highways	21,389	(662)	20,727	5,437	26,164
Growth and Infrastructure Delivery	750	79	829	217	1,046
Leisure, Tourism and Sport	384	(489)	(105)	1,416	1,311
Resources	25,946	(8,005)	17,941	7,328	25,269
Stronger and Safer Communities (includes HRA)	6,210	(7,961)	(1,751)	(11,472)	(13,223)
Net cost of services	147,763	(19,026)	128,737	19,583	148,320
Other income and expenditure	(142,567)	1,434	(141,133)	(4,132)	(145,265)
(Surplus)/deficit	5,196	(17,592)	(12,396)	15,451	3,055

2019/20	Sub-total General Fund Balance	Housing Revenue Account (HRA)	Total General Fund and Housing Revenue Account (HRA)
	£000	£000	£000
Opening General Fund and HRA Balances at 1 April 2018	(70,620)	(14,554)	(85,174)
Add (surplus)/deficit on the General Fund and HRA Balances in year	(11,084)	(1,312)	(12,396)
Closing General Fund and HRA Balances at 31 March 2019	(81,704)	(15,866)	(97,570)

1a. Note to the EFA

2020/21	General Fund Working Balances	Earmarked Revenue Reserves (Note 15)	Housing Revenue Account (HRA)	Move DSG balance to Children, Education and Skills	Items reported at Cabinet level but which sit below the Net cost of services	**Total adjustments to arrive at amount charged to the general fund and HRA**	Adjustments for Capital Purposes	Net change for Pension Adjustments	Other Differences	**Total adjustments between the funding and accounting basis**
	£000	£000	£000	£000	£000	**£000**	£000	£000	£000	**£000**
Note	(i)	(ii)	(iii)	(iv)	(v)		(vi)	(vii)	(viii)	
Adult Social Care and Health	0	(2,449)	0	0	(511)	**(2,960)**	6,700	1,372	0	**8,072**
Children, Education and Skills	0	(4,576)	0	1,326	(2,258)	**(5,508)**	7,650	4,232	320	**12,202**
Children, Education and Skills - DSG	0	0	0	(1,326)	0	**(1,326)**	0	0	0	**0**
Climate Change, Planning and Housing	0	817	0	0	1,359	**2,176**	(793)	362	0	**(431)**
Environment and Highways	0	99	0	0	4,414	**4,513**	5,793	506	0	**6,299**
Growth and Infrastructure Delivery	0	(889)	0	0	25	**(864)**	33	163	0	**196**
Leisure, Tourism and Sport	0	(778)	0	0	2,133	**1,355**	1,317	77	0	**1,394**
Resources	0	(2,310)	0	0	(5,521)	**(7,831)**	16,351	9,518	63	**25,932**
Stronger and Safer Communities (includes HRA)	0	(838)	(249)	0	(4,846)	**(5,933)**	(4,100)	595	(47)	**(3,552)**
Net cost of services	**0**	**(10,924)**	**(249)**	**0**	**(5,205)**	**(16,378)**	**32,951**	**16,825**	**336**	**50,112**
Other income and expenditure	(8,403)	(83,512)	0	0	5,205	**(86,710)**	(24,320)	41	79,848	**55,569**
Total	**(8,403)**	**(94,436)**	**(249)**	**0**	**0**	**(103,088)**	**8,631**	**16,866**	**80,184**	**105,681**

2019/20	General Fund Working Balances	Earmarked Revenue Reserves (Note 15)	Housing Revenue Account (HRA)	Move DSG balance to Children, Education and Skills	Items reported at Cabinet level but which sit below the Net Cost of Services	**Total adjustments to arrive at the amount charged to the General Fund and HRA**	Adjustments for Capital Purposes	Net change for Pension Adjustments	Other Differences	**Total adjustments between the funding and accounting basis**
	£000	£000	£000	£000	£000	**£000**	£000	£000	£000	**£000**
Note	(i)	(ii)	(iii)	(iv)	(v)		(vi)	(vii)	(viii)	
Adult Social Care and Health	0	(397)	0	0	130	(267)	388	1,388	0	1,776
Children, Education and Skills	0	1,205	0	2,694	(5,025)	(1,126)	12,004	4,582	462	17,048
Children, Education and Skills - DSG	0	0	0	(2,694)	0	(2,694)	0	0	0	0
Climate Change, Planning and Housing	0	(416)	0	0	2,515	2,099	(2,460)	293	0	(2,167)
Environment and Highways	0	(2,734)	0	0	2,072	(662)	4,953	484	0	5,437
Growth and Infrastructure Delivery	0	76	0	0	3	79	21	196	0	217
Leisure, Tourism and Sport	0	(509)	0	0	20	(489)	1,312	104	0	1,416
Resources	0	(3,895)	0	0	(4,110)	(8,005)	(2,743)	10,024	47	7,328
Stronger and Safer Communities (includes HRA)	0	(41)	(1,312)	0	(6,608)	(7,961)	(12,172)	747	(47)	(11,472)
Net cost of services	0	(6,711)	(1,312)	0	(11,003)	(19,026)	1,303	17,818	462	19,583
Other income and expenditure	(6,951)	(2,618)	0	0	11,003	1,434	(852)	0	(3,280)	(4,132)
Total	(6,951)	(9,329)	(1,312)	0	0	(17,592)	451	17,818	(2,818)	15,451

i. The use of Council working balances is included within the Other income and expenditure figures reported to Cabinet and is therefore reversed out in the EFA to arrive at the (surplus) or deficit on the General Fund and HRA Balances.
ii. For management purposes, contributions (to)/ from earmarked revenue reserves are included in the figures reported to Cabinet and theses are therefore reversed out in the EFA to arrive at the (surplus) or deficit on the General Fund and HRA Balances.
iii. For management purposes, the net contribution to the HRA is reported to the Council within the Stronger and Safer Communities cabinet portfolio. This is therefore reversed out in the EFA to arrive at the (surplus) or deficit on the General Fund and HRA Balances.
iv. In the figure reported to the Cabinet, the amount funded by the DSG within the Children, Education & Skills cabinet is shown separately. However, as this is within the same cabinet, it is included in one line in the CI&ES.
v. A number of items that are reported to the Cabinet (including interest payable, investment income and some non ring-fenced grants) are reported in the CI&ES as part of the Other income and expenditure sections and are therefore reallocated within the EFA.
vi. Adjustments are made within this column to add in depreciation, impairments and revaluation gains and losses. Capital disposals are also adjusted for with a transfer of the income on the disposal and the amounts written off. Minimum Revenue Provision is removed because it is not chargeable under generally accepted accounting practices so is not included in the CI&ES. Adjustments are also made to recognise capital grant income.
vii. This is the removal of pension contributions charged under statute and the replacement with the amounts chargeable under IAS 19.
viii. This column includes timing differences between the accounting treatment in the CI&ES and that required under statute in relation to premiums, discounts and financial instruments; the accumulated absences account; the dedicated schools grant adjustment account and business rates and council tax income.

2. Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. 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.

There are no Prior Period Adjustments required in 2020/21.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 43 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 highlighted below.

Private Finance Initiative (PFI) and Similar Contracts
The Council is deemed to control the services provided under the Strategic Environment contract and the Building Schools for the Future (BSF) contracts. The accounting policies for PFI schemes and similar contracts have been applied to these arrangements and the associated assets are recognised as Property, Plant and Equipment on the Council's Balance Sheet. The exception is when a PFI school transfers to academy status, the building asset is disposed of and the land subject to revaluation. The unitary charge payment liability for the academy schools remains with the Council.

Accounting for Local Authority Maintained Schools
The accounting policies for Property, Plant & Equipment, including Recognition of School Assets, have been applied to school assets and the list of maintained schools held on/off the Council's balance sheet at 31 March 2021 is shown in the following table:

	On Balance Sheet	Off Balance Sheet
Maintained Schools:		
Community	33	0
Voluntary Controlled	1	0
Voluntary Aided*	0	15
Total Maintained Schools	**34**	**15**
Academies	0	27
Total Schools	**34**	**42**

* Note that although the school buildings are not on the Council's Balance Sheet, playgrounds and playing fields are.

It is considered that arrangements can be examined under IAS 16 Property, Plant & Equipment as adopted by the Code. The definition of an asset included in the Code is 'a resource controlled by the Council as a result of a past event from which future economic benefits or service potential are expected to flow'. The clarification on how this should be interpreted requires a judgement to be made as to whether the assets of a school are controlled by the Council or by the School's Governing Body. If the asset is considered to be controlled by the Council, it is included in the Council's balance sheet.

Community schools are controlled and run by the Council, whilst Voluntary Aided (VA) schools are run independently by their governing body. Solihull's VA schools are predominately faith schools. Academies are run by a governing body, independent of the Council.

The Council has one voluntary controlled school, Meriden Church of England Primary. The Council provides funding to maintain the assets, as opposed to the Local Education Authority Co-ordinated Voluntary Aided Programme (LCVAP). The Governing Body is deemed to have its own control as only two foundation Governors are representatives of the Church. As a result of this, the building is recognised on the Council's Balance Sheet.

Valuations (Long-term Assets and Pension Liability)
The Council has also placed reliance on technical estimates supplied by third parties for the following:

a. Property valuations made by internal RICS qualified professionals;
b. Pension valuations supplied by the West Midland Metropolitan Authorities Pension Fund actuary;
c. Financial Assets Measured at Fair Value supplied by an external valuer.

The Council has received very detailed reports from each of these sources outlining overall valuations and all of the key assumptions made in arriving at these final figures.

Group Boundaries and Subsidiary Accounts
The Council has interests in other entities which are included in the Council's Group Accounts. Solihull Community Housing Ltd and the Urban Growth Company are consolidated as wholly owned subsidiaries of the Council, Coventry & Solihull Waste Disposal Company Ltd is included as a joint venture. The accounting policy for Interests in Companies and Other Entities has been applied.

Reliance is placed on financial professionals at these subsidiary companies to provide accounts that meet Accounting Standards and are audited by appropriate professionals for consolidation into the Council's Group Accounts. The Council ensures that any accounting policy or standards adopted by these subsidiary companies are aligned to the Council's accounting policies set out in Note 43.

Grants receivable – Covid-19
The Council received significant amounts of funding during the year for distribution or use to support the Covid-19 lockdown and recovery. For each grant the authority had to determine whether the income and expenditure should be accounted for as agent or principal transactions. The Council reviewed the guidance available to establish whether the authority was acting merely to distribute grant monies to other bodies and had no control over the amount of grant allocated to the recipient, or whether it had control over the distribution or amounts. On that basis the authority concluded that it was acting as an agent on behalf of central government in respect of funding including business support grants and grants to adult social care providers, and therefore the associated transactions have been excluded from the Council's accounts.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment (including Council Dwellings) and Investment Properties	Due to the current economic conditions, the Council has enhanced its usual five-year rolling valuation programme and widened the scope of valuations conducted this year to include a number of other categories including all assets valued in 2019/20 under material uncertainty. The outbreak of Covid-19, declared by the World Health Organisation as a global pandemic on 11 March 2020, and the measures taken to tackle its spread continue to impact many aspects of daily life and the global economy –	A change in Property, Plant and Equipment and Investment Properties valuations would result in a combination of gains/reductions to the Revaluation Reserve and gains/reversal of previous losses recorded in the CI&ES, in addition to a change in the asset values in the Balance Sheet. The effect of a 1% change in those assets revalued in 2020/21 would be a change in asset values of £10 million, whereas a 5%

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	with some real estate markets having experienced lower levels of transactional activity and liquidity. As a result, the valuations conducted by the Council's valuers in 2020/21 of HRA properties including Council dwellings, Council offices, land and buildings and investment properties are reported as being subject to material valuation uncertainty. Valuations issued under material uncertainty will be kept under review in line with the guidance provided by the Royal Institute of Chartered Surveyors (RICS). When there is sufficient market evidence, groups of assets will be reviewed and a revaluation conducted if required.	change in these asset values would result in a change of £50 million.
Fair Value of Assets and Liabilities	The Council has an investment in Birmingham Airport Holdings Ltd whose valuation has reduced in the Balance Sheet as at 31 March in line with the global conditions as a result of Covid-19. Clearly, as at 31 March, domestic and international flights remained largely grounded as travel was limited. Therefore, the aviation industry was very likely to be in a difficult financial position. However, at this time, the outlook for the industry was also positive as international travel was expected to be permitted from mid-May. This cautious optimism was then reflected in the external market. A report from IBISWorld on the UK aviation industry highlighted that it was expected that 2020/21 revenues would reduce significantly but recover from 2021/22. Clearly, this was predicated on a recovery early in 2021/22. The Council's valuation does not assume this recovery and instead, due to the national lockdown in January and ongoing travel restrictions, assumes that recovery will be delayed beyond 2021/22.	This valuation is based on estimated forward looking external market conditions as at 31 March. The valuation to 31 March 2020 reduced by 38.9% due to the uncertainties of the pandemic. The valuation to 31 March 2021 has only reduced by 5% due to the market already being at a low point – forward looking recovery is possible but is likely to be slower than anticipated during last year. If there was a 5% change in the key assumptions, the impact on the valuation would be £0.552 million.
Impairment allowances	As at 31 March 2021, the Council had an outstanding balance of short-term debtors (as shown in Note 27) totalling £56.404 million, including £2.942 million in respect of local taxation. It is not certain that the impairment allowances of £16.454 million held against this debt will be sufficient, as the Council cannot assess with certainty which debts will be collected or not. The potential economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.	The assessment of doubtful debts is based on historic experience and takes into account the nature of the debts and the service area. A 15% increase in the required impairment allowance would represent an additional cost to the CI&ES of £2.468 million and would decrease the value of short-term debtors on the balance sheet to £58.872 million.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
PFI Contracts	As at 31 March 2021 the Council is committed to making unitary payments of £150.038 million over the remaining contracted life of PFI and PPP schemes (as detailed in Note 26). The contract payments are subject to inflationary changes and other contract variations that may arise after this date.	The value of future unitary payments could increase or decrease if the actual inflationary factors for these projects are different to those assumed. This would result in a change to the Long-Term Liabilities held in relation to these schemes. Note 27b gives further details on the PFI estimate and judgements applied.
Provisions	The Council holds £13.583 million of provisions on its Balance Sheet (as shown in Note 31), of which £12.193 million relates to business rates appeals. There is a degree of uncertainty inherent in estimating the potential expenditure required to settle business rates appeals. In previous years the methodology for estimating the provision required for appeals against the 2017 ratings list was based on the assumed loss inherent in the business rates multiplier, while the provision in respect of the 2010 list was based on historic success rates and rateable value reductions. There is now sufficient data on appeals (now called 'checks and challenges') against the 2017 list to apply the latter methodology across both lists. As outlined in Note 39, the Council has not provided for appeals relating to Covid-19 on the basis that the government has made it clear that such appeals will not be successful. £6.213 million of costs were charged against the business rates appeals provision in 2020/21. However, the provision in respect of other appeals has been increased with a contribution of £6.555 million in the year, resulting in a small net increase in the provision compared to 2019/20.	Increases of 1% in the success rate and rateable value assumptions behind the business rates appeals provision would represent an additional cost to the CI&ES of £0.458 million and increase the value of the provisions on the balance sheet to £14.041 million.
Pensions Liability	The valuation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, life expectancy 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. During 2020/21 the updating of assumptions by the actuary has led to an increase in the net pension liability of £114.563 million. This has been calculated by the Council's actuary in line with the government Actuary's Department impact analysis. One of the main reasons for the significant increase in the liability is a number of changes to the financial assumptions made by the actuary. These include a reduction in the discount rate applied to the value of expected future pension payments, as a result of the	Any change in the assumed value of the Fund or changes to the assumptions made could impact on the level of the net pension liability. A sensitivity analysis is provided in Note 33 – Defined Benefit Pension Schemes and shows that a decrease in the discount rate of only 0.1% results in an increase to the liability of £23.246 million.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	lower bond yield and also changes to the assumed future rates of the Retail Price Index (RPI) and the assumed gap between RPI and Consumer Price Index (CPI). These changes resulted in a net increase to the liability. Further details on the net pension liability are given in Note 33 - Defined Benefit Pension Schemes.	

Disclosure notes – notes supporting the Comprehensive Income and Expenditure Statement

5. Material Items of Income and Expenditure

The Council wishes to highlight the following items of income and expenditure which are considered to be material, either by virtue of their value or where it is considered that an explanation of the item would aid the understanding of the Council's accounts.

Cost of Services
Gross expenditure increased between 2019/20 and 2020/21 by £47.601 million and gross income by £11.368 million. One of the main contributing factors is the impact of the additional spend and specific grant income as a result of the Covid-19 pandemic, as shown in the table below.

	Gross expenditure	Gross income	Net expenditure
	£000	£000	£000
New funding requests - funded by non ring-fenced government grants	1,353	0	1,353
Service impacts - funded by non ring-fenced government grants	1,992	0	1,992
Services funded by specific Covid-19 grants [1]	21,072	(23,141)	(2,069)
Covid-19 elements of Cost of Services	**24,417**	**(23,141)**	**1,276**

[1] Of the balance of £2.069 million, £1.981 million has been contributed to the Covid-19 grant reserve to fund future Covid-19 expenditure and £0.088 million has been contributed to the discretionary crisis fund. Reserve contributions are reflected in the MIRS.

Although £23 million of additional grants have been credited to Cost of Services, gross income has only increased by £11 million as the Council has experienced a significant reduction in fees and charges income as a result of Covid-19 (reflected in the figures shown by service area in note 6a). The Council has applied £7.296 million of covid-19 non ring-fenced grant funding to offset this reduction (£4.289 million of Sales, Fees and Charges grant and £3.007 million of Covid-19 support grant).

Resources (Cost of Services)
This line includes a number of revaluation losses on buildings which reflect the economic market conditions, including the impact of the Covid-19 pandemic.

Business Rates
Many businesses within the retail, hospitality and leisure sector and other businesses such as nurseries were exempt from paying business rates during the year which has had a significant effect on the Council's accounts for 2020/21, including a substantial reduction in income shown on this line. Such measures have been fully funded by the government (with £56.000 million of section 31 grants received in the year for this purpose, as shown in Note 9) but as the cost to the collection fund will not materialise until future years this grant has been contributed to a reserve and will be released over the period of the MTFS in line with the profiled collection fund deficit.

Non Ring-Fenced Government Grants related to Covid-19
This year, the Council has received additional non ring-fenced government grants totalling £76.069 million in response to the Covid-19 pandemic. This includes £56.000 million in respect of the business rates relief grants referenced above. Of the remaining £20.069 million, £3.345 million has been applied to fund expenditure in the Cost of Services (as shown in the table above); £7.296 million has been used to offset the reduction in fees and charges income and the remaining £9.428 million has been contributed to Covid-19 grant reserves to fund future expenditure in respect of Covid-19 (£7.731 million went to the general Covid-19 reserve and £1.697 million to other Covid-19 related reserves). A breakdown of these grants is given in Note 9.

(Surplus)/ deficit on revaluation of property, plant & equipment
The Council has an agreed revaluation programme and a number of assets were revalued in line with this. However, in addition to the usual programme of revaluations, it was decided that a number of the other asset categories should also be revalued, to reflect the impact of current market conditions. Due to the economic impact of the Covid-19 pandemic, there has been a significant reduction in asset values of £58.008 million.

Re-measurement of the net defined benefit liability
This line recognises the change in valuations as calculated by our Actuaries. This year, there has been some changes in the financial assumptions applied which have significantly increased the value of the net pension liability. These changes include a decrease in the discount rate applied and changes to the assumed future rates of inflation, both of which resulted in an increase to the liability. Further information on the impact of these changes can be found within Note 33.

Pension Contributions for 2020/21 – 2022/23
In April 2020 the Council made an upfront payment of £58.3 million in respect of pension contributions for the three years from 2020/21 – 2022/23 in order to save a net £3.9 million. The full payment has been accounted for as a reduction in the Council's net pension liability, which is detailed in Note 33, however, accounting regulations require that only the amount due in relation to 2020/21 of £20 million is recognised as a cost to the General Fund this year. This cost is therefore adjusted for in the Movement in Reserves Statement and detailed in Note 13. This payment means that until 2022/23, when all payments will have been recognised, there will be a difference between the net pension liability and the pensions reserve, equal to the amount that has been paid in relation to future years.

6. Expenditure and Income analysed by Type

The Council's expenditure and income is analysed by type in the following table. In line with the Code and the Council's accounting policy on schools, the CI&ES and the following analysis includes the income and expenditure of the Council's maintained schools as if it were the expenditure of the Council.

2019/20		2020/21
£000		£000
	Expenditure	
171,459	Employee benefits expenses	**175,588**
21,600	Employee benefits expenses for Voluntary Aided schools	**22,080**
233,936	Other service expenses	**247,997**
29,797	Depreciation, amortisation, impairment and revaluation losses	**63,740**
16,738	Interest payable	**16,896**
9,925	Precepts and levies	**10,031**
8,347	Loss on disposal of non-current assets	**0**
459	Loss on investment properties including fair value adjustments	**0**
1,249	Payments to housing capital receipts pool	**1,202**
39,107	Housing benefits [1]	**37,729**
6,286	Revenue expenditure funded from capital under statute (REFCUS) [1]	**2,322**
538,903	**Total expenditure**	**577,585**
	Income	
(80,940)	Fees, charges & other service income (Note 6a)	**(62,069)**
(41,700)	HRA rental income (Note 6a) [2]	**(42,377)**
0	Gain on investment properties including fair value adjustments	**(1,020)**
0	Gain on disposal of non-current assets	**(1,812)**
(5,877)	Interest and investment income	**(3,501)**
(153,540)	Income from council tax and business rates [3]	**(92,333)**
(253,791)	Government grants and contributions	**(363,008)**
(535,848)	**Total income**	**(566,120)**
3,055	**(Surplus)/ deficit on provision of services**	**11,465**

[1] The 2019/20 figures for housing benefits and REFCUS from other service expenses have been disaggregated for comparative purposes.

[2] The 2019/20 figure for HRA rental income has been disaggregated from fees, charges and other service income for comparative purposes.

[3] The 2019/20 figures for income from council tax and business rates have been combined on a single line for comparative purposes. For further information on business rates, see Note 5 – Material Items of Income and Expenditure and Note C3 to the Collection Fund.

a. Revenue from external customers
The following table provides a breakdown by cabinet portfolio of the total fees, charges and other service income and HRA rental income figures shown in the table above.

				2020/21
2019/20		Income from Service recipients	Other Income	**Total fees, charges, other service income & HRA rental income**
£000		£000	£000	**£000**
(23,410)	Adult Social Care and Health	(18,493)	(4,408)	**(22,901)**
(16,269)	Children, Education and Skills	(9,727)	(582)	**(10,309)**
(2,433)	Climate Change, Planning and Housing	(2,005)	0	**(2,005)**
(8,387)	Environment and Highways	(4,254)	(107)	**(4,361)**
(738)	Growth and Infrastructure Delivery	(445)	0	**(445)**
(1,504)	Leisure, Tourism and Sport	(118)	(11)	**(129)**
(20,518)	Resources	(12,887)	(1,539)	**(14,426)**
(49,381)	Stronger and Safer Communities (includes HRA)	(49,870)	0	**(49,870)**
(122,640)	**Total**	**(97,799)**	**(6,647)**	**(104,446)**

7. Officers' Remuneration

This note contains the following three disclosures relating to officers' remuneration:

a. Remuneration of senior officers;
b. Remuneration of officers receiving more than £50,000;
c. Exit packages.

Under section 38(1) of the Localism Act 2011, local authorities are required to produce a Pay Policy Statement for each financial year. There are two pay policy statements which are relevant to this financial year's accounts and these were approved by Full Council on 4 February 2020 and 2 February 2021. These can be accessed via the Council's website.

A one year pay award was agreed for senior officers in August 2020, awarding a 2.75% pay increase for the 2020/21 financial year. The relevant salary levels for 2020/21 are those in the 2021 pay policy. The notes that follow should be read in conjunction with the pay policy statements if more information or context is required.

a. Remuneration of senior officers

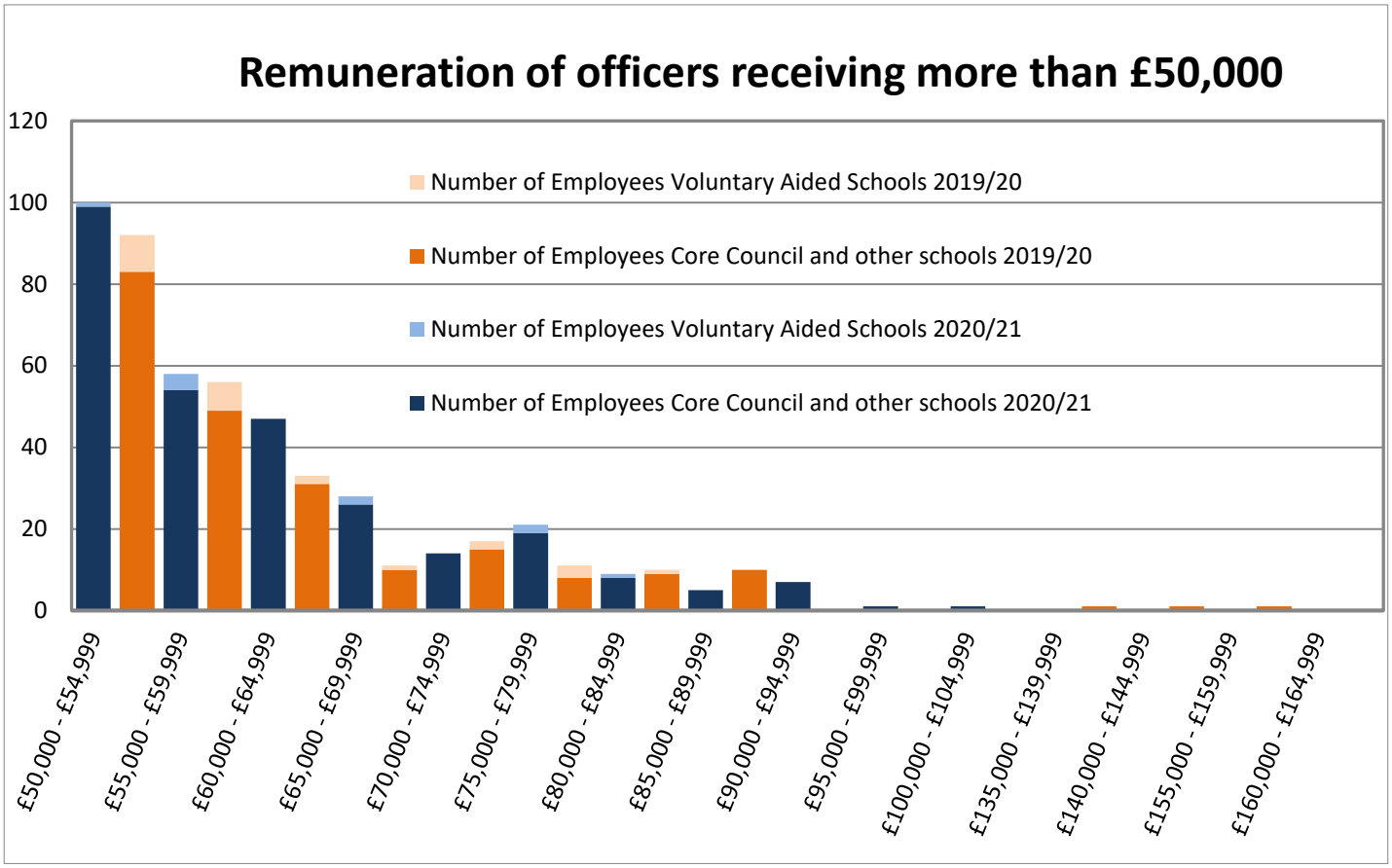
Senior officers' remuneration is subject to the same Performance and Development Review Framework as all Council employees (excluding schools). The remuneration paid to the Council's senior officers is as follows:

Post		Salary, Fees and Allowances	Expenses Allowances	Employer's Pension Contributions	Total Remuneration
		£	£	£	£
Chief Executive - Nick Page [1]	**2020/21**	**163,164**	**1,991**	**33,774**	**198,929**
	2019/20	158,798	13,606	29,219	201,623
Director of Adult Care and Support	**2020/21**	**128,626**	**0**	**26,626**	**155,252**
	2019/20	125,183	0	23,034	148,217
Director of Children's Services	**2020/21**	**128,626**	**0**	**26,626**	**155,252**
	2019/20	131,183	0	23,034	154,217
Director of Economy and Infrastructure (started 4 February 2020)	**2020/21**	**128,626**	**0**	**26,626**	**155,252**
	2019/20	19,680	0	3,621	23,301
Director of Public Health	**2020/21**	**119,719**	**0**	**24,782**	**144,501**
	2019/20	99,459	0	18,300	117,759
Director of Resources and Deputy Chief Executive	**2020/21**	**138,493**	**0**	**28,668**	**167,161**
	2019/20	134,786	0	24,801	159,587

[1] In addition to the normal duties, the Chief Executive was paid remuneration for returning officer duties for the 2019 General Parliamentary Elections, amounting to £1,991. This amount is included within Expenses Allowances.

b. **Remuneration of officers receiving more than £50,000**

The number of Council employees (including teachers but excluding senior officers included within Note 7a) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is shown in the following chart:



There are 6 officers included in the 2020/21 figures who were in receipt of exit packages (2019/20: 6). This includes all officers earning over £90,000 in both 2019/20 and 2020/21.

c. Exit packages

Below is the Council's disclosure of the number and cost of exit packages agreed in the year. The costs are amounts payable as a result of either the Council'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.

Exit package cost	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	
	2019/20	**2020/21**	2019/20	**2020/21**	2019/20	**2020/21**	2019/20	**2020/21**
							£000	**£000**
£0 - £20,000	28	**11**	8	**4**	36	**15**	231	**55**
£20,001 - £60,000	8	**4**	7	**2**	15	**6**	433	**217**
£60,001 - £100,000	4	**0**	1	**3**	5	**3**	384	**216**
£100,001 - £200,000	1	**0**	0	**0**	1	**0**	134	**0**
Total	41	**15**	16	**9**	57	**24**	1,182	**488**

During 2020/21 the Council agreed a number of voluntary and compulsory redundancies. These were primarily as a result of operational changes, legislative changes, service transformation or in order to realise savings to meet the Council's Medium Term Financial Strategy (MTFS). The following narrative gives some information on the main areas of change during 2020/21.

Children's Services (total cost £0.219 million)
The costs predominantly relate to the ending of projects and the review of services.

Economy and Infrastructure Restructure/Reshaping (total cost £0.039 million)
In 2019/20 the Economy and Infrastructure Directorate reviewed the structures for both the Highways and Stronger Communities service areas which resulted in the deletion of a number of posts occurring during 2019/20 and 2020/21. This supported the delivery of £0.281 million of MTFS savings targets. The new structure is now fully operational and focused on building stronger and safer communities.

Resources (total cost £0.144 million)
A small number of posts were deleted during 2020/21, mainly in order to achieve operational efficiencies.

Solihull Schools (total cost £0.086 million)
In 2020/21 there were a number of redundancies at schools within the borough, the cost of which totalled £0.086 million (2019/20 £0.257 million).

8. Members' Allowances

The total of Members' allowances paid in the year was £0.689 million (£0.664 million in 2019/20). The amounts paid are in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003.

9. Grants Received

a. Capital Grants Receipts in Advance

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that have not yet been met, which may require the monies or property to be returned to the donor. The balances as at 31 March are as follows:

31 March 2020		31 March 2021
£000		£000
(7,199)	Various Section 106 Contributions	**(8,253)**
0	West Midlands Combined Authority	**(4,020)**
0	Public Sector Decarbonisation Grant	**(1,309)**
(411)	Devolved Formula Capital	**(274)**
(1,268)	Other Grants and Contributions	**(258)**
(8,878)	**Total**	**(14,114)**

b. Grant Income

The Council has credited the following grants, contributions and donations to the Comprehensive Income & Expenditure Statement:

2019/20		2020/21
£000		£000
	Credited to Taxation and Non-specific Grant Income	
	Non ring-fenced government grants	
(6,520)	Section 31 Business Rates Grants	**(4,742)**
(2,794)	New Homes Bonus	**(2,310)**
(101)	Levy Account Surplus	**0**
0	Covid-19 Business Rates Relief Grant	**(56,000)**
(5,573)	Covid-19 Support Grant	**(10,771)**
0	Covid-19 Tax Income Guarantee Grant	**(5,009)**
0	Covid-19 Sales, Fees and Charges Support Grant	**(4,289)**
(14,988)		**(83,121)**
	Capital grants and contributions	
(2,761)	West Midlands Combined Authority	**(8,502)**
(3,425)	Local Transport Plan	**(5,435)**
410	Basic Need Grant (Schools Capital)	**(3,593)**
(1,298)	Better Care Fund (Note 11)	**(1,234)**
(1,289)	Condition Grant	**(1,921)**
(2,443)	Community Infrastructure Levy	**(790)**
(627)	Section 106 contributions	**(330)**
(3,013)	Other Capital Grants, Contributions and Donations	**(4,163)**
(14,446)		**(25,968)**
	Credited to Services: Non-Covid-19 grants and contributions	
(109,447)	Dedicated Schools Grant (DSG) [1] (Note 10)	**(113,737)**
(38,510)	Housing Benefit Subsidy	**(36,657)**
(13,837)	Better Care Fund [2] (Note 11)	**(14,252)**
(10,646)	Public Health Grant	**(11,374)**
(8,259)	West Midlands Combined Authority [3]	**(9,100)**

2019/20		2020/21
£000		£000
(6,913)	PFI credits	**(6,993)**
(5,944)	Pupil Premium	**(6,206)**
(1,487)	Social Care Grant	**(4,784)**
(2,508)	Asylum Seekers	**(3,832)**
(1,921)	Teachers' Pension Employer Contribution Grant	**(3,208)**
(2,351)	Universal Infant Free School Meals	**(2,403)**
(5,455)	Revenue expenditure funded by capital under statute (REFCUS)	**(2,117)**
(649)	Flexible Homeless Support Grant	**(1,306)**
(1,264)	Sixth Form Funding	**(1,150)**
(898)	Teachers' Pay Grant	**(1,031)**
(966)	PE and Sports Grant	**(927)**
(769)	Independent Living Fund	**(769)**
(692)	Housing Benefit and Localised Council Tax Support Administration	**(700)**
(11,841)	Other revenue grants, contributions and donations [4]	**(10,232)**
(224,357)	Sub-total	**(230,778)**
	Credited to Services: Covid-19 grants and contributions [5]	
0	Covid-19 Test & Trace Contain Outbreak Management Fund Surge Funding Grant	**(5,440)**
0	NHS Covid-19 contribution	**(3,142)**
0	Additional Restrictions Support Grant	**(2,455)**
0	Job Retention Scheme	**(1,712)**
0	Council tax hardship fund	**(1,572)**
0	Covid-19 Test and Trace Service Support Grant	**(1,473)**
0	Local Authority Discretionary Grant Fund	**(1,245)**
0	Infection Control Fund	**(1,115)**
0	Other Covid-19 grants and contributions	**(4,987)**
0	Sub-total	**(23,141)**
(224,357)		**(253,919)**
(253,791)	**Total**	**(363,008)**

[1] The DSG credited to services is the amount receivable prior to the application of the brought forward deficit, plus the £0.371 million adjustment for Early Years Funding shown in Note 10.
[2] The Better Care Fund grant credited to services includes funding from the Improved Better Care Fund (iBCF). Further detail is provided in Note 11.
[3] The funding received from the West Midlands Combined Authority includes grant claimed on behalf of the Urban Growth Company.
[4] Other Revenue grants, contributions and donations includes the Youth Endowment Fund grant of £39,798.
[5] The Council has also acted as an agent on behalf of central government in respect of a number of Covid-19 grant funding streams, including business grants of £41 million and grants to social care providers of £4 million. Therefore, in line with the Code, the grant income and associated expenditure is not included in the Council's accounts.

10. Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency (ESFA): the Dedicated Schools Grant (DSG). An element of DSG is recouped by the ESFA to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools budget, as defined in the School Finance and Early Years (England) (No 2) 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 (ISB), which is divided into a budget share for each maintained school.

A plan for recovering the DSG deficit and bringing the in-year High Needs Block position back into balance by year three was approved by Cabinet in February 2020, with an update reported to members in November 2020. In line with the School and Early Years Finance (England) Regulations 2020 the accumulated deficit as at 31 March 2021 of £9.141 million shown in the following table is held in the DSG adjustment account, an unusable reserve shown at Note 14.

The DSG was deployed in accordance with statutory requirements in 2020/21 and 2019/20, as shown in the table below.

2019/20				**2020/21**
Total		Individual Schools Budget (ISB)	Central Expenditure	**Total**
£000		£000	£000	**£000**
(200,163)	Final DSG before academy & high needs recoupment			**(212,336)**
90,900	Academy figure & high needs figure recouped			**98,970**
(109,263)	Total DSG after academy & high needs			**(113,366)**
1,705	Brought forward			**5,934**
(107,558)	**Agreed initial budgeted distribution**	**(72,383)**	**(35,049)**	**(107,432)**
(184)	In-year adjustments - Early Years Funding	0	(371)	**(371)**
(107,742)	**Final budgeted distribution**	**(72,383)**	**(35,420)**	**(107,803)**
42,404	Actual central expenditure	0	44,561	**44,561**
71,272	Actual ISB deployed to schools	72,383	0	**72,383**
5,934	**Carry forward**	**0**	**9,141**	**9,141**

11. Pooled Budgets

The Council has established partnership agreements with Birmingham and Solihull Clinical Commissioning Group (CCG) (which was created through the merger of Solihull CCG with the Birmingham CCGs on 1 April 2018), using powers under Section 75 of the Health and Social Care Act 2012 to create single 'pooled budgets' within an integrated service. Known as Section 75 Agreements, they are intended to provide a more joined up service for users.

a. Better Care Fund

The Better Care Fund (BCF) came into operation in April 2015, under the directives of The Care Act 2014. The Act requires Clinical Commissioning Groups (CCGs) and councils to establish joint funding and commissioning arrangements for the provision of integrated health and social care services in their region. Note that these are in addition to the existing pooled budgets described in section (b). The BCF is made up of CCG funding as well as local government grants, including the Improved Better Care Fund (iBCF), which was first announced in the 2015 Spending Review and is a direct grant which must be pooled into the local BCF plan.

Birmingham and Solihull CCG and the Council have agreed the funding and management arrangements for these services as shown in the following table.

			2019/20					**2020/21**
SMBC	CCG	Joint	Total		SMBC	CCG	Joint	**Total**
£000	£000	£000	£000		£000	£000	£000	**£000**
	(1,468)		(1,468)	Heart of England Foundation Trust (HEFT) - Rapid Response		(1,549)		**(1,549)**
	(1,027)		(1,027)	HEFT - Integrated Care Teams/Supported Integrated Discharge		(1,083)		**(1,083)**
	(659)		(659)	HEFT - Macmillan/Palliative Care		(695)		**(695)**
	(795)		(795)	HEFT - Other		(839)		**(839)**
	(416)		(416)	Birmingham Community Healthcare Foundation Trust (BCHC) - Integrated Care Team		(439)		**(439)**
	(684)		(684)	BCHC - Other		(721)		**(721)**
	(460)		(460)	CCG - (Former S75 - LDRP)		(485)		**(485)**
	(959)		(959)	Charity - Marie Curie - End of Life		(1,010)		**(1,010)**
	(882)		(882)	Private - Ardenlea Court		(931)		**(931)**
	(52)		(52)	Primary Care - Dementia		(55)		**(55)**
	(37)		(37)	BSMH - Care at Home (Dementia)		(40)		**(40)**
		(1,178)	(1,178)	Local Authority: Community Equipment and Wheelchair Services			(1,242)	**(1,242)**
		(366)	(366)	Intermediate Care			(386)	**(386)**
(2,153)			(2,153)	Reablement	(2,270)			**(2,270)**
(1,821)			(1,821)	Domiciliary Care at Home	(1,920)			**(1,920)**

			2019/20					**2020/21**
SMBC	CCG	Joint	Total		SMBC	CCG	Joint	**Total**
£000	£000	£000	£000		£000	£000	£000	**£000**
(1,292)			(1,292)	Residential and Nursing Home Care	(1,363)			**(1,363)**
(688)			(688)	Primary Prevention/Early Intervention	(726)			**(726)**
(645)			(645)	Information Advice and Wellbeing	(681)			**(681)**
(390)			(390)	Carers' Strategy	(411)			**(411)**
(591)			(591)	Other Better Care Fund	(623)			**(623)**
(2,032)			(2,032)	Improved Better Care Fund (iBCF) – Support for cost pressures on the Provider Market, including increases in the National Living Wage	(2,032)			**(2,032)**
(1,450)			(1,450)	iBCF – Children to Adult Services Transition	(1,450)			**(1,450)**
(1,905)			(1,905)	iBCF - Other	(1,906)			**(1,906)**
(610)			(610)	iBCF - Winter Pressures (step down capacity)	(610)			**(610)**
(260)			(260)	iBCF - Winter Pressures (care management)	(260)			**(260)**
(13,837)	(7,439)	(1,544)	(22,820)	Sub-total revenue grants[1]	(14,252)	(7,847)	(1,628)	**(23,727)**
(1,298)	0	0	(1,298)	Disabled Facilities Grants	(1,234)			**(1,234)**
(1,298)	0	0	(1,298)	Sub-total capital grants	(1,234)			**(1,234)**
(15,135)	(7,439)	(1,544)	(24,118)	**Better Care Fund Total**	(15,486)	(7,847)	(1,628)	**(24,961)**

[1] Revenue grants received through the Better Care Fund and Improved Better Care Fund included within the Council's CI&ES are credited to gross income – Adult Social Care and Health.

b. Other Pooled Budgets

A pooled budget is in place to jointly fund the Joint Equipment Store. The pooled budget is hosted and managed by the Council, under the governance of a Joint Commissioning Board.

2019/20					2020/21			
SMBC	CCG	Other income	Total		SMBC	CCG	Other income	**Total**
£000	£000	£000	£000		£000	£000	£000	£000
(18)	(424)	0	(442)	Funding	(128)	(1,623)	0	**(1,751)**
442	0	0	442	Transforming Community Services	1,751	0	0	**1,751**
424	(424)	0	0	Total	1,623	(1,623)	0	**0**

c. Contributions to Voluntary Organisations

The CCG pays the Council the following sums annually, for contracted services provided by voluntary organisations and paid for by the Council on the CCG's behalf:

2019/20		**2020/21**
£000		**£000**
134	Alzheimer's Society	**134**
67	Independent Advocacy	**71**
201	**Total**	**205**

12. External Audit Costs

The Council has incurred the following fees in relation to external audit and other services provided by the Council's external auditors, Grant Thornton UK LLP:

2019/20		**2020/21**
£000		**£000**
110	Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	**103**
5	Additional variation fee agreed relating to the prior year	**17**
(12)	Rebate received from the Public Sector Audit Appointments	**0**
26	Fees payable in respect of other services provided by Grant Thornton UK LLP during the year, including the certification of grant claims and returns	**27**
129	**Total**	**147**

Disclosure notes – notes supporting the Movement in Reserves Statement

13. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. This note also shows the unusable reserves which are primarily affected by each adjustment.

2020/21	Usable Reserves					Movement in Unusable Reserves	Applicable Unusable Reserve
	General Fund Working Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account		
	£000	£000	£000	£000	£000	£000	
Adjustments to revenue resources:							
Reversal of retirement benefits charged to CI&ES	(38,015)	0	0	0	0	38,015	Pensions Reserve
Employer's pensions contributions and direct payments to pensioners payable for the current year	21,149	0	0	0	0	(21,149)	
Financial instruments	15	46	0	0	0	(61)	Financial Instruments Adjustment Account
Council tax and business rates (Note 5)	(70,708)	0	0	0	0	70,708	Collection Fund Adjustment Account
Staff leave entitlement	(396)	0	0	0	0	396	Accumulated Absences Account
Dedicated schools grant deficit (Note 10)	(9,141)	0	0	0	0	9,141	Dedicated Schools Grant Adjustment Account
Credits to the revaluation reserve in relation to disposals and transfers to investment property	(821)	0	0	0	0	821	Revaluation Reserve
Difference between fair value depreciation and historical cost depreciation	(7,123)	(667)	0	0	0	7,790	
Reversal of charges for depreciation and impairment of non-current assets	(19,366)	(10,699)	0	0	0	30,065	Capital Adjustment Account
Reversal of revaluation gains/(losses) on property, plant and equipment	(25,768)	(117)	0	0	0	25,885	
Reversal of capital grants and contributions applied	17,536	341	0	0	0	(17,877)	
Reversal of other entries included in the Surplus/ Deficit on the Provision of Services in relation to capital expenditure	8,358	(1,419)	0	0	(10,209)	3,270	
Total adjustments to revenue resources	(124,280)	(12,515)	0	0	(10,209)	147,004	

2020/21	Usable Reserves					Movement in Unusable Reserves	Applicable Unusable Reserve
	General Fund Working Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account		
	£000	£000	£000	£000	£000	£000	
Adjustments between revenue and capital resources:							
Transfer of non-current asset sale proceeds from revenue	1,703	2,577	(4,280)	0	0	0	Not Applicable
Administrative costs of non-current asset disposals	(43)	0	43	0	0	0	
Payments to the government housing receipts pool	(1,202)	0	1,202	0	0	0	
Charge to Major Repairs Reserve in lieu of depreciation, including additional voluntary transfer	0	12,202	0	(12,202)	0	0	
Statutory provision for the repayment of debt	11,111	1,139	0	0	0	(12,250)	Capital Adjustment Account
Capital expenditure financed from revenue balances	2,125	1,502	0	0	0	(3,627)	
Total adjustments between revenue and capital resources	13,694	17,420	(3,035)	(12,202)	0	(15,877)	
Adjustments to capital resources:							
Use of the Capital Receipts Reserve to finance capital expenditure and repay debt	0	0	3,962	0	0	(3,962)	Capital Adjustment Account
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	11,805	0	(11,805)	
Application of capital grants to finance capital expenditure	0	0	0	0	7,546	(7,546)	
Total adjustments to capital resources	0	0	3,962	11,805	7,546	(23,313)	
Total adjustments	(110,586)	4,905	927	(397)	(2,663)	107,814	

2019/20	Usable Reserves					Movement in Unusable Reserves	Applicable Unusable Reserve
	General Fund Working Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account		
	£000	£000	£000	£000	£000	£000	
Adjustments to revenue resources:							
Reversal of retirement benefits charged to CI&ES	(36,741)	0	0	0	0	36,741	Pensions Reserve
Employer's pensions contributions and direct payments to pensioners payable for the current year	18,923	0	0	0	0	(18,923)	
Financial instruments	15	47	0	0	0	(62)	Financial Instruments Adjustment Account
Council tax and business rates	3,280	0	0	0	0	(3,280)	Collection Fund Adjustment Account
Staff leave entitlement	(524)	0	0	0	0	524	Accumulated Absences Account
Credits to the revaluation reserve in relation to disposals and transfers to investment property	(6,688)	0	0	0	0	6,688	Revaluation Reserve
Difference between fair value depreciation and historical cost depreciation	(9,001)	(489)	0	0	0	9,490	
Reversal of charges for depreciation and impairment of non-current assets	(17,528)	(9,981)	0	0	0	27,509	Capital Adjustment Account
Reversal of revaluation gains/(losses) on property, plant and equipment	(2,325)	9,527	0	0	0	(7,202)	
Reversal of capital grants and contributions applied	12,187	147	0	0	0	(12,334)	
Reversal of other entries included in the Surplus/ Deficit on the Provision of Services in relation to capital expenditure	(3,111)	(3,301)	0	0	(7,566)	13,978	
Total adjustments to revenue resources	**(41,513)**	**(4,050)**	**0**	**0**	**(7,566)**	**53,129**	

2019/20	Usable Reserves					Movement in Unusable Reserves	Applicable Unusable Reserve
	General Fund Working Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account		
Adjustments between revenue and capital resources:							
Transfer of non-current asset sale proceeds	1,602	3,600	(5,202)	0	0	0	Not Applicable
Administrative costs of non-current asset disposals	(60)	0	60	0	0	0	
Payments to the government housing receipts pool	(1,249)	0	1,249	0	0	0	
Charge to Major Repairs Reserve in lieu of depreciation, including additional voluntary transfer	0	11,881	0	(11,881)	0	0	
Statutory provision for the repayment of debt	9,252	1,109	0	0	0	(10,361)	Capital Adjustment Account
Capital expenditure financed from revenue balances	3,669	308	0	0	0	(3,977)	
Total adjustments between revenue and capital resources	**13,214**	**16,898**	**(3,893)**	**(11,881)**	**0**	**(14,338)**	
Adjustments to capital resources:							
Use of the Capital Receipts Reserve to finance capital expenditure and repay debt	0	0	882	0	0	(882)	Capital Adjustment Account
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	10,791	0	(10,791)	
Application of capital grants to finance capital expenditure	0	0	0	0	5,511	(5,511)	
Total adjustments to capital resources	**0**	**0**	**882**	**10,791**	**5,511**	**(17,184)**	
Total adjustments	**(28,299)**	**12,848**	**(3,011)**	**(1,090)**	**(2,055)**	**21,607**	

Purpose of the Usable Reserves

General Fund Working Balance
These funds are available to meet the future running costs for the Council for non-housing services.

Housing Revenue Account
These reserves hold funds that are available to meet future costs relating to the Council's housing stock.

Capital Receipts Reserve
This reserve holds all of the Council's receipts generated from the disposal of non-current assets and although this is in the usable reserves section, this reserve can only be used to finance new capital investment or to repay debt. (A fixed proportion of housing capital receipts must be paid over to the government and the Council can utilise its retained portion to either spend on replacement housing or repay prior debt, as detailed in the accounting policy on disposals within Property, Plant and Equipment.)

Major Repairs Reserve
This reserve is to meet the capital investment requirements of the Council's housing programme.

Capital Grants Unapplied Account
This reserve is used to hold capital grants without conditions or where conditions have been satisfied, but the grant has yet to be used to finance capital expenditure.

14. Unusable Reserves

The Council's unusable reserves are summarised in the following table. An explanation of the material unusable reserves is given overleaf.

2020/21	Opening balance	Other comprehensive income and expenditure	Adjustments to capital resources	Adjustments to revenue resources	Adjustments between revenue and capital resources	Closing balance
	£000	£000	£000	£000	£000	**£000**
Accumulated Absences Account	2,661	0	0	396	0	**3,057**
Capital Adjustment Account	(501,276)	0	(23,313)	41,343	(15,877)	**(499,123)**
Collection Fund Adjustment Account [1]	(6,431)	0	0	70,708	0	**64,277**
Dedicated Schools Grant Adjustment Account [2]	0	0	0	9,141	0	**9,141**
Financial Instruments Adjustment Account	2,711	0	0	(61)	0	**2,650**
Financial Instruments Revaluation Reserve	(34,904)	378	0	0	0	**(34,526)**
Pensions Reserve	308,191	136,097	0	16,866	0	**461,154**
Revaluation Reserve	(233,088)	(58,690)	0	8,611	0	**(283,167)**
Total Unusable Reserves	**(462,136)**	**77,785**	**(23,313)**	**147,004**	**(15,877)**	**(276,537)**

[1] The increase in the Collection Fund Adjustment account is mainly due to the increase in business rates reliefs awarded to the retail, hospitality and leisure industry, for which the Council has received funding in the form of section 31 grants rather than business rates.
[2] The Dedicated Schools Grant Adjustment was set up during 2020/21 in line with statutory requirements to ensure the deficit on the DSG is not funded by the General Fund.

2019/20	Opening balance	Other comprehensive income and expenditure	Adjustments to capital resources	Adjustments to revenue resources	Adjustments between revenue and capital resources	Closing balance
	£000	£000	£000	£000	£000	**£000**
Accumulated Absences Account	2,137	0	0	524	0	**2,661**
Capital Adjustment Account	(491,705)	0	(17,184)	21,951	(14,338)	**(501,276)**
Collection Fund Adjustment Account	(3,151)	0	0	(3,280)	0	**(6,431)**
Financial Instruments Adjustment Account	2,773	0	0	(62)	0	**2,711**
Financial Instruments Revaluation Reserve	(42,285)	7,381	0	0	0	**(34,904)**
Pensions Reserve	305,607	(15,234)	0	17,818	0	**308,191**
Revaluation Reserve	(272,792)	23,526	0	16,178	0	**(233,088)**
Total Unusable Reserves	**(499,416)**	**15,673**	**(17,184)**	**53,129**	**(14,338)**	**(462,136)**

Purpose of Main Unusable Reserves

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CI&ES (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 financing for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Collection Fund Adjustment Account

The Council's share of council tax and business rates income is reflected in the CI&ES on an agency basis in line with the Code. However, the amounts to be reflected in the General Fund are determined by regulation. The Collection Fund Adjustment Account therefore manages the differences arising from the recognition of council tax and business rates income in the CI&ES as it falls due, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

DSG Adjustment Account

The Council accounts for the full year's spend on DSG within the Children, Education and Skills line in the CI&ES, however from 1 April 2021 statutory arrangements require the cost of the accumulated deficit on the DSG to be shown in the DSG Adjustment Account. In 2019/20 the deficit was temporarily covered from the budget strategy reserve. This ensures that the cost of the DSG deficit is not funded by General Reserves, in line with the regulations.

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that have been elected as Fair Value through Other Comprehensive Income.

Pensions Reserve

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

The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them, but the statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised.

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

15. Transfers (to)/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts transferred from earmarked reserves to meet General Fund expenditure in 2019/20 and 2020/21.

Balance at 1 April 2019	Transfers (to)/ from 2019/20	Balance at 31 March 2020		Balance at 1 April 2020	Transfers (to)/ from 2020/21	**Balance at 31 March 2021**
£000	£000	£000		£000	£000	**£000**
0	(200)	(200)	Business Rates Timing Reserve [1]	(200)	(53,885)	**(54,085)**
0	(5,294)	(5,294)	Grants Unapplied without Conditions – Covid-19 [2]	(5,294)	(11,409)	**(16,703)**
(11,627)	272	(11,355)	Schools	(11,355)	(1,679)	**(13,034)**
(4,838)	4	(4,834)	Future Capital Spending	(4,834)	(2)	**(4,836)**
(4,821)	301	(4,520)	External Debt Interest	(4,520)	(292)	**(4,812)**
(3,484)	(503)	(3,987)	Insurance	(3,987)	(527)	**(4,514)**
(1,473)	(358)	(1,831)	Leisure	(1,831)	(613)	**(2,444)**
(863)	(1,263)	(2,126)	Resources Directorate	(2,126)	(39)	**(2,165)**
(369)	(1,120)	(1,489)	Severance	(1,489)	(357)	**(1,846)**
0	(1,758)	(1,758)	Commuted Sums - Highways	(1,758)	(16)	**(1,774)**
(1,752)	1,153	(599)	Grants Applied without Conditions – non Covid-19	(599)	(1,125)	**(1,724)**
(484)	(398)	(882)	Public Health	(882)	(776)	**(1,658)**
0	0	0	Children's Services Operational Reserve	0	(1,640)	**(1,640)**
0	0	0	Exploitation & Safeguarding	0	(1,611)	**(1,611)**
(31)	(670)	(701)	Tenant Works	(701)	(437)	**(1,138)**
(1,210)	558	(652)	School Catering	(652)	(224)	**(876)**
0	0	0	Early Years	0	(805)	**(805)**
(520)	(49)	(569)	Highways Section 106 Agreements	(569)	(233)	**(802)**
0	(1,000)	(1,000)	Pensions	(1,000)	208	**(792)**
(743)	212	(531)	Commuted Sums – Parks and Open Spaces	(531)	(114)	**(645)**
0	0	0	Waste and Recycling	0	(560)	**(560)**
0	(821)	(821)	Local Plan	(821)	352	**(469)**
(568)	0	(568)	Development, Investment and Growth (DIG) Fund	(568)	157	**(411)**
(567)	(132)	(699)	Street Lighting Services	(699)	406	**(293)**
(290)	(405)	(695)	Birmingham Airport	(695)	477	**(218)**

Balance at 1 April 2019	Transfers (to)/ from 2019/20	Balance at 31 March 2020		Balance at 1 April 2020	Transfers (to)/ from 2020/21	**Balance at 31 March 2021**
£000	£000	£000		£000	£000	**£000**
0	(1,734)	(1,734)	Transport and Highways Business Rates Windfall	(1,734)	1,734	**0**
(12,111)	1,199	(10,912)	Other	(10,912)	(2,906)	**(13,818)**
(45,751)	(12,006)	(57,757)	**Sub-total Revenue Reserves**	(57,757)	**(75,916)**	**(133,673)**
(10,877)	237	(10,640)	Business Rates Windfall [3]	(10,640)	(6,563)	**(17,203)**
(3,734)	2,572	(1,162)	Budget Strategy	(1,162)	(8,493)	**(9,655)**
(5,068)	(132)	(5,200)	Adult Social Care Investment	(5,200)	(3,464)	**(8,664)**
(207)	0	(207)	Public Health	(207)	0	**(207)**
(19,886)	2,677	(17,209)	**Sub-total Earmarked Balances**	(17,209)	**(18,520)**	**(35,729)**
(65,637)	(9,329)	(74,966)	**Total Earmarked Revenue Reserves**	(74,966)	**(94,436)**	**(169,402)**

[1] The balance on the Business Rates Timing Reserve as at 31 March 2021 includes a contribution of £56.000 million in relation to the Section 31 Business Rates Relief received in 2020/21 due to Covid-19.
[2] The balance on the Grants Unapplied without Conditions – Covid-19 Reserve as at 31 March 2021 includes a contribution of £9.712 million in relation to the Emergency Funding grant for Covid-19.
[3] The balance on the Business Rates Windfall Earmarked Balance as at 31 March 2021 includes the budgeted contribution to the reserve of £9.197 million and budgeted contributions from the reserve of £2.000 million in respect of a place-making fund and £0.560 million to support the waste and recycling project.

Disclosure notes – notes supporting the Balance Sheet

16. Movements on Balances for Property, Plant and Equipment

2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	**Total Property Plant and Equipment**	PFI Assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	**£000**	£000
Net Book Value at 31 March 2020	**450,164**	**530,147**	**9,163**	**133,107**	**13,733**	**6,983**	**1,143,297**	**1,672**
Additions	14,252	17,783	2,526	5,030	227	14,159	**53,977**	0
Revaluations recognised in the revaluation reserve	13,405	45,412	0	0	(9)	0	**58,808**	0
Revaluations recognised in the provision of services	0	(25,885)	0	0	0	0	**(25,885)**	0
Disposals	(1,441)	(826)	0	0	0	0	**(2,267)**	0
Reclassifications	626	(272)	6	201	0	(686)	**(125)**	0
Depreciation	(10,814)	(17,179)	(3,642)	(4,732)	0	0	**(36,367)**	(925)
Impairment losses recognised in the revaluation reserve	0	(118)	0	0	0	0	**(118)**	0
Impairment losses recognised in the provision of services	0	(586)	0	0	0	0	**(586)**	0
Net Book Value at 31 March 2021	**466,192**	**548,476**	**8,053**	**133,606**	**13,951**	**20,456**	**1,190,734**	**747**

The Net Book Value at 31 March 2021 is analysed as follows:

Gross Carrying Value at 31 March 2021	466,192	557,103	22,590	191,087	13,951	20,456	**1,271,379**	5,153
Accumulated Depreciation	0	(8,627)	(14,537)	(57,481)	0	0	**(80,645)**	(4,406)

2019/20	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property Plant and Equipment	PFI Assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	**£000**	£000
Net Book Value at 31 March 2019	**437,681**	**539,686**	**14,063**	**130,560**	**12,911**	**14,931**	**1,149,832**	**5,555**
Additions	11,227	39,589	1,728	5,630	782	4,732	**63,688**	0
Other adjustments	0	0	(2,933)	0	0	0	**(2,933)**	(2,933)
Revaluations recognised in the revaluation reserve	3,606	(19,809)	0	0	(9)	0	**(16,212)**	0
Revaluations recognised in the provision of services	9,528	(2,325)	0	0	0	0	**7,203**	0
Disposals	(2,880)	(10,669)	0	0	0	0	**(13,549)**	0
Reclassifications	940	9,485	0	1,388	49	(12,680)	**(818)**	0
Depreciation	(9,938)	(17,605)	(3,695)	(4,471)	0	0	**(35,709)**	(950)
Impairment losses recognised in the revaluation reserve	0	(7,314)	0	0	0	0	**(7,314)**	0
Impairment losses recognised in the provision of services	0	(891)	0	0	0	0	**(891)**	0
Net Book Value at 31 March 2020	**450,164**	**530,147**	**9,163**	**133,107**	**13,733**	**6,983**	**1,143,297**	**1,672**
The Net Book Value at 31 March 2020 is analysed as follows:								
Gross Carrying Value at 31 March 2020	450,164	558,542	20,058	185,856	13,733	6,983	**1,235,336**	5,153
Accumulated Depreciation and Impairment	0	(28,395)	(10,895)	(52,749)	0	0	**(92,039)**	(3,481)

17. Capital Commitments

As at 31 March 2021, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2021/22 and future years, budgeted to cost £15.837 million (including commitments relating to the HRA totalling £9.067 million). Similar commitments at 31 March 2020 were £15.878 million (including the HRA: £7.647 million). The major commitments are:

- High Rise Block Programme (HRA - mainly sprinklers and safety work): £5.022 million
- Olton Primary School: £2.588 million
- Oracle Cloud implementation: £1.587 million
- Low Rise Block Programme (HRA): £1.500 million
- Acquisitions & New Build (HRA): £1.340 million

18. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table (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 movements in the CFR are analysed in the second part of this note.

2019/20		2020/21
£000		£000
412,097	Opening Capital Financing Requirement	**436,957**
	Capital Investment	
63,688	Property, Plant & Equipment	**53,977**
2,361	Intangible assets	**3,064**
5,633	Revenue expenditure funded by capital under statute (REFCUS)	**2,296**
71,682	**Total Capital Investment**	**59,337**
	Sources of Finance	
(883)	Capital receipts	**(3,963)**
(17,845)	Government grants and other contributions	**(25,423)**
(28,094)	Sums set aside from revenue	**(27,715)**
(46,822)	**Total Sources of Finance**	**(57,101)**
436,957	**Closing Capital Financing Requirement**	**439,193**
	Explanation of Movements in Year	
(2,409)	Decrease in underlying need to borrow (supported by government financial assistance)	**(2,409)**
32,777	Increase in underlying need to borrow (not supported by government financial assistance)	**7,771**
(1,535)	Reductions in assets under PFI/PPP contracts	**(1,881)**
(3,973)	Assets acquired/ (disposed of) under finance leases	**(1,245)**
24,860	**Increase in Capital Financing Requirement**	**2,236**

19. Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. In addition to the usual programme of revaluations, it was decided this year that a number of the other asset categories should also be revalued, to reflect the current market conditions and the impact of Covid-19. All valuations were certified by the Council's internal valuer, who is a RICS-qualified surveyor. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Due to the Covid-19 outbreak and the ongoing economic uncertainty the value of some of the Council's assets is subject to material uncertainty. As such the value of assets will be kept under frequent review, further information around this uncertainty is detailed in Note 4. All valuations that were carried out during 2019/20 and issued on the basis of material uncertainty have been revalued during 2020/21.

The following statement shows the progress of the Council's rolling programme for the revaluation of non-current assets:

2020/21	Valued at Historic Cost	Valued at Current/ Fair Value				Total
		2017/18	2018/19	2019/20	2020/21	
	£000	£000	£000	£000	£000	**£000**
Council Dwellings	0	0	0	0	466,192	**466,192**
Other Land and Buildings	6,195	26,554	2,260	0	513,467	**548,476**
Vehicles, Plant and Equipment	8,053	0	0	0	0	**8,053**
Infrastructure Assets	133,606	0	0	0	0	**133,606**
Community Assets	13,951	0	0	0	0	**13,951**
Assets Under Construction	20,456	0	0	0	0	**20,456**
Sub-total Property, Plant and Equipment	**182,261**	**26,554**	**2,260**	**0**	**979,659**	**1,190,734**
Heritage Assets	950	0	0	0	0	**950**
Investment Property	0	0	0	0	17,450	**17,450**
Intangible Assets	6,108	0	0	0	0	**6,108**
TOTAL	**189,319**	**26,554**	**2,260**	**0**	**997,109**	**1,215,242**

2019/20	Valued at Historic Cost	Valued at Current/ Fair Value					Total
		2015/16	2016/17	2017/18	2018/19	2019/20	
	£000	£000	£000	£000	£000	£000	**£000**
Council Dwellings	0	0	0	0	0	450,164	**450,164**
Other Land and Buildings	34,894	34,859	1,447	104,873	75,394	278,680	**530,147**
Vehicles, Plant and Equipment	9,163	0	0	0	0	0	**9,163**
Infrastructure Assets	133,107	0	0	0	0	0	**133,107**
Community Assets	13,733	0	0	0	0	0	**13,733**
Assets Under Construction	6,983	0	0	0	0	0	**6,983**
Sub-total Property Plant & Equipment	**197,880**	**34,859**	**1,447**	**104,873**	**75,394**	**728,844**	**1,143,297**
Heritage Assets	950	0	0	0	0	0	**950**
Investment Property	0	0	0	0	0	16,749	**16,749**
Intangible Assets	3,848	0	0	0	0	0	**3,848**
TOTAL	**202,678**	**34,859**	**1,447**	**104,873**	**75,394**	**745,593**	**1,164,844**

20. Investment Property

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal.

The Council has no contractual obligations to purchase, construct or develop investment property but does fund repairs and maintenance with a view to maximising income and proceeds of disposal.

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

2019/20		2020/21
£000		£000
17,579	**Balance at 1 April**	**16,749**
(830)	Net gains/losses from fair value adjustments	**701**
16,749	**Balance at 31 March**	**17,450**

Fair value reviews are conducted on all investment properties. Fair values are calculated by multiplying an estimated net income by an appropriate investment yield or having regard to the capital value of similar assets. The net income figure is based on market rent. All comparable evidence used for valuing this class of assets has been ranked into three level groups. All of the Council's investment properties have been assessed as level two and are valued annually. There has been no change in the valuation techniques used during the year for investment properties. In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

21. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Debtors, creditors, payments in advance and receipts in advance figures included within the following summary, and in Note 22 which follows, include only those balances which the Council considers to be due or receivable under a contractual arrangement, and therefore will differ to the figures in the Balance Sheet.

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

a. Financial Assets

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

- Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CI&ES is the amount receivable as per the loan agreement;
- Fair Value Through Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CI&ES when the asset is disposed of; and
- Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CI&ES as they occur.

	Long-Term		Short-Term	
	31 March 2020	**31 March 2021**	31 March 2020	**31 March 2021**
	£000	**£000**	£000	**£000**
Financial assets held at amortised cost:				
Investments	0	**0**	100,667	**63,089**
Debtors and other receivables	1,325	**1,220**	34,233	**37,184**
Cash and Cash Equivalents	0	**0**	142	**3,137**
FVOCI - designated equity instruments	40,260	**39,679**	0	**0**
Total financial assets	41,585	**40,899**	135,042	**103,410**

b. Financial Liabilities

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost. For the Council's borrowing this means that the amount in the Balance Sheet is the outstanding principal repayable (plus accrued interest).

	Long-Term		Short-Term	
	31 March 2020	**31 March 2021**	31 March 2020	**31 March 2021**
	£000	**£000**	£000	**£000**
Financial Liabilities at amortised cost:				
Borrowing	(286,267)	**(280,970)**	(17,249)	**(17,192)**
PFI and finance lease liabilities	(48,890)	**(45,452)**	(3,126)	**(3,437)**
Creditors and other payables	0	**0**	(26,814)	**(28,394)**
Total financial liabilities	(335,157)	**(326,422)**	(47,189)	**(49,023)**

c. Equity Instruments designated at fair value through other comprehensive income

Designation to Fair Value through Other Comprehensive Income (FVOCI)
The Council has shareholdings in Birmingham Airport Holdings Ltd and Coventry & Solihull Waste Disposal Company Ltd. Any change in fair value is posted to Other Comprehensive Income and Expenditure and accumulated gains and losses have been held in the Financial Instruments Revaluation Reserve.

Under IFRS 9 Financial Instruments, investments in equity must be classified as fair value through profit and loss, unless there is an irrevocable election to designate the asset as fair value through other comprehensive income. These shareholdings are equity instruments and as such, the default valuation method is any gains and losses on changes in fair value would be recognised through profit and loss.

The shareholdings are strategic investments and not held for trading, therefore the Council has opted to designate them as Fair Value through Other Comprehensive Income. This means that there is no impact on the revenue budget and the decision to designate to Fair Value through Other Comprehensive Income is irrevocable. Any gains or losses on the valuation of the shareholding will therefore be transferred to the Financial Instruments Revaluation Reserve.

22. Fair values of Assets and Liabilities

a. Financial Assets measured at Fair Value

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

	Input Level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2020	**31 March 2021**
			£000	**£000**
Birmingham Airport Holdings Ltd	Level 3	Earning based valuation		
- Ordinary Shares			10,381	**9,870**
- Preference Shares			1,176	**1,176**
Coventry & Solihull Waste Disposal Company Ltd	Level 3	Earning based valuation		
- Ordinary Shares			28,500	**28,633**
Blythe Valley Innovation Centre Ltd				
- Ordinary Shares	Level 3	Historic Cost	203	**0**
Total			40,260	**39,679**

Birmingham Airport Holdings Ltd (BAH)
The main ordinary shareholders of BAH are the seven West Midlands metropolitan councils. Together they own 49% of BAH's 324 million ordinary shares of 1p each, with Solihull Council holding 3.75% of total shares issued. These shares are not quoted on any Stock Exchange.

Airport Group International Ltd (AGIL), a company owned by Ontario Teachers' Pension Plan, owns 48.25% of the ordinary shares. The remaining shares (2.75%) are held by the Employees' Share Trust. The Shareholders' Agreement provides for the metropolitan councils to cast their 49% vote at company Main Board and General Meetings in one block. The vote of 75% of ordinary shareholders is required for certain major decisions of the company.

The metropolitan councils together own all £15.384 million of BAH's 6.31% preference shares (Solihull Council owns £1.176 million) which are cumulative and redeemable.

The valuation undertaken in April 2021 resulted in a decrease in the value of the Council's shareholding from £11.557 million to £11.046 million, which is reflected in the Council's Balance Sheet. This reduction in valuation is based on the uncertainty of the ongoing Covid-19 pandemic.

BAH was incorporated on 4 February 1997 and commenced trading on 26 March 1997. The BAH Group accounts incorporate Birmingham International Airport Ltd, Euro Hub (Birmingham) Ltd, Birmingham Airport Developments Ltd, First Castle Developments Ltd, Birmingham Airport (Finance) plc and BHX Fire and Rescue Ltd. The principal activity of the Group is the operation and management of Birmingham International Airport and the provision of facilities and services associated with those operations. During this year dividends of £0.074 million (2019/20: £1.063 million) and ground rent of £0.066 million (2019/20: £0.064 million) were receivable.

A copy of BAH's accounts is available from:

The Company Secretary
Birmingham Airport Holdings Ltd
Birmingham International Airport
Birmingham
B26 3QJ

Coventry & Solihull Waste Disposal Company Ltd

In accordance with directives received from the government exercising powers under the Environmental Protection Act 1990, Solihull Council, in conjunction with Coventry City Council, set up a wholly owned company for the disposal of waste arising from the two councils. The company was in the ownership of Coventry City Council from formation in 1975 until the assets were vested into the limited company in 1994.

Solihull Council has 1/3 ownership of the 99 £1 Ordinary Shares with Coventry City Council owning the remaining 2/3. These two shareholders benefit from any surpluses made and will contribute to any liabilities or losses the company cannot meet. These shares are not quoted on any Stock Exchange. During this year dividend income of £3.010 million (2019/20: £3.460 million) was receivable.

The desktop valuation undertaken in April 2021 resulted in an increase in the value of the Council's shareholding from £28.500 million to £28.633 million, which is reflected in the Council's Balance Sheet.

A copy of the Company's accounts is available from:
The Company Secretary
Coventry & Solihull Waste Disposal Company Ltd
Bar Road
Coventry
CV3 4AN

Blythe Valley Innovation Centre Ltd

On 31 March 2000 the Council acquired Ordinary 'A' shares in Blythe Valley Innovation Centre Ltd in exchange for waiving an option to acquire land at the Blythe Valley Business Park. These shares represented 25% of total shares issued, but 50% of the voting rights.

The remaining Ordinary 'B' shares (75% of total shares issued) were purchased by the Council in July 2013 from Blythe Valley JV Sarl, since when the company has been 100% owned by the Council and is therefore consolidated in full into the Council's Group Accounts.

The Company has been dissolved and the remaining balances were transferred to the Council accounts in April 2020 and have been incorporated into the single entity accounts from 2020/21. There is therefore no ordinary shareholding left for this company on the Council's Balance Sheet. The Council has continued to perform the duties undertaken by BVIC Ltd since April 2020.

b. Transfers between levels of the Fair Value Hierarchy

The fair value hierarchy is defined within Note 43 - Statement of Accounting Policies ((x) Fair Value Measurement).There were no transfers between input levels during the year.

c. Changes in Valuation Technique

There have been no changes in the valuation technique used during the year for the financial instruments.

d. Reconciliation of Fair Value Measurements for Financial Assets Carried at Fair Value Categorised within Level 3 of the Fair Value Hierarchy for Financial Assets

		2019/20				**2020/21**
Unquoted Shares	Other	Total		Unquoted Shares	Other	**Total**
£000	£000	£000		£000	£000	**£000**
47,641	0	47,641	Opening balance at 1 April	40,260	0	40,260
0	0	0	Transfers into Level 3	0	0	**0**
0	0	0	Transfers out of Level 3	0	0	**0**
(7,381)	0	(7,381)	Total gains or (losses) for the period included in Other Comprehensive Income and Expenditure	(378)	0	**(378)**
0	0	0	Additions	0	0	**0**
0	0	0	Disposals	(203)	0	**(203)**
40,260	0	40,260	**Closing Balance at 31 March**	**39,679**	**0**	**39,679**

e. The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value (as detailed within Note 22a), all other financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loan Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer, it is appropriate to disclose the exit price (Level 2). As an alternative, we have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on the Balance Sheet date (which could be viewed as a proxy for transfer value);
- For non-PWLB loans, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures (Level 2);
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount;
- No early repayment or impairment is recognised;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values of the financial assets are as follows:

31 March 2020			31 March 2021	
Balance sheet value	Fair value		Balance sheet value	Fair value
£000	£000		£000	£000
		Long-Term Financial Assets		
40,260	40,260	Financial assets measured at fair value	**39,679**	**39,679**
1,325	1,325	Long-term debtors	**1,220**	**1,220**
41,585	41,585	**Sub-total long-term financial assets**	**40,899**	**40,899**
		Short-Term Financial Assets		
142	142	Cash and cash equivalents	**3,137**	**3,137**
100,595	100,595	Money market loans (< 1 year)	**63,015**	**63,015**
72	72	Insurance liability fund	**74**	**74**
34,233	34,233	Short-term debtors	**37,184**	**37,184**
135,042	135,042	**Sub-total short-term financial assets**	**103,410**	**103,410**
176,627	176,627	**Total financial assets**	**144,309**	**144,309**

The fair values of the financial liabilities are as follows:

31 March 2020			31 March 2021	
Balance sheet value	Fair value		Balance sheet value	Fair value
£000	£000		£000	£000
		Long-Term financial liabilities		
		Long-Term borrowing		
(255,315)	(499,058)	Borrowing - PWLB [1]	**(250,948)**	**(420,914)**
(5,250)	(6,950)	Borrowing - Dudley MBC debt [2]	**(4,390)**	**(5,003)**
(423)	(477)	Borrowing - Walsall MBC debt	**(356)**	**(405)**
(25,279)	(48,602)	Borrowing - other long-term loans [3]	**(25,276)**	**(43,144)**
(286,267)	(555,087)	**Sub-total long-term borrowing**	**(280,970)**	**(469,466)**
		Other long-term liabilities		
(45,334)	(83,160)	PFI liabilities and similar contracts	**(41,923)**	**(73,055)**
(3,556)	(3,556)	Finance lease liabilities	**(3,529)**	**(3,529)**
(48,890)	(86,716)	**Sub-total other long-term liabilities**	**(45,452)**	**(76,584)**
(335,157)	(641,803)	**Sub-total long-term financial liabilities**	**(326,422)**	**(546,050)**
		Short-Term financial liabilities		
		Short-Term borrowing		
(2,182)	(2,182)	PWLB	**(6,309)**	**(6,309)**
(782)	(782)	Dudley MBC debt [2]	**(860)**	**(860)**
(64)	(64)	Walsall MBC debt	**(66)**	**(66)**
(106)	(106)	Other short-term loans [3]	**(107)**	**(107)**
(3,134)	(3,134)	**Sub-total short-term borrowing**	**(7,342)**	**(7,342)**

31 March 2020			31 March 2021	
Balance sheet value	Fair value		Balance sheet value	Fair value
£000	£000		£000	£000
		Other short-term liabilities		
(14,115)	(14,115)	Bank overdraft	**(9,850)**	**(9,850)**
(3,126)	(3,126)	PFI and finance lease liabilities	**(3,437)**	**(3,437)**
(26,814)	(26,814)	Short-term creditors [4]	**(28,394)**	**(28,394)**
(44,055)	(44,055)	**Sub-total other short-term liabilities**	**(41,681)**	**(41,681)**
(47,189)	(47,189)	**Sub-total short-term financial liabilities**	**(49,023)**	**(49,023)**
(382,346)	(688,992)	**Total financial liabilities**	**(375,445)**	**(595,073)**

[1] The fair value of the long-term PWLB liabilities of £420.914 million measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB redemption interest rates. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates. A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £250.948 million would be valued at £354.607 million. But, if the Council was to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £66.307 million for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £420.914 million.

[2] Dudley MBC debt relates to the residual debt liabilities of the former West Midlands County Council; all borrowing within this fund matures by 2026.

[3] Other loans are a mixture of fixed and variable rate market and LOBO (Lender Option, Borrower Option) loans. These loans were taken out to take the opportunity of advantageous borrowing rates over that offered by the PWLB at that time, and also to mitigate refinancing risk.

[4] Short-term creditors in the above table include only those balances which the Council considers are due under a contractual arrangement, as per the Code, and will therefore differ to the figures in the Balance Sheet.

23. Nature and Extent of Risks Arising from Financial Instruments

a. Key Risks

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Refinancing risk - the possibility that the Council might need to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements.

b. Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice (TM Code) and investment guidance issued through the above Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the TM Code;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
- the Council's overall borrowing;
- its maximum and minimum exposures to fixed and variable rates;
- its maximum and minimum exposures to the maturity structure of its debt;
- its maximum annual exposures to investments maturing beyond a year;
- by approving an Annual Investment Strategy for the forthcoming year setting out its criteria for both investing and selecting Investment counterparties in compliance with the Government guidance.

These are required to be reported and approved at or before the Council's annual council tax setting meeting or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported bi-annually to Members.

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

c. Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures from the Council's customers.

The risk from deposits with banks and financial institutions is minimised through the Annual Investment Strategy, which requires that deposits are not made unless they meet the minimum requirements of the Council's investment criteria, which are aligned with the Fitch, Moody's and Standard & Poor's credit rating services. The Annual Investment Strategy also imposes maximum amounts and time limits in respect of each financial institution.

A summary of the credit quality of the Council's investments at 31 March 2021 is shown as follows:

31 March 2020	Current rating (Fitch or equivalent)	**31 March 2021**
£000		**£000**
1	AAA	**3,000**
0	AA+	**0**
0	AA	**0**
100,590	AA-	**63,013**
108	A+	**107**
110	N/A	**106**
100,809	**Total**	**66,226**

Allowances for impairment losses have been calculated for investments held at 31 March 2021, applying the expected credit losses model. The expected credit loss model results in a notional loss of £0.008 million; given the low value of this calculation no adjustment has been made to the carrying value of these instruments in the Council's accounts.

The risk of credit exposure from the Council's customers arises from the possibility that debts raised by the Council are not collected. At 31 March 2021, £17.127 million of trade debtors were held on the Accounts Receivable system awaiting payment (£14.483 million at 31 March 2020). These are analysed by age as shown in the following table:

31 March 2020		**31 March 2021**
£000		**£000**
11,433	Less than three months	**12,144**
723	Three to six months	**1,118**
740	Six months to one year	**1,519**
1,587	More than one year	**2,346**
14,483	**Total trade debtors**	**17,127**

The Council has an impairment allowance of £2.022 million in place to mitigate against this risk (£1.390 million as at 31 March 2020).

d. Liquidity Risk

The Council manages its liquidity position through the risk management procedures detailed in Note 23b (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system as required by the TM Code. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a Council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

e. Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, the longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the treasury management team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and that the spread of longer-term investments provides stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity analysis of the Council's borrowing liabilities at original cost is as follows:

31 March 2020		31 March 2021
£000		£000
354	Less than 1 year	**4,367**
4,367	Between 1 and 2 years	**380**
1,183	Between 2 and 5 years	**1,227**
6,284	Between 5 and 10 years	**6,369**
14,025	Between 10 and 20 years	**14,248**
44,366	Between 20 and 30 years	**44,687**
118,723	Between 30 and 40 years	**144,670**
91,366	Between 40 and 50 years	**64,366**
280,668	**Total**	**280,314**

The figures included in the above table are based on the principal amounts borrowed and will differ from the total borrowing in the Balance Sheet because of the requirement to include accrued interest within current liabilities in the Balance Sheet.

f. Market Risk (Interest Rate Risk)

The Council is exposed to interest rate movements on its borrowings and investments. Of the £280.314 million debt held as at 31 March 2021, £15.000 million was at variable interest rates and £265.314 million was at fixed interest rates. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the CI&ES would rise;
- borrowings at fixed rates – the fair value of the borrowing liability would fall;
- investments at variable rates – the interest income credited to the CI&ES would rise;
- investments at fixed rates – the fair value of the assets would fall.

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

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

If all interest rates had been 1% higher during 2020/21 (with all other variables held constant) the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	**108**
Increase in interest receivable on variable rate investments	**(817)**
Impact on (Surplus)/ Deficit on the Provision of Services in CI&ES	**(709)**
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	**0**
Decrease in fair value of fixed rate borrowings liabilities (no impact on the (Surplus)/ Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	**91,588**

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

These assumptions are based on the same methodology as used in Note 22 - Fair values of Assets and Liabilities.

g. Price Risk

The shares held in Birmingham Airport Holdings Ltd and Coventry and Solihull Waste Disposal Company Ltd are classified as 'financial assets measured at fair value', meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income & Expenditure.

h. Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

24. Income, Expense, Gains and Losses Recognised in the Comprehensive Income & Expenditure Statement

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2019/20			**2020/21**	
(Surplus)/ Deficit on the Provision of Services	Other CI&ES		**(Surplus)/ Deficit on the Provision of Services**	**Other CI&ES**
£000	£000		**£000**	**£000**
	7,381	Net (gain)/ loss on investments in equity instruments designated at FVOCI	**0**	**378**
(1,299)	0	Interest income on financial assets measured at amortised cost	**(413)**	**0**
(4,578)	0	Interest income on financial assets measured at FVOCI	**(3,088)**	**0**
16,738	0	Interest expense	**16,896**	**0**
10,861	7,381	**Net (gain)/loss for the year**	**13,395**	**378**

25. Leases

a. Council as Lessee

Finance Leases

The Council acquired the Bluebell Centre, two car parks, one of its libraries and a number of photocopiers under finance leases. The majority of these photocopiers are however under the Council's de minimis level for capital spending and are not included within our Balance Sheet (see Note 43 - Accounting Policies for further details). The assets acquired under these leases that are above our de minimis level for capital spending are carried in the Balance Sheet at the following net amounts:

31 March 2020		31 March 2021
£000		£000
8,204	Property Plant and Equipment - Land and Buildings	**9,621**
1,428	Investment Property	**1,428**
9,632	**Total**	**11,049**

The Council is committed to making minimum payments under the photocopier leases and the Bluebell Centre lease. These minimum payments are made up of the settlement of the long-term liability for the interest in the asset acquired by the Council and finance costs that will be payable over the remainder of the lease term. The minimum lease payments, as cash amounts and present values, are made up of the following amounts:

31 March 2020			31 March 2021	
Cash Amount	Net Present Value		**Cash Amount**	**Net Present Value**
£000	£000		**£000**	**£000**
		Finance lease liabilities:		
26	26	Current	**27**	**27**
3,556	955	Non-current	**3,529**	**983**
5,316	2,619	Finance costs payable in future years	**5,125**	**2,566**
8,898	3,600	Total future minimum lease payments	**8,681**	**3,576**

The minimum lease payments and finance lease liabilities, in cash terms, will be payable over the following periods:

31 March 2020			31 March 2021	
Minimum Lease Payments	Finance Lease Liabilities		**Minimum Lease Payments**	**Finance Lease Liabilities**
£000	£000		**£000**	**£000**
217	26	Not later than one year	**217**	**27**
868	117	Later than one year and not later than five years	**868**	**124**
7,813	3,439	Later than five years	**7,596**	**3,405**
8,898	3,582		**8,681**	**3,556**

The minimum lease payments and finance lease liabilities, stated as present values, will be payable over the following periods:

31 March 2020			31 March 2021	
Minimum Lease Payments	Finance Lease Liabilities		**Minimum Lease Payments**	**Finance Lease Liabilities**
£000	£000		**£000**	**£000**
217	26	Not later than one year	**217**	**27**
757	102	Later than one year and not later than five years	**757**	**107**
2,626	853	Later than five years	**2,602**	**876**
3,600	981		**3,576**	**1,010**

Operating Leases

The Council has entered into lease agreements for land and property, motor vehicles and ICT equipment. The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2020		31 March 2021
£000		**£000**
839	Not later than one year	**628**
1,092	Later than one year and not later than five years	**871**
946	Later than five years	**1,017**
2,877		**2,516**

The minimum lease payment expenditure charged to the CI&ES during the year in relation to these leases was £0.979 million (2019/20: £0.929 million).

b. Council as Lessor

Finance Leases

The Council has leased out the following property on finance leases as at 31 March 2021. There is a peppercorn rent payable to the Council under the terms of the finance leases.

	Remaining lease term
Ulverley Junior & Infant School	124 years
Yew Tree Primary	124 years
Smith's Wood Sport College	121 years
Damson Wood Nursery & Infant School	121 years
Streetsbrook Infant & Nursery School	121 years
Lyndon Academy	120 years
Northern House (Solihull) School	119 years
Smith's Wood Community Primary School	119 years
Marston Green Infant School	118 years
Balsall Common Primary	117 years
Hockley Heath Primary	117 years
Heart of England Academy	116 years
Alderbrook Academy	116 years
Langley Academy	116 years
Light Hall Academy	116 years

	Remaining lease term
Lode Heath Academy	116 years
Hall Meadow Land	115 years
Arden Academy	115 years
Tudor Grange Academy	115 years
Park Hall Academy	114 years

Operating Leases
The Council leases out property for a variety of purposes. These include for the provision of community services, such as sports facilities and community centres, for economic development purposes to provide suitable accommodation for local businesses and for income generation purposes.

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

31 March 2020		**31 March 2021**
£000		**£000**
(1,893)	Not later than one year	**(1,955)**
(6,530)	Later than one year and not later than five years	**(6,716)**
(52,009)	Later than five years	**(54,399)**
(60,432)		**(63,070)**

The minimum lease payments receivable shown above do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews and rents linked to percentage of future revenue.

In 2020/21 contingent rents of £2.592 million were receivable by the Council (£2.966 million in 2019/20).

26. Private Finance Initiatives (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. The Council is deemed to control the services that are provided under its schemes and ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge.

a. Building Schools for the Future (BSF) PFI

In 2020/21 the Council made contractual payments of £9.057 million (2019/20: £8.739 million) under a contract with Solihull BSF Schools Ltd to cover the design, build and operational costs associated with Northern House School, Park Hall Academy and Smith's Wood Sports College. In future years the actual payments will vary in line with inflation. The contract expires in 2035/36. There have been no changes to the arrangement during 2020/21.

The payments due to the PFI contractor are as follows:

		Repayment of liability	Interest	Service Charge	Total
		£000	£000	£000	£000
Payments due to be made:					
Within 1 year	2021/22	2,116	3,854	3,070	**9,040**
Within 2 - 5 years	2022/23 - 2025/26	8,690	12,980	15,411	**37,081**
Within 6 - 10 years	2026/27 - 2030/31	15,114	10,623	22,860	**48,597**
Within 11 - 15 years	2031/32 - 2035/35	18,119	2,529	23,422	**44,070**
		44,039	**29,986**	**64,763**	**138,788**

The liability outstanding to the PFI contractor for capital expenditure is as follows:

	31 March 2019	Net payments during the year	31 March 2020	Net payments during the year	**31 March 2021**
	£000	£000	£000	£000	**£000**
Northern House School	(6,169)	199	(5,970)	245	**(5,725)**
Park Hall Academy School	(20,406)	660	(19,746)	809	**(18,937)**
Smith's Wood Sports College	(20,880)	675	(20,205)	828	**(19,377)**
Total	(47,455)	1,534	(45,921)	1,882	**(44,039)**

b. PFI Estimates and Judgements

The financial models used to interpret PFI agreements are very complex in nature and require estimates and judgements to be made that impact on the accounting entries.

As in previous years, for the Schools' PFI scheme, the Council has made different judgements and the estimation technique is different to those in the model applied by our external auditor. The effect of this is that the Council is disclosing a long-term liability which is £0.564 million lower than expected in the external auditor's accounting model. This is mainly represented by the capital repayment being a total of £0.633 million lower than the model.

The total value of the payments due to the PFI Contractor over the remaining 15 years of the contract is £138.788 million. The BSF PFI unitary payments includes costs for utilities.

c. Similar contract: Strategic Environment Services Contract

In 2008/09, the Council engaged Enterprise Management Services Ltd (subsequently acquired by Amey PLC) to provide Strategic Environment Services in a 7-year contract, which is extendable by up to 21 years. An initial 7-year extension from 2015/16 to 2021/22 was subsequently approved and the contract has not been extended further. In 2020/21 the Council made contractual payments of £11.099 million (2019/20: £10.744 million) to cover the provision of Waste Collection and Recycling, Street Cleansing and Ground Maintenance. The actual payment will vary over the life of the contract in line with inflation and any negotiated service changes. Within the contract there is provision for additional variable works, which by their nature are not yet known amounts and are therefore not included in the following payment figures.

	Repayment of liability	Interest	Service Charge	Total
	£000	£000	£000	£000
Payments due to be made:				
Within 1 year	1,295	1,050	8,905	**11,250**
Total	**1,295**	**1,050**	**8,905**	**11,250**

The liability outstanding to pay for capital expenditure is as follows:

	31 March 2019	Net payments/ (adjustment) in year	31 March 2020	Payments in year	31 March 2021
	£000	£000	£000	£000	**£000**
Vehicles, Plant and Equipment	(6,462)	3,948	(2,514)	1,219	**(1,295)**

27. Short Term Debtors (less than one year)

31 March 2020		31 March 2021
£000		£000
23,976	Amounts receivable from trade customers	**23,566**
5,342	Amounts receivable from related parties	**9,112**
2,399	Payments in advance from trade customers	**1,903**
2,516	Payments in advance from related parties	**2,603**
34,233	**Total Trade Debtors**	**37,184**
7,654	Amounts receivable from central government	**15,787**
2,892	Other debtors (council tax and business rates)	**2,942**
0	Other debtors (precepting bodies)	**492**
44,779	**Total Short-Term Debtors**	**56,405**

28. Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and business rates) in Note 27 above can be analysed by age as follows:

31 March 2020		31 March 2021
£000		£000
2,494	Less than one year	**2,491**
398	Over one year[1]	**451**
2,892		**2,942**

[1] All debtors for local taxation more than two years old have been fully impaired.

29. Cash and Cash Equivalents (including Bank Overdraft)

The balance of Cash and Cash Equivalents (including Bank Overdraft) is made up of the following elements:

31 March 2020		31 March 2021
£000		£000
33	Cash floats held by the Council	**30**
109	Cash equivalents and cash at bank	**3,107**
142	**Cash and cash equivalents**	**3,137**
(14,115)	Bank overdraft	**(9,850)**
(13,973)	**Total**	**(6,713)**

30. Short-Term Creditors (less than one year)

31 March 2020		31 March 2021
£000		£000
(21,679)	Amounts payable to trade customers	**(21,617)**
(2,402)	Amounts payable to related parties	**(3,848)**
(2,705)	Receipts in advance from trade customers	**(2,759)**
(28)	Receipts in advance from related parties	**(170)**
(26,814)	**Total Trade Creditors**	**(28,394)**
(5,001)	Amounts payable to central government [1]	**(13,000)**
(17,921)	Receipts in advance from central government [2]	**(13,414)**
(6,998)	Other receipts in advance (council tax and business rates)	**(6,912)**
(7,675)	Other creditors	**(8,281)**
(64,409)	**Total Short-Term Creditors**	**(70,001)**

[1] £5.372 million of the amounts payable to central government is in relation to grants where the Council has acted as an agent for distributing grants in relation to Covid-19.
[2] £3.109 million of the receipts in advance from central government is in relation to Covid-19 grants to be distributed in 2021/22, where the Council will be acting as an agent.

31. Provisions

	Business Rates Appeals	Other Provisions	Total
	£000	£000	£000
Short-term provisions			
Balance at 1 April 2020	(4,490)	(1,542)	**(6,032)**
Provisions made in 2020/21	(5,740)	(587)	**(6,327)**
Amounts used in 2020/21	6,214	1,065	**7,279**
Balance at 31 March 2021	**(4,016)**	**(1,064)**	**(5,080)**
Long-term provisions			
Balance at 1 April 2020	(7,362)	(321)	**(7,683)**
Provisions made in 2020/21	(815)	(15)	**(830)**
Amounts used in 2020/21	0	9	**9**
Balance at 31 March 2021	**(8,177)**	**(327)**	**(8,504)**
Total provisions as at 31 March 2021	**(12,193)**	**(1,391)**	**(13,584)**

The main provision relates to business rates appeals as follows:

Business Rates Appeals
As a member of the West Midlands 100% Business Rates Retention Pilot, the Council assumes 99% of the liability for refunding any business rate payers who successfully appeal against the rateable value of their properties on the rating list. The provision is in in place to meet this liability, based on the best estimate of the expenditure that will be required to settle the successful appeals. This best estimate has been based on the appeals which had been lodged against the 2010 ratings list and checks and challenges lodged against the 2017 list.

32. Pension Schemes accounted for as Defined Contribution Schemes

The Council currently participates in three post-employment defined benefit pension schemes, two of which are treated for the purposes of the Statement of Accounts as defined contribution schemes:

The Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). 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 defined benefit multi-employer pension scheme. The scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employer's contribution rate paid by councils. Valuations of the notional fund are undertaken every four years.

The scheme has in excess of 11,221 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

As a proportion of the total contributions into the Teachers' Pension Scheme, the Council's own contributions equate to approximately 0.16% (2019/20: 0.16%).

In 2020/21 £9.381 million was payable to the Teachers' Pensions Scheme in respect of teachers' pension costs, which represents 23.68% of teachers' pensionable pay for the period 1 April 2020 to 31 March 2021 (2019/20 £8.192 million and split 16.48% for the period 1 April 2019 to 31 August 2019 and 23.68% 1 September 2019 to 31 March 2020). £0.794 million of the contributions remained payable at the year-end. The contributions due to be paid in 2021/22 are estimated to be £9.550 million.

The National Health Service (NHS) Pension Scheme

A number of adult social care and public health employees are covered by the provisions of the NHS Pensions Scheme, which was established on 5 July 1948. Details of the benefits payable under these provisions can be obtained from the NHS Pensions Business Services Authority. The scheme is an unfunded defined benefit final salary scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. The scheme is not run in a way that would enable NHS bodies to identify their share of their underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the Council of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. As a proportion of the total contributions into the NHS Pension Scheme, the Council's own contributions equate to approximately 0.05%.

The employer rate has remained at 20.68% in 2020/21, although as in 2019/20 3.8% of these contributions were funded by the Department of Health and Social Care. £0.292 million was payable in 2020/21 to the NHS Pensions Scheme in respect of NHS pension costs, which represents 16.88% of the pensionable pay of the staff in the scheme (2019/20: £0.320 million). £0.024 million of the contributions remained payable at the year-end.

The contributions due to be paid by the Council in 2021/22 are estimated to be £0.263 million. The Council is not responsible for any retirement top-up payments outside of the NHS scheme.

33. Defined Benefit 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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Local Government Pension Scheme

The Council participates in one defined benefit post-employment scheme, the Local Government Pension Scheme administered locally by The West Midlands Metropolitan Authorities Pension Fund (WMMAPF). This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The scheme is administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgement and the 2016 cost cap process.

In addition, the Council makes pension payments for staff (including teachers) relating to added years it has awarded, together with related increases. The discretionary payments for staff (excluding teachers) are included within the Staff figures in the following tables. The discretionary payments for teachers form a separate, unfunded scheme shown separately in the following tables.

Risks Associated with the scheme

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

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

These risks are mitigated to a certain extent by the statutory requirements to charge to the General Fund and HRA the amount payable to the Pension Fund, as detailed in the Employee Benefits accounting policy.

Transactions relating to post-employment benefits

The Council recognises the cost of post-employment benefits in Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund in the MIRS. The transactions detailed below have been made in the CI&ES and the General Fund Balance via the MIRS during the year:

2019/20 £000		2020/21 £000
	Cost of Services:	
	Service cost comprising:	
31,178	Current service cost	**31,210**
180	Past service costs	**89**
(1,881)	(Gain)/loss from settlements	**(250)**
396	Administration costs	**428**
	Financing and Investment Income and Expenditure:	
6,868	Net interest expense	**6,538**
36,741	**Sub-total post-employment benefit charged to (Surplus)/ Deficit on the Provision of Services**	**38,015**
	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
	Remeasurement of the net defined benefit liability comprising:	
39,673	Return on assets less interest	**(104,773)**
38,682	Experience (gains)/losses	**(10,126)**
(26,293)	Other actuarial (gains)/losses	**0**
27,910	Actuarial (gains)/losses arising on changes in demographic assumptions	**(12,251)**
(95,206)	Actuarial (gains)/losses arising on changes in financial assumptions	**263,247**
(15,234)	**Sub-total post-employment benefits charged to Other Comprehensive Income and Expenditure**	**136,097**
21,507	**Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement**	**174,112**
2019/20 £000		
(36,741)	Reversal of net charges made to the (surplus)/ deficit on the provision of services for post-employment benefits in accordance with the Code	**(38,015)**
	Actual amount charged against the General Fund Balance for pensions in the year:	
18,923	Employer's contributions payable to scheme for current year	**21,149**
(17,818)	**Total Post Employment Benefit charged to the Movement in Reserves Statement**	**(16,866)**

Pensions Assets and Liabilities Recognised in the Balance Sheet
The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

31 March 2020			31 March 2021	
Teachers £000	Staff £000		**Teachers £000**	**Staff £000**
(10,462)	(898,334)	Present value of the defined benefit obligation	**(12,536)**	**(1,169,113)**
0	600,605	Fair value of Fund assets	**0**	**758,895**
(10,462)	(297,729)	Net liability arising from defined benefit obligation	**(12,536)**	**(410,218)**
0	(308,191)	**Net Pensions Liability**	**0**	**(422,754)**

Reconciliation of the present value of the defined benefit obligation

Teachers	Staff		Teachers	Staff
2019/20	2019/20		2020/21	2020/21
£000	£000		£000	£000
(11,072)	(896,498)	**Opening balance at 1 April**	**(10,462)**	**(898,334)**
0	(31,178)	Current service cost	**0**	**(31,210)**
(233)	(21,270)	Interest cost	**(229)**	**(20,883)**
704	94,502	Change in financial assumptions	**(1,471)**	**(261,776)**
(843)	(27,067)	Change in demographic assumptions	**180**	**12,071**
0	(38,682)	Experience (loss)/gain	**(1,542)**	**11,668**
0	2,808	Liabilities assumed / (extinguished) on settlements	**0**	**380**
0	24,426	Estimated benefits paid net of transfers in	**0**	**24,457**
0	(180)	Past service costs, including curtailments	**0**	**(89)**
0	(5,418)	Contributions by Scheme participants and other employers	**0**	**(5,599)**
982	223	Unfunded pension payments	**988**	**202**
(10,462)	(898,334)	**Closing balance at 31 March**	**(12,536)**	**(1,169,113)**

Reconciliation of the fair value of the Fund assets

Teachers	Staff		Teachers	Staff
2019/20	2019/20		2020/21	2020/21
£000	£000		£000	£000
0	**619,363**	**Opening balance at 1 April**	**0**	**600,605**
0	14,635	Interest on assets	**0**	**14,574**
0	(39,673)	Return on assets less interest	**0**	**104,773**
0	26,293	Other actuarial gains/(losses)	**0**	**0**
0	(396)	Administration expenses	**0**	**(428)**
982	541	Contributions by employer including unfunded for current year	**988**	**20,161**
0	0	Contributions by employer including unfunded for future years	**0**	**38,400**
0	5,418	Contributions by Scheme participants and other employers	**0**	**5,599**
(982)	(24,649)	Estimated benefits paid net of transfers in	**(988)**	**(24,659)**
0	(927)	Settlement prices received / (paid)	**0**	**(130)**
0	600,605	**Closing balance at 31 March**	**0**	**758,895**

An approximate allowance for the transfer of staff to academies during the year has been made and the adjustment is shown within the “settlements” figure above.

The actual return on scheme assets in the year was a deficit of £119.347 million (2019/20: deficit of £25.038 million).

Statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme and the Teachers' Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary, and by future changes to the scheme regulations.

Analysis of the scheme assets at the reporting date

31 March 2020			31 March 2021	
Percentage share	Fair value of assets		**Percentage share**	**Fair value of assets**
%	£000		**%**	**£000**
56	341,891	Equity instruments	60	**457,088**
12	69,810	Government bonds	8	**63,165**
4	25,099	Other bonds	6	**48,134**
9	53,421	Property	8	**56,946**
4	21,555	Cash/ liquidity	5	**37,104**
15	88,829	Other assets	13	**96,458**
100	600,605	Total Assets	100	**758,895**

Basis for estimating assets and liabilities
The principal assumptions used by the actuary are shown in the following table:

31 March 2020			31 March 2021	
Teachers	Staff		**Teachers**	**Staff**
		Life expectancy assumptions from age 65:		
		Retiring today:		
21.9 Years		Men	21.6 Years	
24.1 Years		Women	23.9 Years	
		Retiring in 20 years:		
n/a	23.8 years	Men	n/a	23.4 years
n/a	26.0 years	Women	n/a	25.8 years
		Financial assumptions:		
2.30%	2.35%	Discount rate	1.75%	2.00%
1.90%	1.90%	Pension increases	2.85%	2.85%
n/a	2.90%	Salary increases	n/a	3.85%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The following sensitivity analyses have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that only the assumption analysed changes, while all the other assumptions remain constant.

The assumptions in life expectancy, for example, assume that it 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 methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme (Staff and Teachers)		
Change in Assumption	Impact	Impact
	£000	%
Life expectancy assumptions (increase by 1 year)	(57,433)	(4.9)
Pension increase and deferred revaluation (increase by 0.1%)	(21,458)	(1.8)
Long-term salary increase (increase by 0.1%)	(2,243)	(0.2)
Discount rate (increase by 0.1%)	23,426	2.0

Impact on the Council's Cashflows

Contributions are set every three years as a result of the actuarial valuation of the West Midlands Pension Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS, but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The 2019 revaluation set contributions for the period 1 April 2020 to 31 March 2023 which resulted in an upfront payment being paid in April 2020 to cover the employer's contribution over the three-year period. The Pension Fund performs an annual reconciliation of this, so the Council will be required to pay any additional contributions as a result of a higher than forecast payroll following the year-end.

The weighted average duration of the defined benefit obligation for scheme members as at 31 March 2021 is 21 years (as at 31 March 2020: 21 years).

In 2021/22 it is expected that the Council will pay contributions of approximately £0.976 million to the Teachers' Added Years scheme.

Disclosure notes – notes supporting the Cash Flow Statement

34. Adjustments to the Net (Surplus)/ Deficit on the Provision of Services for non-cash movements

2019/20		2020/21
£000		£000
(36,999)	Depreciation and impairment	**(37,855)**
7,202	Revaluations	**(25,885)**
(35,218)	Net movement in pension liability[1]	**21,534**
(13,549)	Carrying amount of non-current assets sold or derecognised	**(2,470)**
(2,896)	Increase/(decrease) in debtors from operating activities	**19,494**
(3,495)	(Increase) in creditors from operating activities	**(6,405)**
(159)	Other non-cash items charged to the net (surplus)/ deficit on the provision of services	**(3,240)**
(85,114)	**Total**	**(34,827)**

[1] The movement in the pension liability includes the advance payment to the West Midlands Pension Fund of £58.300 million. For further details, please see Note 5 - Material Items of Income and Expenditure.

35. Adjustments for items included in the Net (Surplus)/ Deficit on the Provision of Services that are investing and financing activities

2019/20		2020/21
£000		£000
5,202	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**4,281**
19,900	Capital grants credited to the (surplus)/ deficit on the provision of services	**28,085**
(6,286)	Any other items for which the cash effects are investing or financing cash flows	**(2,322)**
18,816	**Total**	**30,044**

36. Operating Activities

The cash flows from operating activities include the following items:

2019/20		2020/21
£000		£000
(1,299)	Interest received	(491)
16,738	Interest paid	16,784
(4,467)	Dividends received	(2,505)
10,972	**Included within cash flows from operating activities**	**13,788**

37. Reconciliation of Liabilities arising from Financing Activities

The movements in financial liabilities are made up as follows:

2020/21				
	Opening balance 1 April	Financing cash flows	Other non-cash changes	**Closing balance 31 March**
	£000	£000	£000	**£000**
Long-term borrowings	(286,267)	0	5,297	**(280,970)**
Short-term borrowings	(3,134)	1,195	(5,403)	**(7,342)**
Lease liabilities	(3,581)	26	0	**(3,555)**
PFI liabilities and similar contracts	(48,435)	3,101	0	**(45,334)**
Other liabilities	(40,929)	4,018	(1,333)	**(38,244)**
Total liabilities from financing activities	**(382,346)**	**8,340**	**(1,439)**	**(375,445)**

2019/20				
	Opening balance 1 April	Financing cash flows	Other non-cash changes	**Closing balance 31 March**
	£000	£000	£000	**£000**
Long-term borrowings	(254,684)	(32,800)	1,217	(286,267)
Short-term borrowings	(3,066)	1,110	(1,178)	(3,134)
Lease liabilities	(3,606)	25	0	(3,581)
PFI liabilities and similar contracts	(53,917)	2,549	2,933	(48,435)
Other liabilities	(49,666)	946	7,791	(40,929)
Total liabilities from financing activities	**(364,939)**	**(28,170)**	**10,763**	(382,346)

38. Related Parties

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

31 March 2020					31 March 2021				
Dividends	Other Income	Expenditure	Net (Debtors)/ Creditors		**Dividends**	**Other Income**	**Expenditure**	**Net (Debtors)/ Creditors**	**Note**
£000	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**	
0	(359)	2,986	121	Members	0	(9)	1,115	16	8
				Other Public Bodies (subject to common control by central government)					11
0	(161)	887	(3,931)	West Midlands Combined Authority	0	(209)	1,594	(4,335)	
				Entities Controlled or Significantly Influenced by the Council					
0	(427)	867	(3)	Voluntary organisations	0	0	0	0	
(3,460)	(51)	2,504	(2,496)	Coventry and Solihull Waste Disposal Company Ltd (CSWDC)	(3,010)	0	2,617	(2,446)	22
0	(2,812)	30,099	731	Solihull Community Housing	0	(3,550)	39,780	812	
0	0	0	(167)	Blythe Valley Innovation Centre Ltd	0	0	0	0	
0	(313)	4,583	(591)	Urban Growth Company	0	(337)	9,087	(1,687)	
				Other Entities in which the Council has an Interest					
0	(410)	554	0	North Solihull Partnership	0	0	0	0	
(1,063)	0	0	(361)	Birmingham International Airport Ltd	(74)	(95)	0	(80)	22
0	0	44	4	West Midlands Growth Company (WGC)	0	0	3	35	
(4,523)	(4,533)	42,524	(6,693)	**Total**	**(3,084)**	**(4,200)**	**54,196**	**(7,685)**	

UK Government
The UK Government is not included within the table above but has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides funding in the form of grants (see Note 9) and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax, housing benefits).

Members
Members of the Council have direct control over the Council's financial and operating policies. Transactions were made across six organisations in which members had an interest (6 in 2019/20). Contracts were entered into in full compliance with the Council's standing orders.

Officers
There were no significant transactions between the Council and any organisation in which the Council's Directors and Heads of Service have an interest.

Other Public Bodies (subject to common control by central government)
The Council has a pooled budget arrangement with Birmingham and Solihull Clinical Commissioning Group (CCG) for the provision of adult social services and health services across the borough. More details are provided in Note 11.

The Council receives grant income from the West Midlands Combined Authority (WMCA) both in its own right and also as accountable body for grant claims from the WMCA relating to the Urban Growth Company's (UGC) costs. All money owed to the UGC by the Council in respect of such grant funding has been paid during 2020/21. However, a net debtor of £1.687 million (2019/20: £1.638 million) in respect of the grant claim made to the WMCA on behalf of the UGC is included within the net debtor as at 31 March 2021. The transactions above exclude the annual levy paid by the Council to Transport for West Midlands, the transport arm of the WMCA, which was £8.454 million in 2020/21 (2019/20: £8.470 million).

Entities Controlled or Significantly Influenced by the Council
Voluntary organisations with council members on the Board. In certain circumstances the payments represent a significant element of grant funding without which the voluntary organisation would be unable to carry out their activities.

Other Entities in which the Council has an Interest
Together with the WMCA and the six other West Midland districts, the Council is a part owner of the West Midlands Growth Company (WGC), which was set up in April 2017 to support the delivery of the WMCA's Strategic Economic Plan.

39. Contingent Liabilities

The following items have not been accrued for within the accounts for 2020/21 because the amount of potential liability cannot be accurately determined.

a. Grant Funded Projects

The Council has undertaken the Accountable Body role for a range of grant funded projects. These projects have been funded from a variety of grant regimes including European Union sources and the West Midlands Combined Authority. There is a potential liability to the Council from non-delivery of outputs, ineligible expenditure, or disposal of assets. To minimise the impact of these possible liabilities, the Council has introduced various controls and mechanisms such as service level agreements, asset registers and detailed expenditure verification and monitoring. In a situation where a Council liability is agreed, it will be disclosed and an appropriate provision made in the relevant year's accounts.

b. HRA Water Rates

Until 31 March 2018 Solihull Community Housing received an annual commission from Severn Trent Water Ltd to act as agent in collecting water rates from housing tenants. A test case with a London borough deemed that in their case the Council was a supplier of water, not a collecting agent. If this outcome was applied to the relationship with Severn Trent, the Council could be liable to repay the annual commission backdated over a number of years.

Legal advice suggests the relationship with Severn Trent is one of agent and not resale. Therefore, the risk of being liable for a repayment is considered low.

c. Birmingham Airport Holdings Ltd

The Council's Statement of Accounts for 2019/20 included an item in Note 41 (Events after the Reporting Date) regarding its intention to engage in further dialogue with all other BAHL Shareholders regarding whether tangible financial support would be required which may have had a significant impact on the valuation the Authority holds in the airport.

During the 2020/21 financial year, an agreement was signed stating our commitment to support the airport through a Shareholders Loan should it be required. At the date the Statement of Accounts was authorised for issue, there is no formal loan agreement in place, nor is it clear when any loan might be required or to what value. As a result, the potential loan agreement is included as a Contingent Liability.

d. Business Rates Appeals

The provision for business rates appeals represents an amount expected to be required to fund successful appeals that have been lodged with the Valuation Office Agency as at 31 March 2021 (except for the "material change in circumstances" appeals detailed below). Businesses within the borough are still able to lodge appeals in the future against their rateable value which, if successful, could reduce their bills retrospectively and result in further refunds of business rates above the rates included in the provision. The Council is unable to provide a reliable estimate of the liability that would need to be met as a result of appeals that have not yet been made, therefore no provision has been made in the accounts for this.

In addition, the government has made it clear that market-wide economic changes to property values, such as from Covid-19, can only properly be considered at general rates revaluations, and is therefore taking steps to rule out business rates appeals on the grounds of "material changes in circumstances" (MCC) caused by the impact of Covid-19. A statutory instrument laid in March 2021 prevents any new appeals being lodged on these grounds, and the government has also declared its intention to introduce legislation to apply the same restrictions retrospectively. The government will instead distribute £1.5 billion of funding according to which sectors have suffered most economically as a result of Covid-19, rather than on the basis of falls in property values.

Although the retrospective legislation has not yet been laid, the government's intentions are clear and it is therefore considered extremely unlikely that MCC appeals related to the impact of Covid-19 will be

successful. As a result, the estimated impact of such appeals has been excluded from the calculation of the Council's provision for business rates appeals.

40. Contingent Assets

The following items have not been accrued for within the accounts for 2020/21 because the timing and amount of any potential asset cannot be accurately determined.

a. Brown Bin Legal Case

The Council has issued legal proceedings in the High Court against MGB Plastics claiming damages occurring from a supply of defective wheeled bins. In the event that the matter is not settled the case is scheduled to go to trial in December 2021. The receipt of any income in respect of this claim is contingent upon the Council reaching a settlement prior to the court case or being successful at trial in December 2021. The legal opinion of the Council is that the prospects for the case are good, however as this contingent asset relates to an on-going legal dispute, any amounts or significant detail cannot be included in this note.

41. Events after the Reporting Date

The draft Statement of Accounts was authorised for issue by the Director of Resources and Deputy Chief Executive on 22 June 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and the notes have been adjusted, where material, to reflect the impact of this information.

The following events happened between 31 March 2021 and 22 June 2021 but are considered to be non-adjusting events:

Mell Square Limited
On 9 April 2021, Solihull Council acquired ownership of the Mell Square holding company, which includes the ground lease interests and freeholds of a number of key commercial town centre properties. The move is aimed at allowing the Council to continue to play an active role with partners in shaping the future of the town centre and deliver on a key aspect of its bold new Town Centre Masterplan.

The acquisition sees the Council add to its land holdings in the area, taking control of the entire Mell Square site as well as the company which operates the popular shopping location.

The terms agreed will see ownership of IM Properties' existing portfolio of tenants and occupiers transferred to the Council, which has committed to support the current occupiers and ensure the site remains intact, paving the way for future regeneration opportunities.

This transaction has not been included in the accounts to 31 March 2021 because of the date of the acquisition.

Sherbourne Recycling Limited
On 1 April 2021, the Council entered into a number of key legal agreements including but not limited to the Shareholders Agreement and Loan Facility Agreement in relation to Sherbourne Recycling Limited – this is a cross-authority owned Materials Recycling Facility designed to process each council's kerbside collected recyclate. As one of 8 shareholders, the Council made an equity investment of £0.146 million for a 14.6% share in Sherbourne Recycling Limited (SRL).

Over the course of the next 24 months, SRL will draw down the loan facility with the Council for a maximum amount of £8.328 million where payment is scheduled to contractors upon meeting certain milestones set out in the construction plan. The loan facility is secured by way of a charge on the company.

All interest accrued during this construction phase will be capitalised and added to the principal at the end of construction phase. Once operational the principal and interest will be repaid over the next 25 years in line with the terms of the Loan Facility Agreement. The site is due to be operational from mid-2023.

The Council will account for its investment within the company as a Long-Term Investment.

Urban Growth Company Ltd
From July 2021, all project expenditure on the UK Central programme, including that previously undertaken by the Urban Growth Company Ltd, will form part of the single entity accounts of Solihull Metropolitan Borough Council. This will have no net impact on the accounts as all projects are externally funded but will impact on the gross expenditure and income in the CI&ES.

Academy Schools
Ten voluntary-aided schools transferred to academy status, at no cost, following the Balance Sheet date of 31 March 2021.

42. Accounting Standards that have been Issued but not yet Adopted

The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code. The requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2021 for 2020/21).

In compiling the 2020/21 accounts there are no material effects in relation to these standards.

IFRS 16 Leases
In response to the Covid-19 pandemic, CIPFA/LASAAC deferred the implementation of IFRS 16 Leases in the public sector until the 2022/23 financial year, with an effective date of 1 April 2022. This will require lessees to recognise assets subject to leases as right-of-use assets on their balance sheet, along with corresponding lease liabilities (there are exceptions for low-value and short-term leases).

43. Statement of Accounting Policies

These are the specific principles, bases, conventions, rules and practices adopted by the Council in preparing and presenting the financial statements.

i. General Principles
The Statement of Accounts summarises the Council's transactions for the financial year 2020/21 and its position at the year end of 31 March 2021. The Council is required under the Accounts and Audit Regulations 2015 to prepare an annual Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and the Service Reporting Code of Practice 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 21(2) of the Local Government Act 2003.

The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. International Reporting Standard IAS 8 requires entities to disclose the expected impact of new standards that have been issued but not yet adopted and these have been included within the Disclosure Notes to the Accounts.

ii. Accruals of Expenditure and Income
Activity is accounted for in the financial year that it takes place, not when money is paid or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- Revenue from council tax and business rates is recognised when the amount of revenue can be measured reliably and it is probable the revenue will be received by the Council;

- 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;
- Dividends are deemed to be receivable when the Council's right to receive payment has been established;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

There is a de minimis level of £10,000 in place, reviewed annually, for all accruals of income and expenditure. Accruals are not required to be made for individual transactions under this value, with the exception of the following:

- Any grant where applying the de minimis level would affect the claim;
- Accruals which are calculated using system automated reports;
- For a group of similar transactions where there would be a material impact upon the management or financial accounts of not processing the accrual, for example trading services.

iii. Business Improvement District (BID)

BID projects are projects for the benefit of a particular area that are financed (in whole or in part) by a BID levy paid by the non-domestic ratepayers in the BID area. There are two key participants in the Solihull BID – the Council as the billing authority for the area and Solihull BID as the BID Body. The Council acts as the agent and so neither the proceeds of the levy nor the payment to the BID Company are shown in the Council's accounts.

iv. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 1 month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

v. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund these charges, however, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance (Minimum Revenue Provision (MRP)).

The Council's MRP policy ensures a prudent charge is made to the MIRS for the Council's Capital Financing Requirement (CFR). For pre-2008 CFR the MRP charge will be on a 2% straight line basis, with post-2008 CFR being charged using an asset life method, ensuring that charges made are in line with the life of the asset supported by the capital expenditure.

Charges for depreciation, revaluation and impairment losses and amortisations are therefore reversed in the MIRS (within Adjustments between accounting basis and funding basis under regulations). These are effectively replaced by the Minimum Revenue Provision charged to the General Fund Balance.

vi. Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL) on new builds (chargeable developments for the Council) with appropriate planning consent. The income from the levy, with the exception of amounts (up to a maximum of 5%) applied to meet administrative expenses in accordance with the CIL Regulations, is used to fund projects to support the area's infrastructure (e.g. transport, schools and digital). A proportion of the income received (25% for parishes with an agreed neighbourhood plan and 15% for parishes without one) is ringfenced to fund neighbourhood projects. For areas where there is a parish/town council this income is paid over to them to administer directly; for areas without a parish/town council the funding is held within a ward allocation by SMBC and local interest are invited to bid for funding for neighbourhood projects

CIL is received without outstanding conditions. It is therefore recognised at the commencement date of the chargeable development in the CI&ES in accordance with the accounting policy for Government Grants and Contributions.

vii. Employee Benefits

Benefits Payable during Employment:

Short-term employee benefits such as wages and salaries, paid annual and sick leave and expenses are paid monthly on an accruals basis and charged to the relevant service line of the CI&ES. An accrual is made for the cost of holiday and flexi leave entitlements earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is charged to the relevant service line in the CI&ES but then reversed out through the MIRS to the Accumulated Absences Account.

Termination Benefits:

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the CI&ES. 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. Therefore, in the MIRS, allocations are required to and from the Pensions Reserve to remove the accounting entries for pension enhancement termination benefits and replace them with accounting entries for the cash payable to the pension fund and pensioner in the year.

Post-Employment Benefits:

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- The Local Government Pension Scheme, administered by Wolverhampton City Council;
- The National Health Service (NHS) Pension Scheme, administered by NHS Pensions Business Services Authority.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the Teachers' and the NHS pension schemes mean that liabilities for these benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The costs of these schemes are charged respectively to the Children, Education and Skills and Adult, Social Care and Health lines in the CI&ES.

The Local Government Scheme is accounted for as a defined benefit scheme as follows:

- The liabilities of the West Midlands Metropolitan Authorities Pension Fund (WMMAPF) attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices;
- The assets of WMMAPF attributable to the Council are included in the Balance Sheet at their fair value.

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CI&ES to the services for which the employees worked;
- past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to Resources in the Cost of Services in the CI&ES;
- net interest on the net defined benefit liability – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the CI&ES;
- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Resources line in the Cost of Services in the CI&ES.

Remeasurements comprising:

- return on assets less net interest - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return charged to the Pensions reserve as Other Comprehensive Income and Expenditure in the CI&ES;
- actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions reserve as Other Comprehensive Income and Expenditure in the CI&ES.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are allocations to and from the Pensions Reserve to remove the accounting entries for retirement benefits and replace them with accounting entries for the cash payable to the pension fund and pensioner. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits:
Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

viii. Events after the Balance Sheet Date
These are events that have happened after the Balance Sheet date and before the date that the Statement of Accounts was authorised for issue. An adjusting event is one that existed at the Balance Sheet date and has a material impact on the accounts. The accounts are adjusted where this type of event has taken place. A non-adjusting event is one that is indicative of conditions that arose after the Balance Sheet date. For these events only a note to the accounts is included, identifying the nature of the event and where possible estimates of the financial effect.

ix. Material Items and Prior Period Adjustments
Prior period adjustments are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors. A material error is one that could influence the decisions or assessments of users made on the basis of the financial statements. Prior period adjustments are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and notes and adjusting the opening balance of reserves for the cumulative effect. When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the CI&ES or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

x. Fair Value Measurement
The Council measures some of its non-financial assets, such as investment properties and surplus assets, and some of its financial instruments e.g. some of its equity share holdings, at fair value at each reporting

date. IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosure notes.

A definition of fair value is the price that would be received to sell an asset, or paid to transfer a liability, between market participants in an orderly transaction at the measurement date under current market conditions. A fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The concept of highest and best use applies only when determining the fair value of non-financial assets, e.g. surplus assets or investment property. They do not apply to financial assets or to financial liabilities on the basis that financial assets or financial liabilities do not have alternative uses.

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.

IFRS 13 includes a "Fair Value Hierarchy" that classifies valuations according to the nature of available inputs. In summary, the three levels of hierarchy are as follows:

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

Criteria for the various levels are listed in the following table.

Criteria	Level
• Comparable evidence that is identical to the asset that is being measured in terms of physical location, condition, orientation, levels of natural light, view, access and visibility, tenure and covenant, construction type and cost, size and layout, facilities, lease options, obsolescence	1
• Comparable evidence available within an active market of similar assets • Comparable evidence for similar assets or liabilities in markets that are not active • Non-value comparable evidence (e.g. yields) for similar asset types available • Comparable evidence corroborated by observable market evidence • Implied and non-implied covenants within the lease negating the need for comparable evidence • Transparency of market data • Minimal principal adjustment of comparable evidence, non-significant adjustment • Comparable analysis	2
• No comparable evidence available • Unobservable inputs • Comparable evidence requires significant adjustment from the principal market	3

Where Level 1 inputs are not available the Council's qualified internal valuation team uses appropriate valuation techniques for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. 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 (RICS).

Three widely used valuation techniques are:

(i) market approach – uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities (e.g. a business);

(ii) cost approach – reflects the amount that would be required currently to replace the service capacity of an asset (current replacement cost);

(iii) income approach – converts future amounts (cash flows or income and expenses) to a single current (discounted) amount, reflecting current market expectations about those future amounts.

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

For all investment properties where a fair value review is conducted, fair values are based on multiplying an estimated net income by an appropriate investment yield or having regard to the capital value of similar assets. The net income figure is based on market rent. All comparable evidence used for valuing this class of property has been ranked into three groups based upon the criteria above. All investment property fair value measurements have been assessed at level two and financial instruments have been assessed at level two or level three.

It is considered rare for local authority valuations to transfer between the three levels of the hierarchy. No such transfers have taken place in 2020/21.

xi. Financial Instruments

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 cash flow 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 i.e. payments of interest and principal. Most of the Council's 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).

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 CI&ES 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 CI&ES is the amount receivable for the year in the loan agreement.

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

Financial Assets Measured at Fair Value through Profit of 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/ 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 accounting policy for Fair Value Measurement. 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 CI&ES.

IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CI&ES and will have a General Fund impact.

Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)
The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI). The Council has made an irrevocable election to designate equity instruments as FVOCI on the basis that they are held for non-contractual benefits, and not held for trading but for strategic purposes. These assets are initially measured and carried at fair value. The value is based on the principle that the equity shares have no quoted market prices and is based on an independent appraisal of the company valuation.

Dividend income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council. Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus/ Deficit on the Provision of Services.

Expected Credit Loss Model
The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), 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 Liabilities:
Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value 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 (CI&ES) 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. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CI&ES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CI&ES, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CI&ES 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.

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

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

Amounts recognised as due to the Council are not credited to the CI&ES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be

consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

Where capital grants are credited to the CI&ES, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Where revenue grants without conditions are credited to the CI&ES but have not yet been spent, if they have been earmarked for a specific purpose, they are appropriated out of the General Fund Balance to earmarked reserves in the MIRS.

The Council has pooled budget arrangements in place with the Birmingham and Solihull Clinical Commissioning Group (CCG), primarily in respect of the Better Care Fund. The Council has agreed the following funding and management arrangements in respect of these pooled budgets:

- for services commissioned by the Council or jointly with the CCG, the funding is received by the Council and the relevant income and expenditure is shown in the Council's accounts;
- for services commissioned by the CCG, the CCG receives the funding and no income or expenditure is included in the Council's accounts.

xiii. Heritage Assets

Heritage assets are assets which have historical, artistic, scientific, technological, geographical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. They are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations and can include historical buildings, historic motor vehicles, civic regalia, museum and gallery collections, statues and works of art.

Heritage assets (other than operational heritage assets) shall normally be included in the Balance Sheet at their current value, where this is above the £20,000 de minimis level for assets. Where it is not practical to obtain a valuation at a reasonable cost, heritage assets are valued at cost. Where applicable the insurance valuation will be used for heritage asset valuation. Where the Council has no information on the value of a heritage asset and historical cost information cannot be obtained the asset can be excluded from the balance sheet.

Heritage assets are deemed to have indefinite lives and are not subject to depreciation, but the carrying amounts are reviewed where there is evidence of impairment such as physical damage. Any impairment is recognised and measured in accordance with the Council's general accounting policy on impairment.

The Council does not have or require an active policy for the acquisition, preservation, management and disposal of heritage assets due to the insignificant number of material heritage assets. The material heritage assets are contained within public buildings and parks and therefore public access is permitted.

xiv. Intangible Assets

Expenditure on assets that do not have physical substance (e.g. software licenses) but are identifiable and controlled by the Council, is capitalised when it brings benefits to the Council for a period of more than one financial year. The balance is amortised to revenue on a systematic basis over the economic life of the assets.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CI&ES.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the CI&ES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure section in the CI&ES.

xv. Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries and jointly controlled entities and is required to prepare group accounts. Subsidiaries are fully consolidated and jointly controlled entities are consolidated on an equity basis within the Council's Group Accounts.

In the Council's own single-entity accounts, interests in companies and other entities are recorded as investments at fair value. These are subject to a full revaluation every 5 years; annual desktop valuation exercises are undertaken in the interim periods.

xvi. Inventories and Long-term Contracts

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/ Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xvii. Investment Property

Investment property is that which is used solely to earn rental income and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods. Investment property is measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. As a non-financial asset, an investment property shall be measured at highest and best use. The fair value of investment property held under a lease is the lease interest.

Properties are not depreciated but are revalued annually according to market conditions at the year-end. These are classified as recurring fair value measurements. There are three categories of investment property (Garden Extension Licences, Gas Governor Stations and Electricity Sub stations) that individually as sites are de minimis in value and are considered annually but are only valued on a non-recurring basis if the value is considered to have materially changed year on year.

Gains and losses on revaluation and disposal are posted to the Financing and Investment section in the CI&ES. However, regulations do not allow revaluation and disposal gains and losses to have an impact on the General Fund balance. The gains and losses are therefore reversed via the MIRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve. Rental income received in relation to investment properties is credited to the Financing and Investment Income line in the CI&ES and result in a gain for the General Fund Balance.

xviii. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

(a) The Council as Lessee

Finance Leases
Property, plant and equipment held under finance leases with an original fair value over the capital de minimis level of £20,000 is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Any 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. Subsequent rent increases (contingent rents) are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability;
- a finance charge (debited to the Financing and Investment Income and Expenditure section in the CI&ES).

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period). The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

Operating Leases
Rentals paid under operating leases are charged to the CI&ES as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

(b) The Council as Lessor
Finance Leases
Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal, in line with the Council's policy on disposals.

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

Operating Leases
Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CI&ES on a straight-line basis over the life of the lease.

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

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

School assets are carried on the balance sheet in accordance with the legal status of ownership or intended legal status and any other arrangements in place regarding the use of these schools. In line with the guidance provided in LAAP bulletin 101 'Accounting for Non-Current Assets Used by LA Maintained Schools',

school assets that are controlled by the Governing Body will be recognised on the Council's Balance Sheet. Academy schools are excluded from this.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the CI&ES, unless the donation has been made conditionally, in which case, until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the CI&ES, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the MIRS. The Council has set a de minimis level of £20,000. This means that any expenditure below this level that otherwise meets the definition of capital expenditure as outlined above can be charged to a revenue budget.

Valuation

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end and. At a minimum, a valuation is carried out every five years. All valuations are undertaken by the Council's in-house valuation team and are carried out in line with current RICS guidance.

The effective date for valuations carried out in 2020/21 was 31 December 2020, except for HRA assets which were valued at 31 March 2021.

The valuation basis used for the various property types is shown in the following table:

Service Area	Operational / Non-Operational	Basis of Valuation
HRA		
Housing Stock, Hostels, Service Tenancies	Operational	Existing Use Value - Social Housing
Offices, Community Centres, additional properties not allocated to a beacon	Operational	Current Value
Surplus Land, Leased Properties	Non-Operational	Fair Value
Education		
Schools		
School Buildings	Operational	Depreciated Replacement Cost
School Playing Fields	Operational	Current Value
Non School Assets		
i.e. Youth Centres and Nurseries	Operational	Combination of DRC and Current Value depending on individual property
Environment & Highways		
Multi Storey Car Parks	Operational	Depreciated Replacement Cost
Surface Car Parks	Operational	Current Value
Other		

Service Area	Operational / Non-Operational	Basis of Valuation
Leisure Centres, Cemeteries/crematoria, Libraries	Operational	Depreciated Replacement Cost
Day Centres and Residential Care Homes	Operational	Combination of DRC and Current Value depending on individual property
Council Offices	Operational	Current Value
Parks Buildings - changing rooms, attendants' huts	Operational	Combination of DRC and Current Value depending on individual property
Investment property, industrial units, shops	Non-Operational	Fair Value

Other assets are carried in the Balance Sheet using the following measurement bases:
- infrastructure, community assets and assets under construction: depreciated historical cost
- all other assets: current value, determined as the amount that would be paid for the asset in its existing use (existing use value)

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

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

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CI&ES where they arise from the reversal of a loss previously charged to a service.

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.

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

Where decreases in value are identified, they are accounted for in the following ways:
- 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 CI&ES.

Depreciation

Depreciation is provided for on all non-current assets with a finite useful life. The length of this life is determined at the point of acquisition or revaluation according to the following policy:
- Assets acquired in the first nine months of the financial year are depreciated on the basis of a full year's charge; assets acquired in the final three months are not depreciated until the following financial year.
- Assets that are not fully constructed are not depreciated until they are brought into use.

Depreciation is calculated using the straight-line method, which charges an equal annual amount to the CI&ES, so that the asset's value is fully written down over its estimated remaining useful life. The council applies the following useful lives:

- Council Dwellings: 25 - 70 years
- Other Land and Buildings: 25 - 99 years
- Vehicles, Plant, Furniture & Equipment: 3 - 20 years
- Infrastructure Assets: 10 - 40 years

As the Council's policy is to use building and equipment to the end of their useful life, it is the policy not to adopt residual values. Any IT equipment is recycled to schools or the voluntary sector. Any other equipment with a residual value would be insignificant. For these reasons residual values will not be adopted for the

calculation of depreciation. The residual values of assets carried at historical cost (i.e. community and infrastructure assets) will not be material.

Component Accounting
Where the non-land element of an asset is deemed material (valued at over £2 million), has major components whose cost is significant to the total cost of the asset and which have markedly different useful lives, components are separately identified and depreciated. The objective is to ensure that the financial value of the assets is fairly reflected in the Balance Sheet and that the CI&ES appropriately reflects the consumption of economic benefits inherent in those assets

A significant component is defined as one that has a significant value/cost when compared to the total cost of the asset as a whole but has a significantly shorter useful life and will require replacement at least on one occasion during the life of the asset.

Any assets identified as requiring depreciation under component accounting policies are not depreciated under this methodology until the following financial year.

Impairments
Assets are assessed at each year-end for any indication of impairment. 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 ways:
- 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 CI&ES.

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

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

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

xx. Provisions, Contingent Liabilities and Contingent Assets

Provisions
Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council makes provisions for insurance risks not covered by the Council's policies where the potential costs have been estimated.

Provisions are charged as an expense to the appropriate service line in the CI&ES in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities and Contingent Assets

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.

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

Contingent liabilities and contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts. Where practicable an estimate of the financial effect and an indication of the uncertainties relating to the timing will be disclosed. However, if disclosure of some or all of the information required could be expected to prejudice seriously the position of the Council in a dispute with other parties, then the general nature of the dispute and recognition of the fact that information has been withheld, together with the reason, will be disclosed.

xxi. Reserves

The Council sets aside specific amounts as reserves for future policy purposes. Reserves are created by appropriating amounts out of the General Fund Balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in the CI&ES. The reserve is then appropriated back into the General Fund Balance in the MIRS so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xxii. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CI&ES in the year. Where the Council has met the cost of this expenditure from existing capital resources or by borrowing, so that there is no impact on the level of council tax, the cost is subsequently reversed out from the CI&ES to the Capital Adjustment Account, in the MIRS.

xxiii. Schools

The Code confirms that the balance of control for local authority maintained schools (i.e. community, voluntary aided and voluntary controlled schools) lies with the Council. Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council, rather than requiring consolidation in the Group Accounts. Academies are outside of the Council's control and their transactions are not reflected in the Council's accounts.

xxiv. Service Concession Arrangements - Private Finance Initiatives (PFI), Public-Private Partnership (PPP) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. In accordance with the latest recommended practice in the Code, based on IFRIC 12 the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The exception is when a PFI school transfers to academy status, in which case the building asset is disposed of and the land subject to revaluation with the Balance Sheet subsequently amended. The unitary charge payment liability for the academy schools remains with the Council.

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

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

- fair value of the services received during the year – debited to the relevant service in the CI&ES;
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CI&ES;
- 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 CI&ES;
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- lifecycle replacement costs – a proportion of the amount 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.

xxv. Value Added Tax (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.

Group Accounts

Full group accounts, to include all the organisations in which the Council has a material interest, have been prepared for 2020/21 and are included on the following pages.

Consolidated Group Entities

Solihull Community Housing Ltd (SCH)

Solihull Community Housing, an arm's length company set up to manage the Council's housing stock, was formed on the 1 April 2004 as a wholly owned subsidiary of the Council. Its accounts have been consolidated into the Group Accounts on a line by line basis.

Coventry and Solihull Waste Disposal Company Ltd

The Council's interest in Coventry and Solihull Waste Disposal Company Ltd, whose business is the disposal of waste, is set out in Note 22a. The Council's interest in the joint venture has been consolidated into the Group Accounts under the equity method.

The Urban Growth Company (UGC)

The Urban Growth Company was set up in 2016 as an arm's length company to deliver projects within the UK Central programme. As a subsidiary, the accounts of the Company have been consolidated into the Group Accounts on a line by line basis.

There are no Unconsolidated Group Entities.

Group Comprehensive Income and Expenditure Statement (CI&ES)

The Group Comprehensive Income and Expenditure Statement combines the income and expenditure figures of the Council with the Council's share of the operating results of those entities in which it has a financial interest.

2019/20				2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£000	£000	£000		£000	£000	£000	
106,986	(50,665)	56,321	Adult Social Care and Health	122,679	(63,887)	**58,792**	
208,878	(158,689)	50,189	Children, Education and Skills	205,646	(160,907)	**44,739**	
4,062	(2,819)	1,243	Climate Change, Planning and Housing	4,725	(2,336)	**2,389**	
35,972	(9,808)	26,164	Environment and Highways	38,437	(6,177)	**32,260**	
11,586	(10,540)	1,046	Growth and Infrastructure Delivery	10,816	(10,304)	**512**	
2,815	(1,504)	1,311	Leisure, Tourism and Sport	3,277	(129)	**3,148**	
87,170	(61,901)	25,269	Resources	109,711	(62,314)	**47,397**	5
40,806	(52,616)	(11,810)	Stronger and Safer Communities (includes HRA)	51,588	(54,732)	**(3,144)**	
498,275	(348,542)	149,733	**Cost of Services** [1]	**546,879**	**(360,786)**	**186,093**	**5**
		1,366	Parish precepts			**1,487**	
		8,559	Levies payable			**8,544**	
		1,249	Amounts payable into the housing capital receipts pool			**1,202**	
		8,347	(Gain)/ loss on disposal of non-current assets			**(1,812)**	
		19,521	**Total Other Operating Expenditure**			**9,421**	
		16,776	Interest payable and similar charges			**16,933**	
		7,207	Net interest on the net defined benefit liability			**6,805**	G9
		(1,299)	Investment interest income			**(413)**	
		(1,118)	Other investment income			**(79)**	
		459	Income, expenditure and changes in the fair value of investment properties			**(1,020)**	
		22,025	**Total Financing and Investment Income & Expenditure**			**22,226**	

2019/20				2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£000	£000	£000		£000	£000	£000	
		(106,434)	Council tax			**(109,910)**	C3
		(47,106)	Business rates			**17,577**	5, C3
		(14,988)	Non ring-fenced government grants			**(83,121)**	5, 9
		(14,446)	Recognised capital grants and contributions			**(25,968)**	9
		(182,974)	**Total taxation and non-specific grant income**			**(201,422)**	
		8,305	**(Surplus) / deficit on the provision of services**			**16,318**	
		(3,368)	Joint venture accounted for on an equity basis			**(5,287)**	G2
		12	Taxation of group entities			**10**	G2
		968	Share of taxation of joint venture			**986**	G2
		5,917	**Group (surplus) / deficit**			**12,027**	
		16,212	(Surplus)/ deficit on revaluation of property, plant & equipment			**(58,808)**	5,16
		7,314	Impairment losses on non-current assets charged to the revaluation reserve			**118**	16
		7,381	(Surplus)/ deficit from investments in equity instruments designated at fair value through other comprehensive income			**511**	
		(19,503)	Remeasurement of the net defined benefit liability			**144,242**	G10
		116	Any other (gains)/losses			**14**	
		11,520	**Other comprehensive income and expenditure**			**86,077**	
		17,437	**Total comprehensive income and expenditure**			**98,104**	

[1] Group adjustments relating to SCH are included in the Safer and Stronger Communities line and those relating to the UGC are in Growth and Infrastructure Delivery line.

Group Movement in Reserves Statement (MIRS)

The Group Movement in Reserves Statement shows the movement in the year on the different reserves held by the Council, together with the movement in the Council's share of those entities in which it has a financial interest.

2020/21	Total Council Usable Reserves	Total Council Unusable Reserves	**Total Council Reserves**	Council Share of Group Reserves	**Total Reserves (Inc. Group)**
	£000	£000	**£000**	£000	**£000**
Balance at 31 March 2020	**(143,318)**	**(462,136)**	**(605,454)**	**19,266**	**(586,188)**
Total Comprehensive Income and Expenditure	11,465	77,785	89,250	8,854	**98,104**
Adjustments between accounting basis & funding basis under regulations	(107,814)	107,814	0	0	**0**
(Increase)/decrease in 2020/21	(96,349)	185,599	89,250	8,854	**98,104**
Balance at 31 March 2021	**(239,667)**	**(276,537)**	**(516,204)**	**28,120**	**(488,084)**

2019/20	Total Council Usable Reserves	Total Council Unusable Reserves	**Total Council Reserves**	Council Share of Group Reserves	**Total Reserves (Inc. Group)**
	£000	£000	**£000**	£000	**£000**
Balance at 31 March 2019	(124,766)	(499,416)	(624,182)	20,557	(603,625)
Total Comprehensive Income and Expenditure	3,055	15,673	18,728	(1,291)	17,437
Adjustments between accounting basis & funding basis under regulations	(21,607)	21,607	0	0	0
(Increase)/decrease in 2019/20	(18,552)	37,280	18,728	(1,291)	17,437
Balance at 31 March 2020	**(143,318)**	**(462,136)**	**(605,454)**	**19,266**	**(586,188)**

Group Balance Sheet

The Group Balance Sheet shows as at 31 March the assets and liabilities of the Group, through combining the Council's assets and liabilities with its share of the assets and liabilities of those entities in which it has a financial interest.

31 March 2020		31 March 2021	Notes
£000		£000	
1,146,361	Property, Plant and Equipment	**1,194,116**	
950	Heritage Assets	**950**	
16,749	Investment Property	**17,450**	19, 20
3,848	Intangible Assets	**6,108**	19
11,557	Long-term Investments	**11,046**	G6
10,523	Investments in Joint Ventures	**11,815**	G6
842	Long-term Debtors	**772**	
1,190,830	**Long-term Assets**	**1,242,257**	
100,667	Short-term Investments	**63,089**	
1,198	Inventories	**1,593**	
43,287	Short-term Debtors	**53,381**	
13,854	Cash and Cash Equivalents	**17,702**	
159,006	**Current Assets**	**135,765**	
(14,115)	Bank Overdraft	**(9,850)**	29
(3,134)	Short-term Borrowing	**(7,342)**	22
(67,641)	Short-term Creditors	**(73,195)**	
(6,032)	Short-term Provisions	**(5,080)**	31
(90,922)	**Current Liabilities**	**(95,467)**	
(7,683)	Long-term Provisions	**(8,504)**	31
(286,267)	Long-term Borrowing	**(280,970)**	22
(320,177)	Net Pensions Liability	**(444,638)**	G10
(49,721)	Other Long-term Liabilities	**(46,245)**	
(8,878)	Capital Grants Receipts in Advance	**(14,114)**	9
(672,726)	**Long-term Liabilities**	**(794,471)**	
586,188	**Net Assets**	**488,084**	
	Financed by:		
(143,465)	Usable Reserves	**(238,793)**	G5
(421,650)	Unusable Reserves	**(226,020)**	G6
(21,073)	Group Income & Expenditure Reserve	**(23,271)**	G7
(586,188)	**Total Reserves**	**(488,084)**	

Group Cash Flow Statement

The Group Cash Flow Statement shows the change in the year of cash and cash equivalents of the Council and those entities in which it has a financial interest.

2019/20		2020/21	Notes
£000		£000	
5,917	Net Group (surplus)/deficit	**12,027**	Group CI&ES
(89,493)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	**(37,353)**	G3
18,816	Adjustments for items in the net surplus or deficit on the provision of services that are investing and financing activities	**30,044**	35
(64,760)	**Net cash flows from operating activities**	**4,718**	
68,539	Purchase of property, plant & equipment, investment property and intangible assets	**57,783**	
226,977	Purchase of short-term and long-term investments	**684,452**	
5,634	Other payments for investing activities	**3,020**	
(5,202)	Proceeds from the sale of property, plant & equipment, investment property and intangible assets	**(4,281)**	
(18,005)	Capital grants received	**(36,583)**	
(172,489)	Proceeds from short-term and long-term investments	**(722,030)**	
(882)	Other receipts from investing activities	**(3,919)**	
104,572	**Net cash flows from investing activities**	**(21,558)**	
(32,800)	Cash receipts of short and long-term borrowing	**0**	
66	Other movements from financing activities	**99**	
2,573	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	**3,127**	
2,313	Repayments of short-term and long-term borrowing	**5,501**	
(27,848)	**Net cash flows from Financing Activities**	**8,727**	
11,964	**Net (increase) / decrease in cash and cash equivalents**	**(8,113)**	
	Overall movement in cash and cash equivalents		
11,703	Cash and cash equivalents at the beginning of the reporting period	**(261)**	
(11,964)	Net increase/ (decrease) in cash and cash equivalents	**8,113**	
(261)	**Cash and cash equivalents at the end of the reporting period**	**7,852**	

Disclosure notes – notes supporting the Council's Group Accounts

Group disclosure notes are only included where there are material differences to the single entity disclosure notes. For all other disclosures, please see the main disclosure notes to the accounts.

G1. Group Segmental Analysis

The following table uses the segmental analysis given in the Single Entity Expenditure and Funding Analysis (Note1) as the starting point and shows the cabinet portfolio to which the Group adjustments have been applied, to give the net expenditure in the Group CI&ES.

2019/20				2020/21		
Net expenditure in the CI&ES	Group Adjustments	Net expenditure in the Group CI&ES		Net expenditure in the CI&ES	Group Adjustments	Net expenditure in the Group CI&ES
£000	£000	£000		£000	£000	£000
56,321	0	56,321	Adult Social Care and Health	58,792	0	**58,792**
50,189	0	50,189	Children, Education and Skills	44,739	0	**44,739**
1,243	0	1,243	Climate Change, Planning and Housing	2,389	0	**2,389**
26,164	0	26,164	Environment and Highways	32,260	0	**32,260**
1,046	0	1,046	Growth and Infrastructure Delivery [1]	512	0	**512**
1,311	0	1,311	Leisure, Tourism and Sport	3,148	0	**3,148**
25,269	0	25,269	Resources	47,397	0	**47,397**
(13,223)	1,413	(11,810)	Stronger and Safer Communities (includes HRA) [1]	(4,684)	1,540	**(3,144)**
148,320	**1,413**	149,733	**Net cost of services**	**184,553**	**1,540**	**186,093**
(145,265)	1,449	(143,816)	Other income and expenditure	(173,088)	(978)	**(174,066)**
3,055	**2,862**	5,917	**Group (Surplus) / Deficit**	**11,465**	**562**	**12,027**

[1] Group adjustments relating to SCH are included in the Stronger and Safer Communities line and those relating to the UGC are in the Growth and Infrastructure Delivery line.

G2. Expenditure & Income Analysed by Type

2019/20		2020/21
£000		£000
	Expenditure	
171,875	Employee benefits expenses	**175,932**
21,600	Employee benefits expenses for voluntary aided schools	**22,080**
236,484	Other service expenses	**251,928**
30,130	Depreciation, amortisation, impairment and revaluation losses	**63,693**
16,776	Interest payments	**16,933**
9,925	Precepts & levies	**10,031**
8,347	Loss on disposal of non-current assets	**0**
459	Loss on investment properties including fair value adjustments	**0**
1,249	Payments to the housing capital receipts pool	**1,202**
39,107	Housing benefits	**37,729**
6,286	REFCUS	**2,322**
968	Share of taxation of joint venture	**986**
12	Taxation of group entities	**10**
543,218	**Total expenditure**	**582,846**
	Income	
(82,485)	Fees, charges and other service income	**(64,490)**
(41,700)	HRA Rental Income	**(42,377)**
0	Investment properties including fair value adjustments	**(1,020)**
0	Gain on disposal of non-current assets	**(1,812)**
(2,417)	Interest and investment income	**(492)**
(153,540)	Income from council tax and business rates	**(92,333)**
(253,791)	Government grants and contributions	**(363,008)**
(3,368)	(Surplus) or deficit on joint venture	**(5,287)**
(537,301)	**Total Income**	**(570,819)**
5,917	**Group (surplus)/ deficit**	**12,027**

G2a. Revenue from external customers

The following table reconciles the revenue received by the Council from external customers (Note 6a) to the total fees, charges, other service income and HRA rental income received by the Group.

2019/20		2020/21
£000		£000
(122,640)	Total revenue from external customers (Council) Note 6a	**(104,446)**
(1,248)	SCH income (excluding income from the council)	**(1,600)**
(297)	UGC Income (excluding income from the council)	**(821)**
(124,185)	**Total fees, charges and other service income**	**(106,867)**

G3. Cash Flow Statement - Adjustments to Net Group (Surplus) or Deficit on the Provision of Services for non-cash movements

2019/20		2020/21
£000		£000
(37,332)	Depreciation and amortisation	**(37,808)**
7,202	Impairments and revaluations	**(25,885)**
(36,733)	Net movement in pension liability	**19,781**
(13,549)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	**(2,470)**
(2,493)	Increase/(decrease) in debtors	**21,166**
(5,451)	(Increase)/decrease in creditors	**(10,121)**
(1,137)	Other non-cash items charged to the net (surplus)/ deficit on the provision of services	**(2,016)**
(89,493)	**Total**	**(37,353)**

G4. Cash Flow Statement - Operating Activities
The cash flows from operating activities include the following items:

2019/20		2020/21
£000		£000
(1,299)	Interest received	**(491)**
16,789	Interest paid	**16,834**
(947)	Dividends received	**(5)**
14,543	**Included within cash flow from Operating Activities**	**16,338**

G5. Usable Reserves

The Group usable reserves are summarised in the following table:

31 March 2020		31 March 2021
£000		£000
(6,738)	General Fund Working Balance	**(6,269)**
(74,966)	Earmarked Revenue Reserves	**(169,402)**
(16,030)	Housing Revenue Account (HRA)	**(15,258)**
(20,712)	Capital Receipts Reserve	**(19,785)**
(4,284)	Major Repairs Reserve	**(4,681)**
(20,735)	Capital Grants Unapplied Account	**(23,398)**
(143,465)	**Total Usable Reserves**	**(238,793)**

G6. Unusable Reserves

The Group unusable reserves are summarised in the following table:

31 March 2020		31 March 2021
£000		£000
2,661	Accumulated Absences Account	**3,057**
(501,276)	Capital Adjustment Account	**(499,123)**
(6,431)	Collection Fund Adjustment Account	**64,277**
0	Dedicated Schools Grant Adjustment Account	**9,141**
2,711	Financial Instruments Adjustment Account	**2,650**
(6,404)	Financial Instruments Revaluation Reserve [1]	**(5,893)**
320,177	Pensions Reserve	**483,038**
(233,088)	Revaluation Reserve	**(283,167)**
(421,650)	**Total Unusable Reserves**	**(226,020)**

[1] The single entity accounts include a valuation of £28.633 million for the Coventry & Solihull Waste Disposal Company, as detailed in Note 22 – Fair Value of Assets and Liabilities and is classified as a Long Term Investment on the Balance Sheet.

However, due to our interest in this company being a joint venture, we are required to remove the valuation from the Group balance sheet and the Financial Instruments Revaluation Reserve in the table above reflects the removal of that valuation. The Council's interest in the joint venture has been consolidated into the Group balance sheet under the equity method and is shown in the Investments in Joint Ventures line.

G7. Group Income & Expenditure Reserve

The elements of the Group Income and Expenditure reserve balance are detailed in the following table:

31 March 2020		31 March 2021
£000		£000
(10,259)	Solihull Community Housing	**(11,109)**
63	Urban Growth Company Ltd	**(347)**
(10,523)	Coventry & Solihull Waste Disposal Company	**(11,815)**
(354)	Blythe Valley Innovation Centre	**0**
(21,073)	**Total Group Income & Expenditure Reserve**	**(23,271)**

G8. Subsidiaries

Solihull Community Housing Ltd (SCH)
SCH has operated as an arm's length company managing the Council's housing stock since 1 April 2004.

SCH has recognised one contingent liability during the last financial year in relation to HRA water rates. This is already disclosed as a contingent liability for the Council, as any loss would be funded from the Council's HRA. As at 31 March 2021 SCH, as a separate entity, had no outstanding capital commitments. (2019/20: no capital commitments).

The Urban Growth Company (UGC)
UGC was created as an arm's length company during 2016 to deliver the elements of the UKC Programme.

UGC has not disclosed any contingent liabilities during the last financial year. As at 31 March 2021 UGC, as a separate entity, had no outstanding capital commitments (2019/20: no capital commitments).

G9. Joint Ventures

Coventry & Solihull Waste Disposal Company Ltd (CSWDC)
The Council (as reporting authority) has not incurred any contingent liabilities in relation to its interest in Joint Ventures. CSWDC has declared no contingent liabilities which apply to the Council (as reporting authority).

The Council (as reporting authority) does not have any capital commitments in relation to its interest in CSWDC. The company has declared capital commitments of £2.021 million as at 31 March 2021 (2019/20: £0.498 million).

G10. Defined Benefit Pension Schemes

Details of the Council's involvement in the Local Government Pension Scheme, Teachers' Pension Scheme and NHS Pension Scheme are provided in Notes 32 and 33 to the Council's single entity accounts.

Solihull Community Housing Ltd (SCH)
Employees of SCH are entitled to membership of the Local Government Pension Scheme, the details of which are included within Note 33. The most recent valuation of Fund assets and the present value of the defined benefit obligation was carried out as at 31 March 2021.

Group Comprehensive Income and Expenditure Statement
The following amounts represent the consolidation of items within the profit and loss account of Solihull Community Housing Ltd into the Group Comprehensive Income and Expenditure Statement:

2019/20		2020/21
£000		£000
	Cost of Services:	
	Service cost comprising:	
33,570	Current service cost	**33,861**
257	Past service costs	**89**
(1,881)	(Gain)/loss from settlements	**(250)**
438	Administration costs	**474**
	Financing and Investment Income and Expenditure:	
7,207	Net interest expense	**6,805**
39,591	**Sub-total post-employment benefit charged to the (surplus)/ deficit on the provision of services**	**40,979**
	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
	Remeasurement of the net defined benefit liability comprising:	
41,502	Return on assets less interest	**(115,768)**
38,682	Experience (gains)/losses	**(10,126)**
(26,293)	Other actuarial (gains)/losses	**0**
27,910	Actuarial (gains)/losses arising on changes in demographic assumptions	**(12,251)**
(101,304)	Actuarial (gains)/losses arising on changes in financial assumptions	**282,387**
(19,503)	**Sub-total post-employment benefits charged to Other Comprehensive Income and Expenditure**	**144,242**
20,088	**Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement**	**185,221**

Pensions Assets and Liabilities Recognised in the Balance Sheet
The following amounts include the balances of Solihull Community Housing Ltd and reflect the full group position:

31 March 2020			31 March 2021	
Teachers	Staff		Teachers	Staff
£000	£000		£000	£000
(10,462)	(975,298)	Present value of the defined benefit obligation	**(12,536)**	**(1,268,425)**
0	665,583	Fair value of Fund assets	**0**	**836,323**
(10,462)	(309,715)	Net liability arising from defined benefit obligation	**(12,536)**	**(432,102)**
0	(320,177)	**Net Pensions Liability**		**(444,638)**

Reconciliation of the present value of the defined benefit obligation

2019/20			2020/21	
Teachers	Staff		Teachers	Staff
£000	£000		£000	£000
(11,072)	(976,631)	**Opening balance at 1 April**	**(10,462)**	**(975,298)**
0	(33,570)	Current service cost	**0**	**(33,861)**
(233)	(23,177)	Interest cost	**(229)**	**(22,677)**
704	94,502	Change in financial assumptions	**(1,471)**	**(280,916)**
(843)	(27,067)	Change in demographic assumptions	**180**	**12,071**
0	(38,682)	Experience (loss)/gain	**(1,542)**	**11,668**
0	2,808	Liabilities assumed / (extinguished) on settlements	**0**	**380**
982	26,301	Estimated benefits paid net of transfers in	**0**	**26,183**
0	(257)	Past service costs, including curtailments	**0**	**(89)**
0	(5,846)	Contributions by Scheme participants and other employers	**0**	**(6,088)**
982	223	Unfunded pension payments	**988**	**202**
0	6,098	Remeasurement gains/(losses)	**0**	**0**
(9,480)	(975,298)	**Closing balance at 31 March**	**(12,536)**	**(1,268,425)**

Reconciliation of the fair value of the Fund assets

2019/20			2020/21	
Teachers	Staff		Teachers	Staff
£000	£000		£000	£000
0	684,756	**Opening balance at 1 April**	**0**	**665,583**
0	16,203	Interest on assets	**0**	**16,101**
0	(41,502)	Return on assets less interest	**0**	**104,773**
0	26,293	Other actuarial gains/(losses)	**0**	**10,995**
0	(438)	Administration expenses	**0**	**(474)**
982	1,876	Contributions by employer including unfunded for current year	**988**	**21,372**
0	0	Contributions by employer including unfunded for future years	**0**	**38,400**
0	5,846	Contributions by Scheme participants and other employers	**0**	**6,088**
(982)	(26,524)	Estimated benefits paid net of transfers in	**0**	**(26,385)**
0	(927)	Settlement prices received / (paid)	**(988)**	**(130)**
0	665,583	**Closing balance at 31 March**	**0**	**836,323**

Analysis of the scheme assets at the reporting date

31 March 2020			31 March 2021	
Percentage share	Fair value of assets		**Percentage share**	**Fair value of assets**
%	£000		**%**	**£000**
57	378,880	Equity instruments	**60**	**502,703**
12	80,078	Government bonds	**9**	**73,850**
4	25,099	Other bonds	**6**	**48,134**
9	59,200	Property	**7**	**62,540**
4	31,165	Cash/ liquidity	**6**	**48,010**
14	91,161	Other assets	**12**	**101,086**
100	665,583	**Total Assets**	**100**	**836,323**

The sensitivity of the overall pension liability to changes

Impact on the Defined Benefit Obligation in the Scheme (Staff and Teachers)		
Change in Assumption	Impact	Impact
	£000	%
Life expectancy assumptions (increase by 1 year)	**(52,916)**	**(4.1)**
Pension increase and deferred revaluation (increase by 0.1%)	**(19,657)**	**(1.5)**
Long-term salary increase (increase by 0.1%)	**(2,051)**	**(0.2)**
Discount rate (increase by 0.1%)	**21,457**	**1.7**

Housing Revenue Account

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

HRA Income and Expenditure Statement

2019/20		2020/21
£000		£000
	Expenditure	
9,325	Repairs and maintenance	**8,754**
10,901	Supervision and management	**11,821**
1,283	Rents, rates, taxes and other charges	**1,314**
10,470	Depreciation and amortisation	**11,366**
(9,527)	Revaluation (gain) /losses of non-current assets	**117**
70	Debt management costs	**70**
668	Movement in the impairment allowance for bad debts	**32**
23,190	**Total Expenditure**	**33,474**
	Income	
(40,513)	Dwelling rents	**(41,214)**
(1,187)	Non-dwelling rents	**(1,162)**
(2,292)	Charges for services and facilities	**(2,042)**
(60)	Contributions towards expenditure	**0**
(44,052)	**Total Income**	**(44,418)**
(20,862)	**Net income from HRA services as included in the CI&ES**	**(10,944)**
89	HRA services' share of corporate and democratic core	**122**
(20,773)	**Net income for HRA services**	**(10,822)**
	HRA share of the operating income and expenditure included in the CI&ES:	
(721)	(Gain)/loss on sale of HRA non-current assets	**(1,137)**
7,283	Interest payable and similar charges	**7,236**
(224)	Interest and Investment Income	**(69)**
1,120	Changes in fair value of investment property	**(21)**
(845)	Capital grants and contributions receivable	**(341)**
(14,160)	**Surplus for the year on HRA services**	**(5,154)**

Movement on the HRA Balance

2019/20		2020/21
£000		£000
(14,554)	Balance on the HRA at 1 April	**(15,866)**
(14,160)	(Surplus)/ deficit for the year on the HRA Income and Expenditure Account	**(5,154)**
12,848	Adjustments between accounting basis and funding basis under statute (Note 13)	**4,905**
(1,312)	**(Increase)/ decrease in year on the HRA**	**(249)**
(15,866)	**Balance on the HRA at 31 March**	**(16,115)**

Disclosure notes – notes supporting the Housing Revenue Account

H1. Housing Stock

On 31 March 2021 the Council held 9,859 dwellings. There was a net decrease of 9 dwellings during the year (34 sales, 4 acquisitions and 21 new build dwellings) compared to a decrease of 34 dwellings in 2019/20.

31 March 2020		31 March 2021
3,158	Houses	**3,165**
4,881	Flats	**4,865**
1,762	Bungalows	**1,762**
67	Maisonettes	**67**
9,868	**Total**	**9,859**

H2. Balance Sheet Value

The values of HRA land, dwellings and other property are detailed as follows:

31 March 2020		31 March 2021
£000		£000
430,689	Dwellings	**447,205**
19,475	Garages	**18,987**
450,164	**Sub-total Council Dwellings**	**466,192**
2,534	Other Land and Buildings	**3,388**
867	Vehicles, Plant and Equipment	**1,746**
316	Assets Under Construction	**2,516**
1,966	Investment Property	**1,988**
322	Intangible Assets	**307**
456,169	**Total Balance Sheet value**	**476,137**

H3. Vacant Possession Value of Dwellings

As at 1 April 2021 the vacant possession value of dwellings within the Council's HRA was £1.099 billion, valued in accordance with the Guidance on Stock Valuation for Resource Accounting (£1.059 billion as at 1 April 2020). The difference between this figure and the £447.205 million valuation in the Balance Sheet shows the economic cost of providing council housing at less than market rents.

H4. Capital Financing

31 March 2020		31 March 2021
£000		£000
	Expenditure on Capital during the year	
11,146	Council Dwellings	**14,240**
158	Vehicles, Plant and Equipment	**1,270**
58	Intangible Assets	**101**
316	Assets Under Construction	**2,378**
11,678	**Total**	**17,989**
	Funded by:	
(200)	Usable Capital Receipts	**(3,319)**
0	Prudential Borrowing	**(422)**
(379)	Capital Grants and Contributions	**(1,040)**
(308)	Revenue and Reserve Contributions	**(1,403)**
(10,791)	Major Repairs Reserve	**(11,805)**
(11,678)	**Total**	**(17,989)**

H5. Capital Receipts

31 March 2020		31 March 2021
£000		£000
(3,601)	Sale of Council dwellings	**(2,307)**
1,249	Less pooling contributions	**1,202**
(2,352)	Gross capital receipts before admin costs	**(1,105)**
60	Administration costs	**43**
(2,292)	**Total**	**(1,062)**

H6. HRA Depreciation and Amortisation

31 March 2020		31 March 2021
£000		£000
7,806	Dwellings	**8,217**
2,132	Garages	**2,597**
35	Other Land and Buildings	**45**
393	Equipment	**391**
104	Intangible Assets (amortisation)	**116**
10,470	**Total depreciation and amortisation**	**11,366**

H7. Rent Arrears

Rent arrears are the amount of rent owed to the Council.

At 31 March 2020		At 31 March 2021
2,236	Total Rent Arrears (£000)	**2,090**
5.07	% of total income due in year	**4.75**

H8. Other HRA Arrears

Other arrears owed to the Council include leaseholder planned maintenance costs, housing benefit overpayments, court costs and repairs.

At 31 March 2020		**At 31 March 2021**
1,703	Total Other Arrears (£000)	**1,534**
3.87	% of total income due in year	**3.48**

H9. Housing Debt Impairment Allowance

The Council puts aside money to allow for the possibility that a proportion of the outstanding rent arrears (Note H7) and other HRA arrears (Note

H8) will not be paid. That money is known as the Housing Debt Impairment Allowance in accordance with the Code. The movement during the years is shown below:

31 March 2020		**31 March 2021**
£000		**£000**
(2,949)	Balance at 1 April	**(3,130)**
(34)	Arrears reinstated	**(39)**
(668)	Contribution to impairment allowance	**(30)**
521	Net write offs	**354**
(3,130)	**Balance at 31 March**	**(2,845)**

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and business rates.

Collection Fund Income and Expenditure Statement

		2019/20				2020/21
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000	£000	£000		£000	£000	£000
			Amounts required by statute to be credited to the Collection Fund			
(124,023)	(119,211)	(243,234)	Income receivable (net of exemptions and reliefs)	(128,511)	(59,490)	**(188,001)**
0	1,381	1,381	Transitional protection payments	0	2,435	**2,435**
(124,023)	(117,830)	(241,853)	**Total amounts required by statute to be credited to the Collection Fund**	**(128,511)**	**(57,055)**	**(185,566)**
			Amounts required by statute to be debited to the Collection Fund			
			Precepts, demands and shares			
105,861	113,214	219,075	Solihull MBC	110,933	118,635	**229,568**
11,738	0	11,738	West Midlands Police & Crime Commissioner	12,609	0	**12,609**
4,663	1,144	5,807	West Midlands Fire & Rescue Authority	4,794	1,199	**5,993**
			Charges to the Collection Fund			
1,098	1,109	2,207	Increase/(reduction) in allowance for impairment of debts	1,362	1,129	**2,491**
0	(2,868)	(2,868)	Increase/(reduction) in business rate appeals provision	0	345	**345**
0	251	251	Charge for allowable collection costs for business rates	0	251	**251**
			Contributions towards previous year's estimated Collection Fund surplus			
1,206	1,018	2,224	Solihull MBC	751	5,075	**5,826**
54	10	64	West Midlands Fire & Rescue Authority	34	51	**85**
117	0	117	West Midlands Police & Crime Commissioner	84	0	**84**
124,737	113,878	238,615	**Total amounts required by statute to be debited to the Collection Fund**	**130,567**	**126,685**	**257,252**

2019/20				2020/21		
Council Tax	Business Rates	Total		**Council Tax**	**Business Rates**	**Total**
£000	£000	£000		**£000**	**£000**	**£000**
714	(3,952)	(3,238)	**Movement on the Collection Fund balance**	2,056	69,630	**71,686**
(1,226)	(2,096)	(3,322)	Opening balance at 1 April	(512)	(6,048)	**(6,560)**
714	(3,952)	(3,238)	Movement on the fund balance [1]	2,056	69,630	**71,686**
(512)	(6,048)	(6,560)	**Closing Balance at 31 March**	**1,544**	**63,582**	**65,126**

[1] Note C3 to the Collection Fund gives a further analysis of the movement on the Collection Fund balance.

Disclosure notes – notes supporting the Collection Fund

C1. Council Tax

At the beginning of the year, the Council calculates the level of council tax required to pay for its services. The amount of tax paid by local residents is based on the value of their property adjusted for any discounts or exemptions that apply. There are eight property valuation bands: A to H.

The council tax base, which represents the number of domestic properties in the borough expressed as equivalent to Band D properties, can be broken down as follows for 2020/21:

Dwellings as Band D equivalents 2019/20	Band	Number of dwellings on Valuation List	Dwellings for council tax purposes	Multiplier	Dwellings as Band D equivalents 2020/21
5,632	A	14,442	8,501	6/9	**5,667**
6,616	B	12,228	8,535	7/9	**6,638**
16,324	C	22,650	18,579	8/9	**16,515**
14,754	D	16,966	14,891	9/9	**14,891**
13,187	E	11,863	10,854	11/9	**13,266**
12,014	F	8,942	8,396	13/9	**12,127**
8,611	G	5,482	5,193	15/9	**8,655**
735	H	404	371	18/9	**741**
77,873	Total Band D equivalents (tax base)				**78,500**
(927)	Adjustment for collection rate of 98.81%				**(934)**
76,946	**Net tax base (Band D equivalents)**				**77,566**

The level of council tax paid by a Band D property is calculated by dividing the total amount that the Council needs to raise from council tax by the tax base and assuming a 98.81% collection rate. This is converted to the amount payable by properties in other bands by applying the multiplier given in the table above. In 2020/21, the average Band D council tax including police, fire and parish precepts was £1,654.53 (2019/20: £1,588.94).

The actual gross income in 2020/21 was £128.511 million, which in council tax base terms would be 77,672. The effect of this lower than anticipated tax base, partly offset by a lower than anticipated impairment allowance, was a council tax deficit in the year of £1.187 million (2019/20: £0.663 million surplus), as shown in the following table:

2019/20		**2020/21**
£000		**£000**
123,735	Anticipated gross income from council tax *(from multiplying the gross tax base by the average council tax)*	**129,881**
(124,023)	Actual gross income	**(128,511)**
(288)	**(Surplus)/deficit for the year before allowance for impairment**	**1,370**
(1,473)	Anticipated allowance for impairment *(from multiplying the adjustment for collection rate by the average council tax)*	**(1,545)**
1,098	Actual allowance for impairment of debts	**1,362**
(375)	**(Surplus)/deficit for the year in relation to the allowance for impairment**	**(183)**
(663)	**(Surplus)/deficit for the year**	**1,187**

C2. Business Rates

Local businesses pay business rates to the Council. The Council belongs to a 100% business rates retention pilot, with the other members of the West Midlands Combined Authority (WMCA), and as a result retains 99% of the business rates it collects, with 1% being paid to the West Midlands Fire and Rescue Authority and a share of growth since April 2016 payable to the WMCA to support its investment programme. The Council is also required to pay a tariff to the government out of its share in order for there to be equalisation of business rates income across the country.

The government determines the level of business rates payable, which was set at 51.2 pence per pound of rateable value in 2020/21 (2019/20: 50.4 pence). There is also a small business rate multiplier which was set at 49.9 pence per pound of rateable value in 2020/21 (2019/20: 49.1 pence). The Valuation Office Agency sets the rateable value of each property and periodically undertakes a national revaluation exercise, the most recent of which resulted in a valuation list which took effect from April 2017. As at 31 March 2021, the total rateable value for properties in Solihull was £265.322 million (31 March 2020: £269.072 million).

2019/20		**2020/21**
£000		**£000**
(132,114)	Gross business rates income *(from multiplying the total rateable value as at 31 March by the small business rate multiplier)*	**(132,396)**
1,443	less reduction in income due to rateable value changes throughout year	**6,741**
(130,671)	Gross business rates income	**(125,655)**
11,460	less mandatory, discretionary and unoccupied property reliefs	**10,165**
0	less Covid-19 business rates reliefs	**56,000**
(119,211)	**Net business rates income receivable**	**(59,490)**

C3. Analysis of the movement on Collection Fund balance

2019/20				**2020/21**
Total		Council Tax	Business Rates	**Total**
£000		£000	£000	**£000**
(3,322)	Balance at 1 April	(512)	(6,048)	**(6,560)**
2,405	Declared surplus/(deficit) distributed in year	869	5,126	**5,995**
	In-year (surplus)/deficit for year:			
(5,503)	Solihull MBC	1,023	63,859	**64,882**
(76)	West Midlands Fire & Rescue Authority	44	645	**689**
(64)	West Midlands Police & Crime Commissioner	120	0	**120**
(6,560)	**Balance at 31 March**	**1,544**	**63,582**	**65,126**

Council tax income credited to the CIES of £109.910 million comprises the Council's precept of (£110.933 million) less the Council's share of the in-year deficit of £1.023 million shown in the table above.

Net business rates losses debited to the CIES of £17.577 million comprise the Council's share of net business rates income of £118.635 million less the Council's share of the in-year deficit of £63.859 million shown in the table above, the share of growth paid to the West Midlands Combined Authority of £0.778 million and the tariff payment paid to the government of £71.575 million.

In response to the coronavirus pandemic, the government significantly extended business rates reliefs in 2020/21, after budget forecasts were prepared, to include retail, hospitality, leisure and nurseries, which accounts for £56.000 million of the business rates deficit. The impact of Covid-19 has also affected collection

rates for both council tax and business rates and has increased the number of residents claiming local council tax support, contributing to a net deficit in the year on the collection fund. Local authorities received section 31 grant to fund the cost of these reliefs which has been contributed to reserves in order to meet the cost of the deficit in future years' budgets.

Collection fund accounting regulations have been amended in the light of the pandemic to require local authorities to calculate the cost of any exceptional deficit incurred in 2020/21, which must then be spread over the three years from 2021/22 to 2023/24. The government has also introduced the tax income guarantee grant which will fund 75% of eligible losses.

Independent auditor's report to the members of Solihull Metropolitan Borough Council

Page intentionally blank in draft accounts – report to be inserted after completion of audit.

Glossary and Contact Details

Academy
A school which chooses to opt out of the local authority's control and maintain their own funding.

Accounting Standards
International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) are the accounting standards that councils are required to follow when producing their financial statements.

Accruals
An accounting principle that recognises income and expenditure as they are earned or incurred, not as money is received or paid.

Agent Transactions
Transactions where the Council is acting as an intermediary between two other bodies are known as agent transactions and are not included in the Council's accounts. For example, if the Council distributes grant from central government to third parties without any control over the distribution then it is considered to be acting as an agent on behalf of the government. Where the Council does have control over the distribution or amounts of the grant it would be deemed to be acting as principal and the transactions would be recorded in the Council's accounts (see also Principal Transactions).

Actuarial Assumptions
Predictions made for factors that will affect the financial position of the pension scheme.

Amortisation
The measure of the consumption of an intangible asset over its useful life.

Asset
An item that is owned by and can be used by the Council. A current asset is held for a short period of time, for example cash in the bank, stocks and debtors. In contrast, a non-current asset such as a piece of land, a building or a vehicle is used by the Council over a longer period of time (i.e. more than one year).

Budget
A budget is a plan of approved spending during a financial year (see also Financial Year).

Business Rates
Business rates or non-domestic rates collected by councils are a way in which those who occupy or own non-domestic property contribute to the cost of providing local services.

Capital Adjustment Account
This account includes money we have set aside to finance spending on non-current assets.

Capital Programme
The plan of approved spending on non-current assets.

Capital Receipts
Money received from selling non-current assets, and from grant and loan repayments.

Carrying Value
A measure of asset value, calculated as the original cost of an asset less accumulated depreciation and impairments.

CIPFA
The Chartered Institute of Public Finance and Accountancy, the institute that governs accounting in the public sector.

Collection Fund
A statutory account which billing authorities maintain for the collection and distribution of amounts due in respect of council tax and business rates.

Contingent Assets
A potential asset that may arise but is dependent on future events that are not under the Council's control.

Contingent Liabilities
A potential liability that may occur, depending on the outcome of an uncertain future event.

Community Assets
Assets held by the Council, for example parks and historic buildings, which have no determinable useful life and may have restrictions on their disposal.

Core Council
This term refers to those of the Council's services which are funded from business rates and council tax income, i.e. excluding the HRA and services funded from the DSG.

Council Tax
A tax paid by residents of the borough to the Council, based on the value of their property, to be spent on local services.

Creditors
People or organisations that the Council owes money to at the end of the financial year.

Debtors
People or organisations who owe the Council money at the end of the financial year.

Dedicated Schools Grant (DSG)
Schools are funded separately from other Council services through the DSG, which is received directly from the government and paid over to schools.

Deficit
This occurs when spending exceeds income (opposite of surplus).

Depreciation
The measure of the wear and tear, consumption or other reduction in the useful economic life of a non-current asset.

Earmarked Reserves
Money set aside for a specific purpose in a future year.

Fair Value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

Financial Year
The Council's financial year runs from 1 April to the following 31 March.

General Fund
The account that summarises the revenue cost of providing services by the Council.

Impairment Allowance
The Council sets aside an amount in an impairment allowance for debts it believes may not be repaid.

Impairment of Asset
An asset has been impaired when it is judged to have lost value other than through normal use.

Infrastructure assets
Assets held by the Council such as highways and footpaths.

Intangible Assets
An item which does not have physical substance (for example, software licenses) but can be identified and used by the Council over a number of years.

Inventories
Items of stock owned by the Council which have not been used by the end of the financial year.

Investment Properties
Interest in land and/or buildings which are held for their investment potential rather than for operational purposes.

Housing Revenue Account (HRA)
A statutory account that contains all expenditure and income relating to the provision of council housing for rent. The HRA is a ring-fenced account outside the General Fund.

Lease
A finance lease is an agreement to pay for an asset, for example a vehicle, in regular instalments where the person paying the lease (the lessee) is deemed to own the asset. In contrast, an operating lease occurs when the lessee is not considered to own the asset.

Levy
A payment made by the Council for another local service, for example, local transport and the Environment Agency.

Liability
Money the Council will have to pay to other people or organisations in the future.

LOBO
Lender's Option Borrower's Option. A form of loan, where the lender can change certain conditions of the loan, such as the dates and the interest rate. If this occurs the borrower then has the option of either continuing with the loan or redeeming it in full without a penalty.

Long-term Borrowing
Debts which are not due within the forthcoming financial year.

Major Repairs Reserve
A reserve to pay for large scale repairs to Council housing.

Materiality
An item is material if its inclusion in the financial statements would influence or change the judgment of a reasonable person. If the information would have no impact on the decision-maker, it is deemed not material.

Net Asset Value
The value of the Council's assets less its liabilities.

Net Book Value (NBV)
The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or fair value, less the cumulative amount provided for depreciation.

Net Spending
The amount spent on a service after taking into account income that a service has received.

Non-current Assets
An asset which is not easily converted into cash or expected to become cash within the next year.

Non-operational Assets
This is an asset held by the Council over a number of years but not actively used by a service within the Council. An example of this would be investment properties (see also Operational Assets).

Operational Assets
This is an asset held by the Council over a number of years and actively used in the provision of services, such as office buildings or vehicles (see also Non-operational Assets).

Outturn
The final position in terms of expenditure incurred or income receivable for a financial year.

Payments in Advance
Payments made in the current financial year for goods and services to be received in the following financial year.

Precept
Council tax income collected by the Council on behalf of other local bodies, for example the Police and Crime Commissioner and Fire and Rescue Authority.

Principal Transactions
Principal transactions are those where the Council is acting in its own right and not on behalf of another body (see also Agent Transactions).

Prior Period Adjustments
Changes made to the previous year's accounts to show things that were not known about until after that year's accounts were produced.

Private Finance Initiative (PFI)
Government initiative under which the Council buys the service of a private sector supplier to design, build, finance and operate a public facility.

Provisions
Money set aside for a debt that is likely to arise in the future, for example insurance claims.

Receipts in Advance
Money received before the end of the financial year, which relates to the following financial year.

Reserves
Amounts put aside by the Council to provide for known future expenditure, e.g. replacement of an asset.

Revaluation Reserve
When the value of an asset owned by the Council changes, the increase or decrease in value is transferred to this reserve.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)
Spending on assets that have a lasting value but are not owned by the Council, e.g. disabled facilities grant expenditure.

Revenue Spending
Spending on the day-to-day running of services. This includes, for example, salaries or running expenses for the Council's buildings and equipment.

Revenue Support Grant (RSG)
The main government grant which helps support local authority services. It is anticipated that RSG will be phased out as part of a national review of local government funding. Allocations of RSG up to 2021/22 have been incorporated into the funding the Council has received through business rates under the West Midlands business rates retention pilot.

Ring-fenced
Amounts which are ring-fenced are only able to be spent on specific areas.

Specific Grants
Grants from the government or other bodies which are to pay for a particular council service or project.

Surplus
What is left of income after expenses have been taken away (opposite of deficit).

Third Party
A person or entity who is not involved in an interaction or relationship with the Council.

Usable Capital Receipts Reserve
Money received from the sale of non-current assets not yet used for new capital spending.

Useful Life
The period over which the Council expects to derive benefits from the use of a non-current asset and over which, typically, it will be depreciated.

Variance
The difference between the budgeted and actual costs or income for an activity. A favourable variance means that the actual performance was better than budgeted (i.e. income was greater or expenditure lower) and an adverse variance means that the actual performance was worse than budgeted.

Contact Details and Other Sources of Information

Enquiries or comments about this publication should be made to:

Director of Resources and Deputy Chief Executive
Council House
Manor Square
Solihull
B91 3QB
Telephone: 0121 704 6855

Other sources of information about Solihull MBC and its finances include:

Council Tax Leaflet 2021/22
Medium Term Financial Strategy 2021/22 - 2023/24

Paper copies are available on request. Electronic versions can be accessed from the Solihull Council website.

More detailed statistical information about Solihull and all other local councils is contained in a wide range of publications produced by CIPFA. Some of these publications are available in the Core Library, Solihull, or alternatively from CIPFA itself:

Chartered Institute of Public Finance and Accountancy
77 Mansell Street
London
E1 8AN

Further information about the finances of the Fire and Rescue Authority, Police and Crime Commissioner and West Midlands Combined Authority can be obtained from the following addresses:

The Chief Finance Officer
West Midlands Office for Policing and Crime
Lloyd House
Colmore Circus Queensway
Birmingham
B4 6NQ

The Treasurer of the Authority
West Midlands Fire Service Headquarters
99 Vauxhall Road
Nechells
Birmingham
B7 4HW

Director of Finance
West Midlands Combined Authority
16 Summer Lane
Birmingham
B19 3SD