

**Statement of Accounts**

**2020 – 2021**



# Statement of Responsibility for the Statement of Accounts

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## The Council's Responsibilities

Crawley Borough Council is required:

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

## Responsibilities of the Head of Corporate Finance

The Head of Corporate Finance 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 Head of Corporate Finance has:

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# **Independent Auditor's Report to the Members of Crawley Borough Council (Continued)**

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## **Other information**

The other



## **Independent Auditor's Report to the Members of Crawley Borough Council (Continued)**

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We assessed the susceptibility of the Council's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified the manipulation of reported financial performance through inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Council's

## **Independent Auditor's Report to the Members of Crawley Borough Council (Continued)**

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### **Use of our report**

This report is made solely to the members of Crawley Borough Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the ful





# Comprehensive Income and Expenditure Statement

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This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	2019/20			2020/21		
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
	1,741					



**Movement in Reserves Statement (Continued)**

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# Balance Sheet

## Balance Sheet (Continued)

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31 March 2020			31 March 2021
£'000		Notes	£'000
(68)	Short Term Borrowing	18	(68)
(22,552)	Short Term Creditors	22	(38,581)
<u>(2,123)</u>	Provisions	23	<u>(4,335)</u>
<b>(24,743)</b>	<b>Current Liabilities</b>		<b>(42,984)</b>
(260,275)	Long Term Borrowing		

## Cash Flow Statement

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





## Notes to Main Financial Statements (Continued)

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### 1. Accounting Policies

#### i. General Principles

The Statement of Accounts summarises the Crawley Borough Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going-concern' basis.

#### ii. Accruals of Income and Expenditure

## Notes to Main Financial Statements (Continued)

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### **iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

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

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

### **v. Charges to Revenue for Non-Current Assets**

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

depreciation attributable to the assets used by the relevant service

revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off



## Notes to Main Financial Statements (Continued)

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### The Local Government Pension Scheme

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

## Notes to Main Financial Statements (Continued)

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

Contributions paid to the West Sussex pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby

## Notes to Main Financial Statements (Continued)

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For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

### 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 two main classes of financial assets measured at:

amortised cost

fair value through profit or loss (FVPL), and

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

### Financial Assets Measured at Amortised Cost

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

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the Financing and Investment Income

## Notes to Main Financial Statements (Continued)

## Notes to Main Financial Statements (Continued)

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## Notes to Main Financial Statements (Continued)

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### **xvi. Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

### **xvii. Property, Plant and Equipment**

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

#### Recognition

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

#### Assets Included

All land and buildings owned by the Council are included. Vehicles and equipment are included where the useful asset life is more than three years and the purchase cost is greater than £9,000 (vehicles), or £10,000 (equipment).

#### Measurement

Assets are initially measured at cost, comprising:

- the purchase price

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

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

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

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

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.



## Notes to Main Financial Statements (Continued)

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where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

### Depreciation

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

Depreciation is calculated on the following bases:

dwelling and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer.

vehicles, plant, furniture and equipment – a straight-line allocation over between 3 and 10 years according to estimated useful life.

Infrastructure – straight-line allocation over 25 years

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Componentisation

Where assets are found to have significant components which would materially affect the depreciation charge, the valuation of these assets will be componentised. If the overall value of a Property, Plant and Equipment asset is greater than £1.5m, componentisation will then be applied to any such assets where individual components with a different useful life to the overall item has a cost of £10,000 or over.

### Disposals and Non-current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

## Notes to Main Financial Statements (Continued)

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When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet

## Notes to Main Financial Statements (Continued)

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

### Contingent Assets

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

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

### **xix. Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance 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,

## Notes to Main Financial Statements (Continued)

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- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset. The Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability

## 2. Accounting Standards that have been issued but have not yet been adopted

At the balance sheet date the following new standards and amendments to existing standards have been adopted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 for application from 1 April 2021:

Definition of a Business: Amendments to IFRS 3 issued in October 2018.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued in September 2019.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) issued in August 2020.

IFRS 16 Leases will require local authorities that are lessees to recognise leases on their balance sheets as right-of-



## Notes to Main Financial Statements (Continued)

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### 3. Critical Judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

## Notes to Main Financial Statements (Continued)

## Notes to Main Financial Statements (Continued)

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possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the

## Notes to Main Financial Statements (Continued)

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### 6. Note to the Expenditure and Funding Analysis

2020/21	Adjustments between Funding and Accounting Basis			
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £' 000	Net change for the Pensions Adjustments £' 000	Other Differences £' 000	Total Adjustments £' 000
Public Protection & Community Engagement	-			

## Notes to Main Financial Statements (Continued)

2019/20	Adjustments between Funding and Accounting Basis			
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £' 000	Net change for the Pensions Adjustments £' 000	Other Differences £' 000	Total Adjustments £' 000
Public Protection & Community Engagement	-	116	-	116
Environmental Services & Sustainability	40	445	(23)	462
Cabinet	8,416	611	(3)	9,024
Housing	5,330	373	(200)	5,503
Wellbeing	(80)	960	(12)	868
Planning and Economic Development	2,713	574	(1,096)	2,191
Housing Revenue Account	16,663			

## Notes to Main Financial Statements (Continued)

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### Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 pension related expenditure and income:

**For services** this represents the



## Notes to Main Financial Statements (Continued)

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### Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in







## Notes to Main Financial Statements (Continued)

<b>2019/20</b>	<b>General Fund Balance</b>	<b>Housing Revenue Account</b>	<b>Capital Receipts Reserve</b>	<b>Major Repairs Reserve</b>	<b>Capital Grant Unapplied</b>
<b>Comparative Figures</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustments to Capital Resources</b>					
Use of the Capital Receipts reserve to finance capital expenditure	-	-	(17,470)	-	-
Use of Major Repairs Reserve to financial capital expenditure	-	-	-	(27,264)	-
Application of capital grants to finance capital expenditure	-	-	-	-	(176)
Cash Payments in relation to deferred capital receipts	-	-	168	-	-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>(17,302)</b>	<b>(27,264)</b>	<b>(176)</b>
<b>Total Adjustments</b>	<b>14,346</b>	<b>(1,214)</b>	<b>(4,611)</b>	<b>(6,513)</b>	<b>30</b>

## Notes to Main Financial Statements (Continued)

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10.

## Notes to Main Financial Statements (Continued)

	Balance at 1 April 2019 £'000	Transfers Out 2019/20 £'000	Transfers In 2019/20 £'000	Balance at 31 March 2020 £'000	Transfers Out 2020/21 £'000	Transfers In 2020/21 £'000	Balance at 31 March 2021 £'000
EU Exit Funding	154	-	184	338	-	-	338
Park Improvement Fund	18	(18)	-	-	-	87	87
Clean Our High Streets							

## Notes to Main Financial Statements (Continued)

### 11. Other Operating Expenditure

2019/20 £'000		2020/21 £'000
1,032	Payment to the Government Housing Receipts Pool	1,032
(745)	Gains/losses on the disposal of non-current assets	(2,039)
(2,504)	Notional Shared Equity Income	(1,090)
<b>(2,217)</b>	<b>Total</b>	<b>(2,097)</b>

### 12. Financing and Investment Income and Expenditure

2019/20 £'000		2020/21 £'000
8,310	Interest payable and similar charges	8,349
435	Net interest on the net defined benefit liability	(548)
(1,537)	Interest receivable and similar income	(1,617)
597	Impairment losses	664
1,013	Income and expenditure in relation to investment properties and changes in their fair market value	(348)
<b>8,818</b>	<b>Total</b>	<b>6,500</b>

### 13. Taxation and Non Specific Grant Incomes

The following government grants are receivable which are not attributable to a specific service:

2019/20 £'000		2020/21 £'000
(7,197)	Council Tax Income	(7,390)
(6,494)	Retained Business Rates	(5,227)
(1,992)	Non-ringfenced government grants	(6,710)
(407)	Capital grants and contributions	(2,143)
<b>(16,090)</b>	<b>Total</b>	<b>(21,470)</b>

## Notes to Main Financial Statements (Continued)

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### 14. Property, Plant and Equipment

#### Movements on Balances





## Notes to Main Financial Statements (Continued)

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### **Capital Commitments**

At 31 March 2021, the Authority 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

## Notes to Main Financial Statements (Continued)

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### 15. Heritage Assets

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

	<b>Public Works of Art 2020/21 £' 000</b>
<b>Cost or Valuation</b>	
01 April 2020	52
Additions	-
Disposals	-
<b>31 March 2021</b>	<b>52</b>

	<b>Public Works of Art 2019/20 £' 000</b>
<b>Cost or Valuation</b>	
01 April 2019	52
Additions	-
Disposals	-
<b>31 March 2020</b>	<b>52</b>

**Public Works of Art**



## Notes to Main Financial Statements (Continued)

### 2019/20 Comparative Figures

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2020 £'000
Office Units	-	16,838	-	16,838
Commercial Units	-	8,749	-	8,749
<b>Total</b>	-	<b>25,587</b>	-	<b>25,587</b>

### Transfer between Levels of the Fair Value Hierarchy

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

## Notes to Main Financial Statements (Continued)

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### Valuation Process for Investment Properties

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out by the authority's appointed valuers Wilks Head & Eve, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The authority's valuation experts work closely with finance officers reporting directly to the Chief Executive.









## Notes to Main Financial Statements (Continued)

	<b>31 March 2020 £'000</b>	<b>31 March 2021 £'000</b>
<b>Assumption</b>		
Period over which shared equity loan receivable are discounted	9 years	9 years
Nominal discount rate	3.5%	3.5%
Number of loans under the shared equity scheme outstanding at the year-end	106	126

### 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 (described in the table above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31<sup>st</sup> March 2021, using the following methods and assumptions:

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

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

No early repayment or impairment is recognised for any financial instrument;

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

The fair values calculated are as follows:

#### Financial Liabilities

	<b>31 March 2020</b>		<b>31 March 2021</b>	
	<b>Carrying amount £'000</b>	<b>Fair value £'000</b>	<b>Carrying amount £'000</b>	<b>Fair value £'000</b>
Cash and Cash Equivalents	462	462	364	364
PWLB debt	260,343	297,368	260,348	299,128
Short term creditors	10,838	10,838	22,846	22,846
<b>Total Liabilities</b>	<b>271,643</b>	<b>308,668</b>	<b>283,558</b>	<b>322,338</b>

## Notes to Main Financial Statements (Continued)

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### Financial Assets

31 March 2020

31 March 2021

Carrying  
amount  
£'000

Fair value

Carrying  
amount

Fair value

## Notes to Main Financial Statements (Continued)

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31 March 2020

<b>Quoted Prices in active markets for identical assets</b>	<b>Other Significant observable</b>
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# Notes to Main Financial Statements (Continued)

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## 19. Debtors

31 March  
2020

31 March  
202



## Notes to Main Financial Statements (Continued)

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### 24. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 10.

### 25. Unusable Reserves

31 March  
2020  
£'000

31 March  
2021  
£'000

## Notes to Main Financial Statements (Continued)

### (a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. Then 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 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.

<b>31 March 2020 £'000</b>			<b>31 March 2021 £'000</b>
<b>251,575</b>	<b>Balance at 1 April</b>		<b>253,725</b>
15,392	Upward revaluation of asset	92,467	
(7,903)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(4,372)	
<b>7,489</b>	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		<b>88,095</b>
(4,524)	Difference between fair value depreciation and historical cost depreciation	(4,629)	
(815)	Accumulated gains on assets sold or scrapped	(1,324)	
<b>(5,339)</b>	<b>Amount written off to the Capital Adjustment Account</b>		<b>(5,953)</b>
<b>253,725</b>	<b>Balance at 31 March</b>		<b>335,867</b>





## Notes to Main Financial Statements (Continued)

### (c) Deferred Capital Receipts Reserve

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

2019/20 £'000		2020/21 £'000
6,919	<b>Balance at 1 April</b>	9,191
2,440	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,055
(168)	Transfer to the Capital Receipts Reserve upon receipt of cash	(135)
<b>9,191</b>	<b>Balance at 31 March</b>	<b>10,111</b>

### (d) Pensions Reserve

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

2019/20 £'000		2020/21 £'000
(16,164)	<b>Balance at 1 April</b>	24,785
45,854	Actuarial gains or losses on pensions assets and liabilities	4,950
(8,777)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and expenditure Statement	(5,109)
3,872	Employer's pensions contribution and direct payments to pensioners payable in the year	3,757
<b>24,785</b>	<b>Balance at 31 March</b>	<b>28,383</b>

## Notes to Main Financial Statements (Continued)

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### (e) Collection Fund Adjustment Account

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

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
<b>91</b>	<b>Balance at 1 April</b>	<b>(167)</b>
	Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure	
(258)		

## Notes to Main Financial Statements (Continued)

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### 26. Cash Flow Statement –

## Notes to Main Financial Statements (Continued)

### 27. Cash Flow Statement – Investing Activities

The cash flows for operating activities include the following items:

2019/20 £'000		2020/21 £'000
(44,596)	Purchase of property, plant and equipment, investment property and intangible assets	(28,248)
(151,645)	Purchase of short-term and long-term investments	(247,200)
(18)	Other payments for investing activities	-
13,822	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	10,838
169,437	Proceeds from short-term and long-term investments	243,100
3,295	Other receipts from investing activities	6,484
<b>(9,705)</b>	<b>Net cash flows from investing activities</b>	<b>(15,026)</b>

### 28. Cash Flow Statement – Financing Activities

2019/20 £'000		2020/21 £'000
-	Cash receipts of short and long-term borrowing	-
-	Other receipts from financing activities	-
-	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	-
-	Repayments of short and long term borrowing	-
3,852	Other payments for financing activities	(14,204)
<b>3.852</b>	<b>Net cash flows from financing activities</b>	<b>(14,204)</b>

## Notes to Main Financial Statements (Continued)

### 29. Trading Operations

The Council owns and manages Neighbourhood Parades and a number of other Non operational properties. In total there are around 350 leases generating rental income from letting premises. The trading objective is to maximise the surplus. The service also manages leases on properties let to some charity and community groups at a discounted rate.

	2019/20 £'000	2019/20 £'000	2020/21 £'000	2020/21 £'000
Turnover for commercial operations	1,253		1,419	
Turnover related to non-commercial lets	4,533		4,275	
Total Turnover		5,786		5,694
Expenditure	(2,657)		(2,036)	
Movement in Fair Value of investment Properties	(1,943)		(939)	
		(4,600)		(2,975)
Net Surplus/(deficit) on trading operations		1,186		2,719

Trading operations are incorporated in the Comprehensive Income and Expenditure Statement.

2019/20 £'000	2020/21
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### 30. Agency Services

The Council operates three agency agreements as detailed below, the cost of which is fully reimbursable. In the case of verge maintenance the Council undertakes additional cuts.

#### Verge maintenance on behalf of West Sussex County Council (WSSC)

WSSC-Verge/Shrub maintenance	2019/20 £'000	2020/21 £'000
Expenditure incurred in providing verge/shrub maintenance	216	194
Income – contribution from WSSC	(182)	(170)
Net (surplus)/deficit arising on agency arrangement	34	24

## Notes to Main Financial Statements (Continued)

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### Car Parking Enforcement (CPE) service and Controlled Parking Zone (CPZ) service on behalf of WSCC and other Partners

	2019/20 £'000	2020/21 £'000
<b>WSCC-Civil Parking Enforcement</b>		
Expenditure incurred in providing a CPE/CPZ service	547	534
Income raised from fees and charges	(1,110)	(621)
Contribution to expenditure	(547)	

## Notes to Main Financial Statements (Continued)

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### 32. Officers' Remuneration & Exit Package

The following table sets out the remuneration paid to the Council's Senior Officers.

Salary, Fees and Allowances	Benefits in Kind	Expenses Allowances	Compensation for loss of Office
-----------------------------------	---------------------	------------------------	---------------------------------------

During 2020/21 the Head of Legal, Democratic & HR retired and the position was vacant for several months.

The Council's other employees whose remuneration, excluding pension contributions was £50,000 or more in bands of £5,000 was:

Remuneration Band	Number of Employees 2019/20	Number of Employees 2020/21
£50,000 - £54,999	16	16
£55,000 - £59,999	8	10
£60,000 - £64,999	2	3
£65,000 - £69,999	1	-
£70,000 - £74,999	3	3
£75,000 - £79,999	-	2
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000+	-	-

## Notes to Main I

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The number of  
other redun

**Exit package  
cost band  
(including  
special  
payments)**

**£0 - £20,000**

**£20,001–  
£40,000**

**£40,001–  
£60,000**

**£60,001–  
£80,000**

**£80,001–  
£100,000**

**£100,001–  
£150,000**

**£150,001–  
£200,000**

**£200,00**



## Notes to Main Financial Statements (Continued)

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### 34. Grant Income

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

	2019/20 £'000	2020/21 £'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Revenue Support Grant	-	60
Capital Grants and Contributions	407	2,143
New Homes Bonus	1,473	1,831
Preventing Homelessness	49	-
Covid 19 related Grants		

## Notes to Main Financial Statements (Continued)



## Notes to Main Financial Statements (Continued)

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### 37. Leases

#### Council as Lessor

##### Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

For the provision of community services, such as sports facilities, tourism services and community centres

For economic development purposes to provide suitable affordable accommodation for local businesses.

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

	<b>31 March 2020</b>	<b>31 March 2021</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	5,019	4,766
Later than one year and not later than five years	14,004	14,327
Later than five years	21,124	20,242
	<b>40,147</b>	<b>39,335</b>
Contingent rents	670	698

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 £698,158 contingent rents were receivable by the authority (2019/20 £669,896).

### 38. Termination Benefits

The Council terminated the contracts of a number of employees in 2020/21, incurring liabilities of £3,511 (£12,652 in 2019/20). See note 32 for the number of exit packages and total cost per band.

## Notes to Main Financial Statements (Continued)

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### 39. Defined Benefit Pension Scheme

#### Participation in pension schemes

Employees of Crawley Borough Council may participate in the West Sussex County Council Pension Fund, part of the Local Government Pension Scheme, a

## Notes to Main Financial Statements (Continued)

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	2019/20 £'000	2020/21 £'000
<b>Comprehensive Income &amp; Expenditure Statement</b>		
Cost of Services		
- Current service cost	(7,549)	(5,657)
- Past service cost	(793)	-
- (Gains)/losses from settlements	-	-
Financing and Investment Income and Expenditure		
Net interest comprising:		
- Interest on plan assets	6,227	5,882
- Interest cost on defined benefit obligation	(6,662)	(5,334)
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	(8,777)	(5,109)
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>		
Remeasurement of the net defined benefit liability comprising:		
- Changes in demographic assumptions	12,894	(473)
- Changes in financial assumptions	22,280	(59,106)
- Other experience	17,182	2,571
- Return on assets (excluding amounts included in net interest)	(6,502)	61,958
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	37,077	(159)

## Notes to Main Financial Statements (Continued)

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### Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect to its defined benefit plan is as follows:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of the employer assets	257,231	322,410
Present value of funded liabilities	(228,427)	(290,030)
Present value of unfunded liabilities	(4,019)	(3,997)
Net Asset	24,785	28,383





## Notes to Main Financial Statements (Continued)

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### **Basis of estimating assets and liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hymans Robertson

## Notes to Main Financial Statements (Continued)

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### McCloud

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") tha

**Notes to Main Financial Statements (Continued)**

## Notes to Main Financial Statements (Continued)

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<b>Liquidity risk</b>	the possibility that the council might not have funds available to meet its commitments to make payments;
<b>Re-financing risk</b>	the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
<b>Market risk</b>	the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

### Overall Procedures for Managing Risk

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

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

### Credit risk

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

This risk is minimised through the Annual Investment Strategy, which is contained within the Treasury Management Strategy which is available on the Council's website.

### Credit Risk management Practices

The Council's credit risk management practices are set out in the Annual Investment Strategy.



## Notes to Main Financial Statements (Continued)

\* Excluding statutory debtors – Council Tax / NNDR

**Collateral** – The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral at 31 March 2021 was £1.1m.

### Liquidity risk

The Council manages its liquidity position through the risk management procedures above (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 CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. 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.

The maturity analysis of financial assets, excluding the sums due from customers, is as follows:

	<b>31 March 2020 £'000</b>	<b>31 March 2021 £'000</b>
Less than 1 year	87,887	109,227
Between 1 and 2 years	10,000	-
Between 2 and 3 years	-	-
More than 3 years	-	-
Total	<u>97,887</u>	<u>109,227</u>

### 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, 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 approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved

## Notes to Main Financial Statements (Continued)

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The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury

**Notes to Main Financial Statements (Continued)**





## Housing Revenue Account – Income and Expenditure Account

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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. Authorities charge rent to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised is shown in the Movement on the HRA Statement.

<b>2019/20</b> <b>£'000</b>		<b>2020/21</b> <b>£'000</b>
	<b>Expenditure</b>	
10,698	Repairs and Maintenance	10,742
8,531	Supervision and Management	8,831
254	Rent Rebates	163
-	(Increase)/decrease in provision for bad & doubtful debts	

## Movement on the HRA Statement

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2019/20  
£'000

2020/21  
£'000

**(3,198)** Balance on HRA at the end of the previous year

**(3,198)**

1,214

## Notes to the Housing Revenue Account

### 1. Housing Stock

The Council was responsible for over 8,000 dwellings in 2020/21. The stock at the year-end was made up as follows:

	31 March 2020	31 March 2021
Houses	4,347	4,368
Flats and Maisonettes	3,171	3,275
Bungalows	434	434
Hostels – lettable units	55	55
Number of rented units	8,007	8,132
Shared Ownership *	92	110
<b>Total Stock</b>	<b>8,099</b>	<b>8,242</b>

\*Shared ownership properties are owned in part by the Council. A rent, based on the proportion of the dwelling owned by the Council is charged to the occupier who is also responsible for maintaining the property.

The change in stock can be summarised as follows:

	31 March 2020	31 March 2021
Stock at 1 April	7,956	8,099
Less Sales	(31)	(39)
Demolitions/Disposals	-	-
Add New Build	165	180
Acquisitions	9	2
Transfer to/from GF	-	-
<b>Stock at 31 March</b>	<b>8,099</b>	<b>8,242</b>

### 2. Stock Valuation

The following statement shows the value of HRA assets in the Balance Sheet. Valuation of land and buildings are carried out externally by Wilks Head Eve Chartered Surveyors. The basis for valuation is set out in the Statement of Accounting Policies.

	31 March 2020 £'000	31 March 2021 £'000
Property, Plant and Equipment:		
Council Dwellings	607,397	698,964

## Notes to the Housing Revenue Account (Continued)

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The vacant possession value of dwellings within the Council's HRA, excluding hostels, as at 31 March 2021 was £2,097 million (£1,830 million at 31 March 2020). The difference between the vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to Government of providing council housing at less than open market rents.

### 3. Major Repairs Reserve (MRR)

Authorities are required to set up a Major Repairs Reserve, and to transfer into it a sum equal to depreciation. Authorities are permitted to make an additional transfer for an amount to the Major Repairs Reserve in excess of any charge for depreciation.

	<b>31 March 2020 £'000</b>	<b>31 March 2021 £'000</b>
Balance on MRR 1 April 2020	22,388	15,875
Transfer amount equal to depreciation	6,343	6,548
Additional transfer	14,408	16,075
Financing of capital expenditure		

## Notes to the Housing Revenue Account (Continued)

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### 4. Capital Expenditure

Capital expenditure on land, houses and other property within the Council's HRA during the financial year was as follows:

		<b>£'000</b>
<b>Opening Capital Financing Requirement</b>		<b>260,325</b>
<b>Capital Investment</b>		
Enhancements to Council Housing	9,719	
Other Capital Expenditure	8,005	
Acquisition of Council Dwellings	556	
	<hr/>	18,280
<b>Sources of Finance</b>		
Usable Capital Receipts	2,878	

## Notes to the Housing Revenue Account (Continued)

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### 6. Rent Arrears

Rent arrears at the end of the financial year totalled £1,028,131 (£1,057,089 in 2019/20).

A provision of £854,274 (£848,194 in 2019/20) for bad or doubtful debts has been made in the balance sheet.

### 7. Adjustments between Accounting Basis and Funding Basis under Regulation

Note 9 of the main financial statements include details of the adjustments in relation to the HRA.

### 8. Transfer to or from reserves

The transfer to or from reserves is detailed within the Movement in Reserves Statement and Notes 10 and 25 of the main financial statements.

# Collection Fund

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## COLLECTION FUND 2020/21

INCOME	Notes	Business Rates £'000	Council Tax £'000	Total £'000
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# Collection Fund (Continued)

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## COLLECTION FUND 2019/20

INCOME	Notes	Business Rates	Council Tax	Total
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## Notes to the Collection Fund

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### 1. General

The Collection Fund is a statutory account administered separately by the Council as the billing authority for the area. The account reflects income due from the Council Tax payers, Non-Domestic Rate payers and the distribution of such sums.

The Local Government Finance Act 2012

## Notes to the Collection Fund (Continued)

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### 3. Income from Council Tax

This figure represents the total Council Tax due for the year compiled as follows:

## Glossary of Terms

## Glossary of Terms (Continued)

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## Glossary of Terms

## **Glossary of Terms (Continued)**

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### **Corporate and Democratic Core**

These are the activities that a local authority engages in specifically because it is a democratically elected division making body. These are over and above what a private company would have if it were providing similar services. These costs are not apportioned to services but are shown separately. Examples of costs are Councillors' allowances, committee support and time spent by professional officers in giving policy advice.

### **Creditors**

Amounts owed by the Council for goods and services provided for which payment has not been made at the end of the financial year.

### **Current Asset**

A current asset is an asset that is intended to be sold within the normal operating cycle; the asset is held primarily for the purpose of trading or the Council expects to realise the asset within 12 months after the reporting date.

### **Current Liability**

A current liability is an amount which will become payable or could be called in within the next accounting period; examples are creditors and cash overdrawn.

### **Current Service (Pensions) Cost**

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

### **Curtailement**

Curtailements will show the cost of the early payment of pensions benefits if any employee has been made redundant in the previous financial year.

### **Debtors**

Sums of money due to the Council but not received at the end of the financial year.

### **Deferred Capital Receipts**

This represents capital income still to be received. These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years. The balance is reduced by the amount repayable in any financial year.

### **Deferred Liabilities**

Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time. The main example of this is outstanding finance lease obligations.

### **Defined Benefit Scheme**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

### **Defined Contribution Scheme**





## **Glossary of Terms (Continued)**

## Glossary of Terms (Continued)

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Investments (Non

## Glossary of Terms (Continued)

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### **Multiplier**

The business rates multiplier when multiplied by the rateable value of a property determines a ratepayer's business rate bill. There are two multipliers –

## **Glossary of Terms (Continued)**

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### **Post Balance Sheet Events**

Events arising after the balance sheet date should be reflected in the statement of accounts if they provide additional evidence of conditions that existed at the balance sheet date and materially affect the amounts to be included.

### **Precepts**

Amounts which the Borough Council is required to raise from Council Tax on behalf of other authorities.

### **Property, Plant and Equipment**

Property, plant and equipment are tangible assets (i.e. assets with a physical substance) that are held for use in the production or supply of goods and services, for rental to others, of for administrative purposes, and which are expected to be used during more than one period.

### **Provision**

An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

### **Prior Year Adjustment**

Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### **PWLB (Public Works Loans Board)**

The PWLB is part of the Government Debt Management Organisation.

### **Rateable Value**

## Glossary of Terms (Continued)

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