



Committee and date  
Audit Committee

31 July 2020

Item

Public

## STATEMENT OF ACCOUNTS 2019/20

**Responsible Officer** James Walton

Email: james.walton@shropshire.gov.uk

Tel: (01743) 258915

---

### 1. Summary

The timetable for producing the 2019/20 Statement of Accounts has been affected by the COVID-19 pandemic. Normal practice would have seen the Draft Statement of Accounts prepared and certified by the Section 151 Officer as a true and fair view of the financial position by 31<sup>st</sup> May 2020 with the audited Statement of Accounts published by 31<sup>st</sup> July 2020, in line with the Accounts and Audit Regulations 2015. However due to the impact of the COVID-19 pandemic, the Accounts and Audit Regulations have been amended so that all local authorities are required to publish the audited Statement of Accounts by the 30 November 2020, with the draft accounts approved by the 31 August 2020. In consultation with the external auditors, it has been agreed that the Council would aim for an earlier approval date for both the draft and audited Statement of Accounts. Therefore, the Draft Statement of Accounts for 2019/20 has been certified by the Section 151 Officer as a true and fair view of the financial position by 9<sup>th</sup> July 2020 and it is intended that the audited Statement of Accounts will be published by the 30<sup>th</sup> September 2020.

The Draft Statement of Accounts for 2019/20 is appended to this report. This report provides an overview of the Accounts and provides details of the reasons for the most significant changes between the 2018/19 Accounts and the 2019/20 Accounts.

The final revenue outturn for 2019/20 is an overspend of £1.692m on a gross budget of £568.489m. The final capital outturn shows a spend of £59.209m, representing 83% of the revised budget.

The authority's earmarked reserves and provisions have increased by £1.931m. The general fund balance has decreased by £2.027m. Delegated Schools' balances have decreased by £2.289m. Full details of the revenue and capital outturn position and the reserves, provisions and balances held by the authority are set out in a separate report on the Agenda for this meeting.

### 2. Recommendations

It is recommended that Members:

A. Receive and comment on the draft 2019/20 Statement of Accounts.

## REPORT

### **3. Risk Assessment and Opportunities Appraisal**

- 3.1. Details of the potential risks affecting the balances and financial health of the Council are detailed within the report.

### **4. Financial Implications**

- 4.1. This report considers the projected outturn position for the 2019/20 revenue budget and the implications on the level of general fund balances of any overspends or spending pressures.

### **5. Background**

- 5.1. A copy of the 2019/20 Statement of Accounts is attached at Appendix 1. The external audit by Grant Thornton is currently underway and will be completed in September, after which the Statement of Accounts will be formally published and a final report brought back to Audit Committee for approval. This report will detail any material changes required as a result of the audit as agreed with the External Auditor.
- 5.2. The statutory deadline for the formal publication of the audited 2019/20 Statement of Accounts following the amendment for COVID-19 is 30 November 2020.

### **6. Statement of Accounts**

- 6.1. The purpose of the Statement of Accounts is to give electors, those subject to locally levied taxes and charges, Members of the Authority, employees and other interested parties clear information about the Authority's finances. The format of the Statement of Accounts is governed by the "Code", to make the document as useful as possible to its audience and so as to make meaningful comparisons between authorities possible. The Code requires:
- All Statement of Accounts to reflect a common pattern of presentation, although at the same time not requiring them to be identical.
  - Interpretation and explanation of the Statement of Accounts to be provided.
  - The Statement of Accounts and supporting notes to be written in plain language.
- 6.2 All of the above has been taken into consideration when producing the authority's own Statement of Accounts. These accounts comprise various sections and statements, these are all briefly explained below:

- **Narrative Report** – this provides an explanation of the authority’s financial position for 2019/20 and details the performance of the Council during the financial year.
- **The Statement of Responsibilities** – this details the responsibilities of the authority and the Section 151 Officer concerning the authority’s financial affairs and the actual Statement of Accounts.
- **The Audit Opinion and Certificate** – this is provided by the External Auditor following the completion of the annual audit, this document is therefore draft pending the outcome of the audit.
- **The Core Financial Statements**, which comprises:
  - **The Movement in Reserves Statement** – this shows the movement in the year on the different reserves held by the authority which is analysed into ‘usable reserves’ and other reserves.
  - **The Comprehensive Income and Expenditure Statement** – this is fundamental to the understanding of a Council’s activities. It brings together all of the functions of the Council and summarises all of the resources that the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise council tax according to different rules and for the ability to divert particular expenditure to be met from capital resources. The 2019/20 Income and Expenditure Statement reports a surplus for the year of £47.766m, however, this is not cash as this takes into account a number of significant theoretical amounts for matters relating to pensions and use of assets. The actual movement on the General Fund Balance was a decrease of £2.026m which reflects the year end overspend on the revenue budget.
  - **The Balance Sheet** – this is fundamental to the understanding of the authority’s financial position as at the 31 March 2020. It shows the balances and reserves at the authority’s disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held. As can be seen from the balance sheet the authority’s total equity amounts to £401.236m, an increase of £47.766m which is analysed in the Movement in Reserves Statement. Assets have increased as a result of an increase in the value of Property, Plant & Equipment which has increased due to an increase in valuations of assets held. A particular example of this is the valuation increase of Car Parks. It should be noted that the equity value in the balance sheet does demonstrate that the authority’s assets exceed liabilities and therefore represents a very healthy financial position.
  - **The Cash Flow Statement** – this consolidated statement summarises the authority’s inflows and outflows of cash and cash equivalents

arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement, as cash in hand and deposits repayable on demand less overdrafts repayable on demand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash.

- **The Notes to the Core Financial Statements**, which provides supporting and explanatory information on the Core Financial Statements and includes the Council's accounting policies.
- **The Group Accounts** – these are prepared to account for the Council's share in IP&E Limited, Shropshire Towns & Rural Housing, West Mercia Energy, Jersey Property Unit Trust, SSC No.1 Limited and Cornovii Developments Limited.
- **The Pension Fund Accounts** – the Shropshire County Pension Fund is administered by this Authority, however, the pension fund has to be completely separate from the Authority's own finances. This statement and supporting notes are an extract from the pension fund annual report and summarises the financial position of the Shropshire County Pension Fund, including all income and expenditure for 2019/20 and assets and liabilities as at 31 March 2020.
- **The Housing Revenue Account** – the authority is required to account separately for local authority housing provision, as defined in the Local Government and Housing Act 1989 as amended. The account details the income and expenditure relating to the local authority housing provision and details of the movement on the Housing Revenue Account Balance for the year.
- **The Collection Fund Account** - this account shows the transactions of the billing authority in relation to non-domestic rates and the council tax and illustrates how these have been distributed to preceptors and the General Fund.

The format of the Statement of Accounts is governed by The Code of Practice on Local Authority Accounting 2019/20, published by CIPFA (the Code). For 2019/20 there have been no significant changes to the Code that have impacted on the Council's collation of the Statement of Accounts.

## 7. Accounting Policies

- 7.1 The accounting policies that the Council uses to determine the treatment of items within the Statement of Accounts are detailed in Note 1 to the Core Financial Statements. The only minor amendment to the accounting policies in 2019/20 is the addition of the annual desktop review for valuation of all assets as at the balance sheet date that is now being performed.

## 8. Analytical Review

- 8.1 An analytical review has been carried out on each element of the Draft Statement of Accounts, this is a final check that provides assurance that the

Statement of Accounts is free of material errors and misstatements. The analytical review focuses on figures within the Statement of Accounts that have changed materially when compared with the previous year's accounts. For 2019/20 the materiality threshold (i.e. the level of change between 2018/19 and 2019/20) used was 10% or £8m, which is used to ensure that all questions that the external auditors are likely to raise have been reviewed and explanations are readily available. Details of the significant changes between the two years are shown in Appendix 2.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

CIPFA's Code of Practice (Code) on Local Authority Accounting

CIPFA/SOLACE guidance on the Annual Governance Statement

Revenue and Capital Budget 2019/20

**Cabinet Member (Portfolio Holder)**

Peter Adams, Chair of Audit Committee

**Local Member**

All

**Appendices**

1. Draft Statement of Accounts 2019/20 (Unaudited)
2. Analytical Review of Statement of Accounts

## Analytical Review of Shropshire Council's Statement of Accounts for 2019/20

1. The analytical review for 2019/20 highlighted a number of areas where there were material changes, the most significant are detailed below along with an explanation of why these changes have occurred:

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Adult Services (Expenditure)**

	<b>2019/20 £000</b>	<b>2018/19 £000</b>	<b>Increase (Value) £000</b>	<b>Increase (%)</b>
Expenditure	177,619	163,328	14,291	9%

Within Adults Services there has been an increase in purchasing costs in the region of £11m and other inflationary pressures. This has not been as a result of a material increase in service user numbers but instead due to more service users with complicated needs presenting to the Council that result in higher cost placements and support.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Children and Education Services**

	<b>2019/20 £000</b>	<b>2018/19 £000</b>	<b>Decrease (Value) £000</b>	<b>Decrease (%)</b>
Income	(127,945)	(143,422)	15,476	11%

A reduction in grant income in relation to Schools (Dedicated Schools Grant and Pupil Premium Grant) has resulted in a reduction in income. In normal circumstances you would expect an equivalent reduction in expenditure however the cost pressures experienced within Children's Safeguarding for children's placements in addition to a revaluation loss of approximately £5.5m in relation to schools in 2019/20 has resulted in only a minor reduction in expenditure of just over £2m.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Finance, Governance & Assurance**

	<b>2019/20 £000</b>	<b>2018/19 £000</b>	<b>Decrease (Value) £000</b>	<b>Decrease (%)</b>
Expenditure	56,965	64,305	7,340	11%
Income	(54,188)	(61,691)	(7,503)	12%

The Housing Benefit Rent Allowances grant reduced by £7m in 2019/20 from previous years and this was accompanied by an equivalent reduction in expenditure.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Legal & Democratic Services**

	<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Expenditure	1,703	604	1,099	182%
Income	(1,027)	(491)	536	109%

The Council ran 2 major elections during 2019/20 for the General election and the Euro elections. This resulted in an increase in costs for the election team, with compensatory income to offset the costs incurred.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Place**

	<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Expenditure	156,708	135,016	21,692	16%

The increase in expenditure for the Place Service area mainly relates to the revaluation loss for the Shrewsbury Shopping Centres of £23.5m compared to the loss in 2018/29 of £11.5m, thereby increasing expenditure by £12m when comparing between the two year. There has also been an increase in costs relating to highways costs relating to repair of the county highways were incurred in addition to emergency repairs and staffing that was required during the Storm Ciara and Storm Dennis events that took place in February.

- **Comprehensive Income and Expenditure Statement, Expenditure on Continuing Services – Corporate**

	<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Expenditure	14,654	133	14,521	10918%
Income	(10,121)	(7,133)	(2,988)	42%

Expenditure within Corporate Services increased due to an increase in past service costs, settlements and curtailments within the pension fund when compared to 2018/29. In 2018/19 there was a significant amount of settlements and no past service cost reported, whereas in 2019/20 the value of settlements has reduced by 2/3rds and there has been a past service cost of just over £9m. this has resulted in a swing in expenditure of approximately £14m.

The main income source within Corporate Services relates to Core Government grant funding that is received, and in 2019/20 the Improved Better Care Fund grant increased by £3.8m. There have been other minor amendments in grant funding that has been received in 2019/20.

- **Comprehensive Income and Expenditure Statement - Other Operating Expenditure**

<b>2019/20</b>	<b>2018/19</b>	<b>Decrease (Value)</b>	<b>Decrease (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
27,542	81,827	(54,285)	66%

The main reason for the decrease relates to losses on disposal of non-current assets. In 2018/19 the Council had 11 schools (7 Primary, 4 Secondary) transferring to academy status and resulted in a loss on disposal of £73.35m, however in 2019/20 only 3 schools (2 Primary, 1 Secondary) have transferred to an academy and resulted in a loss on disposal of £18.76m seeing a swing of £54.59m.

- **Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure**

<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
39,556	30,986	8,570	28%

(Income) and expenditure in relation to investment properties and changes in their fair value increased from a gain of £3.83m in 2018/19 to a loss of £2.62m in 2019/20. The net income from investment properties stayed broadly static, the movement was in the capital charges for changes in value of investment properties, for which the movement was a loss of £3.59m in 2019/20, compared to a gain of £2.86m in 2018/19. This relates to specific movements in the value of assets in this category.

- **Comprehensive Income and Expenditure Statement, Surplus or Deficit on Revaluation of Property, Plant and Equipment Assets**

<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
(92,765)	(39,431)	(53,334)	135%

This figure is the value of upward or downward revaluations that are debited/credited directly to the Revaluation Reserve, rather than to service revenue accounts. In 2019/20 the surplus was £53m greater than in 2018/19. This was mainly in relation to upward revaluations of assets in 2019/20, with the value of upwards revaluations £53.334m higher than in 2018/19. These changes reflect the movement in property values for those revalued each year, compared to their last valuations and the properties revalued each year (valuations are done on a rolling programme) and whether there has been a previous revaluation loss charged to service revenue accounts, which can be reversed if there is a subsequent revaluation increase. Also in 2019/20 there has been a change in valuation approach where a desktop review of all assets has been undertaken as at the balance sheet date which has resulted in a higher valuation increase than in previous years when only a proportion of assets were revalued.



- **Comprehensive Income and Expenditure Statement, Remeasurement of the Net Defined Benefit Liability**

<b>2019/20</b> <b>£000</b>	<b>2018/19</b> <b>£000</b>	<b>Decrease (Value)</b> <b>£000</b>	<b>Decrease</b> <b>(%)</b>
(28,057)	56,992	(85,049)	149%

Remeasurement of the Net Defined Benefit Liability has changed from a loss of £56.992m in 2018/19 to a gain of £28.057m in 2019/20. The total swing of £85.049m is made up of three elements. The first is a change in liabilities as a result of a change in financial assumptions used by the actuary. This has resulted in a remeasurement gain of £25.399m in 2019/20 compared to a remeasurement loss of £63.336m in 2018/19. The second element is an Experience loss on liabilities of £7.377m. The third element relates to a gain resulting from a change in demographic assumptions of £62.900m which was previously £0 in 2018/19. There has also been a swing of £79.538m in the return on plan assets which has resulted in a reduction in asset values, mainly as a result of changes in the investment market due to the COVID-19 pandemic. The decrease in liabilities is due to a decrease in the CPI inflation assumption by 0.1%.

- **Balance Sheet Non-Current Assets – Property, Plant and Equipment**

<b>2019/20</b> <b>£000</b>	<b>2018/19</b> <b>£000</b>	<b>Increase (Value)</b> <b>£000</b>	<b>Increase (%)</b>
1,138,479	1,069,254	69,225	6%

This reflects the overall movement in property, plant and equipment. The movement consists of additions, disposals, revaluations (upwards and downwards), depreciation charges and impairments. There has been a net revaluation increase in 2019/20 which is predominantly due to valuation increases on assets revalued. This is a combination of asset specific changes for example Car park valuations have increased as a result of the change to the Car Parking Strategy and valuation approach, but the introduction of a desktop review of all assets as at the balance sheet date has all increased asset values overall. There have also been £43m of additions, with the value of assets written out reducing significantly in 2019/20 of £20.9m. All of this has resulted in a net increase in the value of property, plant and equipment held on the balance sheet.

- **Balance Sheet Non-Current Assets – Intangible Assets**

<b>2019/20</b> <b>£000</b>	<b>2018/19</b> <b>£000</b>	<b>Increase (Value)</b> <b>£000</b>	<b>Increase (%)</b>
7,376	4,051	3,325	82%

Further expenditure relating to the Digital Transformation Programme has occurred in 2019/20 and some assets that had previously been categorised as assets under construction in 2018/19 have now gone live and been transferred to intangible assets.

- **Balance Sheet Long Term Assets – Long Term Investment**

<b>2019/20</b>	<b>2018/19</b>	<b>Decrease (Value)</b>	<b>Decrease (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
20,206	40,920	(20,714)	51%

In 2017/18 Shropshire Council purchased an investment in the Charles Darwin, Pride Hill and Riverside Shopping Centres. A valuation of the investment was carried out as at 31<sup>st</sup> March 2020 and this resulted in a net reduction in the value of the investment of £20.714m due to changes in the retail sector over the last 12 months and the repurposing work that is being undertaken within the shopping centres to support the Council's objective of economic regeneration within the town.

- **Balance Sheet Current Assets – Current Held for Sale Investment Properties**

<b>2019/20</b>	<b>2018/19</b>	<b>Decrease (Value)</b>	<b>Decrease (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
740	3,822	3,082	81%

In 2018/19 an area of land (related to the Weir Hill housing development scheme) owned by the Council was transferred into this category from Investment Properties based on the agreement that had been entered into to sell part of this land in the next 12 months. The sale was completed in 2019/20 and the asset removed from the balance sheet. In 2019/20 one Investment Property falls into the category of Current Held for Sale Investment Properties based on the agreement in place to sell the site at the year end.

- **Balance Sheet Current Assets – Assets Held for Sale**

<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
3,102	1,432	(1,670)	117%

The balance sheet value of assets in this classification reflects the position the Council are at with regards disposing of assets and whether they meet the criteria to be classified as Asset Held for Sale at the balance sheet date. At the 2018/19 balance sheet date there were more assets that met this criteria than at the 2019/20 balance sheet date. The main changes in 2019/20 are two sites (Former Ifton Heath Primary School & site at the Wharf Ellesmere) transferring into this category based on the agreement in place to sell the sites as at the balance sheet date and the transfer of the latest HRA New Build Properties which are been marketed for shared ownership sale.

- **Balance Sheet Current Assets – Inventories**

<b>2019/20</b>	<b>2018/19</b>	<b>Decrease (Value)</b>	<b>Decrease (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
572	702	130	19%

There has been a decrease in the value of stock held mainly due to decrease in slat stock for the roads. The level of salt stock at the year end will fluctuate depending on the level of salt having to be used to treat the roads at various points of the year.

- **Balance Sheet Current Assets – Short Term Debtors**

<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
67,373	55,943	11,430	20%

There have been a number of increases across a range of debtors balances that supports the increase in the debtors total. As at the year end the Council had 2 months' worth of VAT claims that were awaiting reimbursement from HMRC which accounted for an increase of £3.9m. The value of debtors on the sales ledger had also increased by £2m and the timing of when invoices had been raised to debtors also resulted in an increase in the debtors figure. For instance the debt charge invoices that is raised to Telford & Wrekin had been raised earlier in 2018/19 as a result of the financial system changeover and hence paid by the authority, however this was raised slightly later in 2019/20 and was therefore still outstanding at the year end which accounts for a further £2.3m.

- **Balance Sheet Current Assets – Cash and Cash Equivalents**

<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
93,007	64,060	28,947	45%

**Balance Sheet Current Liabilities – Bank Overdraft**

<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
(14,644)	(7,005)	7,639	109%

The net increase in cash and cash equivalents and the bank overdraft needs to be considered together to explain the true difference in cash balance during the two years.

There are four elements that detail the difference in cash:

- i. Movement in General Fund Balance (reduction in cash)
- ii. Revenue Grants received (increase in cash)
- iii. Movement in debtors/creditors (reduction in cash)
- iv. New loans provided/repaid (reduction in cash)

i. There was a £2.026m reduction in the General Fund Balance in 2019/20 which reflect the overspend position of £1.692m in the revenue budget and the release of

funding to meet the costs of Storm Ciara and Storm Dennis that the authority experienced in February 2020.

ii. The Council received a number of grant balances right at the end of the financial year which had to be accounted for within the cash balance. These included the first tranche of COVID-19 funding from the Government of £8.9m, £8.6m section 31 grant for Business Rate retention payments which relates to 2020/21 but was paid over in March, and £24m of DfT money that the LEP was due to receive.

iii. Debtors have increased by £11m during 2019/20 thereby increasing the amount of money owed to the authority and reducing the potential cash balance held.

iv. Cash will also have reduced due to the repayment of borrowing that the Council has undertaken of £8.840m.

- **Balance Sheet Current Liabilities – Deferred Income**

2019/20 £000	2018/19 £000	Decrease (Value) £000	Decrease (%)
0	(1,101)	(1,101)	100%

£2.4m was placed in an escrow in 2017/18 relation to rent guarantees for the shopping centre. This was included in temporary investments and deferred income. As at 1st April 2019, £1.101m remained in the escrow account, however during the course of 2019/20 this has all been drawn down and therefore no balance remains as at 31<sup>st</sup> March 2020.

- **Balance Sheet Current Liabilities – Short Term Borrowing**

2019/20 £000	2018/19 £000	Decrease (Value) £000	Decrease (%)
(6,013)	(10,873)	4,860	45%

During 2019/20 Shropshire Council repaid a temporary loan of £4.840m that had previously been taken out at the end of the 2018/19 financial year.

- **Balance Sheet Current Liabilities – Short Term Creditors**

2019/20 £000	2018/19 £000	Increase (Value) £000	Increase (%)
(106,991)	(76,401)	30,590	40%

The increase in the creditors balance mainly relates to the increase in the creditor balance held for the Marches LEP which relates to the cash balance that is held on their behalf within our accounts. As outlined above, the LEP received DfT grant of £24m just before the year end which has increased the value of the LEP cash balance held and hence the creditor balance. The short term element of the PFI creditor

balance has also been accounted for in 2019/20 within this balance accounting for a further increase of £4.3m.

- **Balance Sheet Current Liabilities – Short Term Provisions**

<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
(3,576)	(2,167)	1,409	65%

Short term provisions have increased by £1.409m. The accumulated absences provision has increased by £0.441m. This provision is the estimated liability the Council would be required to cover for annual leave reimbursements for leavers. There have also been three new short term provisions established in 2019/20 relating to Highways and Transport, Cultural Services and known termination benefits for 2020/21. These balances are all expected to be utilised in 2020/21.

- **Balance Sheet Current Liabilities – Grant Receipts in Advance Revenue**

<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
(10,447)	(3,180)	(7,267)	229%

Whilst there are always some minor changes between grant balances held at the year end, the most significant change relates to the Business Rate Retention grant received from MHCLG of £8.6m which relates to 2020/21 but was received before the end of March 2020.

- **Balance Sheet Current Liabilities – Grant Receipts in Advance Capital**

<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
(4,893)	(2,779)	(2,114)	76%

The increase in capital grant receipts in advance relates to Broadband funding which has been reprofiled during the course of the 2019/20 financial year to leave a balance of £3m which will be spent in future years within the capital programme.

- **Balance Sheet Financing – Unusable Reserves**

<b>2019/20</b>	<b>2018/19</b>	<b>Increase (Value)</b>	<b>Increase (%)</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	
263,115	217,756	(45,359)	28%

The increase in Unusable Reserves is due to an increase in the Revaluation Reserve, offset by a decrease in the Capital Adjustment Account. The Revaluation Reserve increased by £80.788m in 2019/20 which reflects the movement in asset values and disposals. The most significant areas of change were increases in upward valuations due to change in valuation approach to undertake a desktop review of all asset values as at 31/03/20 and the assets specific changes in relation to assets valued on a DRC basis and changes in relation to Car Parks. The Capital

Adjustment Account has decreased by £39.440m in 2019/20 compared to movement of £49.659m in 2018/19. The movement reflects the movement in asset values, disposals and capital expenditure financing in 2019/20. The most significant areas of change were the increase in the revaluation loss on Long Term Investment (Shopping Centres); decrease in the amount of non-current assets written off on disposal or sale, reflecting the reduced value of assets written out (again reflecting Academy Schools); decrease in adjusting amount with the Revaluation Reserve (again reflecting reduced value of assets written out); and movements in the market value of Investment Properties swung from a gain in value in 2018/19 to a loss in 2019/20. There were other minor changes between other unusable reserves but the bulk of the change is accounted for in the two reserves stated above.

2. The analytical review will be part of the papers to be considered by the external auditors during the annual audit and will be used in forming their opinion on the Statement of Accounts that will be reported in the Audit Opinion and Certificate.