FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

19 July 2022

Report of the Director of Finance & ICT

Pre-Audit Statement of Accounts 2021-22

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is not a Key Decision.

3. Purpose

3.1 To present the pre-audit Statement of Accounts 2021-22 to Audit Committee.

4. Information and Analysis

4.1 The Department for Levelling-Up, Housing and Communities (DLUHC) has put in place revised regulations to extend statutory deadlines in respect of 2021-22 local authority accounts. The requirement for the public inspection period to include the first ten working days of June has been removed. Instead, the unaudited accounts of local authorities must be approved and published no later than 31 July 2022, with the public inspection period commencing on or before the first working day of August 2022. The publication date for 2021-22 audited accounts has moved from 31 July to 30 September 2022 for all local authority bodies. This date is likely to further move to 30 November 2022, but The Accounts and Audit (Amendment) Regulations 2021 have yet to be amended.

4.2 The Council published its certified pre-audit Statement of Accounts 2021-22 on 17 June 2022, before the statutory deadline and just seventeen days after the deadline in a 'normal' year, and submitted them to the Council's external auditor, Mazars, on the same day.

4.3 The public inspection period commenced at 9am on 20 June 2022 (the first working day after publication) and concludes at 4pm on 29 July 2022. To date, no queries have been received.

4.4 The core financial statements in the Statement of Accounts are:

- Comprehensive Income and Expenditure Statement (CIES)
- Balance Sheet
- Cash Flow Statement
- Movement in Reserves Statement (MiRS)
- Pension Fund Accounts
- Annual Governance Statement

4.5 The external audit has commenced but is not yet complete. The Council will continue to work closely with the external auditor to ensure the required work is completed as soon as possible.

4.6 The Audit Committee meeting at which approval of the post-audit Statement of Accounts 2021-22 will be sought has yet to be scheduled. Any adjustments to the pre-audit Statement of Accounts 2021-22 identified during the continuing external audit will be included in the report presented at that meeting. The outcome of a recent joint Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Authority (Scotland) Accounts Advisory Committee (LASAAC) consultation on accounting for infrastructure assets (principally highways infrastructure) has yet to be reported. The proposals, if approved, will apply to all open accounts and this could lead to additional changes to the Statement of Accounts 2021-22.

4.7 The final audited Statement of Accounts 2021-22 will be published as soon as the audit is formally concluded, and the external audit opinions issued.

4.8 The approved Statement of Accounts will be reported to full Council in February 2023.

4.9 A copy of the pre-audit Statement of Accounts is appended to this report at Appendix Two. The audit opinions have yet to be inserted but will be included in the Audit Completion Reports of the external auditor presented to Audit Committee in due course. The latest draft of the Annual Governance Statement is included in the pre-audit Statement of Accounts 2021-22. Audit Committee will approve the Annual Governance Statement before inclusion of the final version in the Statement of Accounts 2021-22 considered by Audit Committee for approval.

5 Consultation

5.1 No consultation is required.

6 Alternative Options Considered

6.1 This report allows Audit Committee to consider the pre-audit Statement of Accounts 2021-22 prior to approval of the post-audit accounts at an Audit Committee meeting later in the year (yet to be scheduled). If the accounts are not approved by Audit Committee, the audit opinions cannot be issued by the external auditor and the final accounts cannot be published.

7 Implications

7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8 Background Papers

8.1 Papers held electronically by Financial Strategy Section, Finance & ICT Division, County Hall.

9 Appendices

9.1 Appendix 1 – Implications.

9.2 Pre-audit Statement of Accounts 2021-22.

10 Recommendation

That Audit Committee:

10.1 Consider the pre-audit Statement of Accounts 2021-22 prior to approval of the post-audit accounts at an Audit Committee meeting later in the year (yet to be scheduled).

11 Reasons for Recommendation

11.1 Audit Committee is required to approve the annual Statement of Accounts before the external auditor can issue its audit opinions, and the final accounts can be published. A key part of that process is to present Audit Committee with the certified, pre-audit accounts, so they can fully consider them prior to their approval and receive answers in respect of any questions they may have.

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Appendix One

Implications

Financial

1.1 As outlined in the body of the report.

Legal

2.1 The Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2021 require local authorities to publish draft Statement of Accounts, certified by the Section 151 Officer and subject to audit, on or before 31 July 2022.

2.2 Under the Local Audit and Accountability Act 2014 (Sections 25 to 28), the Accounts and Audit Regulations 2015 (Regulations 10, 14 and 15) and the Accounts and Audit (Amendment) Regulations 2021, the Council's accounts for the year ended 31 March 2022 and certain related documents (comprising books, deeds, contracts, bills, vouchers and receipts) must be made available for public inspection, with the public inspection period commencing on or before the first working day of August 2022.

2.3 The audited Statement of Accounts must be approved by the Audit Committee by 30 September 2022 in accordance with the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2021. This date is likely to further move to 30 November 2022, but The Accounts and Audit (Amendment) Regulations 2021 have yet to be amended.

Human Resources

3.1 None

Information Technology

4.1 None

Equalities Impact

5.1 None

Corporate objectives and priorities for change

6.1 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None

DERBYSHIRE
County Council

Pre-Audit
Statement of Accounts
2021-22

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Interim Executive Director,
Corporate Services & Transformation (Section 151 Officer)

Version History			
Version	**Date**	**Detail**	**Author**
1.0	15.06.22	Pre-audit accounts for signature and publication	E Scriven S Holmes

This document has been prepared using the following ISO27001:2013 standard controls as reference:	
ISO Control	**Description**
A.8.2	Information classification
A.7.2.2	Information security awareness, education and training
A.18.1.1	Identification of applicable legislation and contractual requirements
A.18.1.3	Protection of records
A.18.1.4	Privacy and protection of personally identifiable information

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NARRATIVE REPORT

Introduction

This Statement of Accounts presents the overall financial position of the Council for the year ended 31 March 2022. It has been produced in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code), based on International Financial Reporting Standards (IFRS). IFRS are made up of a combination of many individual accounting standards.

This document also includes information relating to the Derbyshire Pension Fund, which the Council administers on behalf of its own staff, local authorities and other admitted bodies.

Basis of Preparation and Presentation

When preparing the accounts, an authority need not comply with the Code if the information is not material to the "true and fair" view of the financial position, financial performance and cash flows of the authority and to the understanding of users.

Information is material if omitting it, or misstating it, could influence decisions that users make on the basis of financial information about a specific authority.

The Accounting Policies of the Council have been prepared in accordance with IFRS, as adopted by the Code. Where there is no specific guidance in the Code, the Council has developed its own Accounting Policies, which are aimed at creating information which is relevant to the decision-making needs of users and reliable, in that the financial statements:

- represent fairly the financial position, financial performance and cash flows of the entity;
- reflect the economic substance of transactions, other events and conditions and not merely the legal form;
- are neutral i.e. free from bias;
- are prudent; and
- are complete in all material respects.

The Council's Accounting Policies outline how the Council should account for all income, expenditure, assets and liabilities held and incurred during the 2021-22 financial year.

The Accounting Policies of the Council are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the Council's accounts. The Accounting Policies of the Council, as far as possible, have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable.

NARRATIVE REPORT

Explanation of the Accounting Statements which follow

- Comprehensive Income and Expenditure Statement (CIES) – This shows the cost of providing services in accordance with generally accepted accounting practices.
- Balance Sheet (BS) – This shows the value of all assets and liabilities. Reserves are matched against net assets and liabilities.
- Cash Flow Statement (CFS) – This statement shows the changes in cash and cash equivalents of the Council.
- Movement in Reserves (MiRS) – This shows the movement on the different reserves held, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable' reserves.
- Notes to the Accounts – Not a statement, however they provide supplementary information.

Performance

Local authorities can present the breakdown of services within the CIES based on how an authority is organised and funded. The Council has, therefore, presented its CIES on the basis of how it reports its management accounts during the financial year, which is primarily by Cabinet Member Portfolio, but from May 2021 amended for operational and reporting purposes, as explained below.

The Council is structured into four departments but up until May 2021 reported through seven Cabinet Member Portfolios. These portfolios were Adult Care, Clean Growth and Regeneration, Corporate Services, Health and Communities, Highways, Transport and Infrastructure, Strategic Leadership, Culture and Tourism and Young People.

After May 2021, the portfolio structure changed, and the seven Cabinet Member Portfolios were increased to nine Cabinet Member portfolios. These portfolios, from May 2021 on, are Adult Care, Children's Services and Safeguarding, Clean Growth and Regeneration, Corporate Services and Budget, Education, Health and Communities, Highways Assets and Transport, Infrastructure and Environment, and Strategic Leadership, Culture, Tourism and Climate Change. For operational and reporting purposes the Children's Services and Safeguarding and Education portfolios are combined, giving eight operating segments. The Council's 2021-22 portfolio income, expenditure and net cost of services are reported under these eight operating segments. 2020-21 portfolio income and expenditure in the CIES and in the note on Expenditure and Funding Analysis have been restated, to ensure that they are comparable with the 2021-22 operating segments. For clarity, the Council's 2020-21 total portfolio income, expenditure and Net Cost of Services reported under these revised operating segments remain unchanged from the audited 2020-21 accounts.

Revenue Expenditure

The Council set its net budget requirement for 2021-22 on 3 February 2021 and originally planned to spend £572.475m, with funding coming in the form of Government non-ring-fenced grants of £189.838m, Council Tax of £348.822m, business rates collected locally of £17.679m and the use of Earmarked Reserves of £16.136m.

In 2021-22 the Council has spent £584.773m, against a final net budget of £611.624m. The increase in net budget is because of additional general grant income of £38m, of which £16.810m relates to general Covid-19 grants, £7.127m to Business Rates Reconciliation Grant, £6.000m to Local Council Tax Support Scheme Grant, £2.534m to additional former Independent Living Fund Grant and £2.357m to Business Rates Relief Grant, and £3m less business rates income than expected, plus additional net transfers from Earmarked and General Reserves of £5m.

The table below summarises the Council's revenue outturn for 2021-22, compared to controllable budget, highlighting the Cabinet Member Portfolio and Corporate net underspends. The overall Council underspend for 2021-22 is £26.851m, after accounting for use of £11.215m of the Department for Levelling Up, Housing and Communities (DLUHC) Covid-19 pandemic emergency grant funding awarded, and £1.473m of compensation for lost sales, fees and charges income claimable under the Government scheme announced on 2 July 2020, which was extended to 30 June 2021.

Spending on schools is funded by the Dedicated Schools Grant (DSG). The Council received £373.432m in 2021-22. Note 38 sets out the DSG grant in more detail. The Council also has responsibility for Public Health funding. A total of £43.575m was received in 2021-22, in the form of ring-fenced grants from Government, comprising the main Public Health Grant of £42.607m and other grants of £0.968m, to pay for Public Health services. There was an overspend against the balance of the grants of £0.120m. The outturn table shows the positions net of the impact of these grants, other ring-fenced grants and income from other third parties and their associated spend.

	Final Net Budget £m	Actual £m	Outturn £m
Controllable:			
Adult Care	262.812	260.228	(2.584)
Children's Services and Safeguarding and Education	138.906	140.582	1.676
Clean Growth and Regeneration	1.108	1.005	(0.103)
Corporate Services and Budget	54.276	58.096	3.820
Health and Communities	10.553	9.010	(1.543)
Highways Assets and Transport	32.539	33.764	1.225
Infrastructure and Environment	43.061	42.661	(0.400)
Strategic Leadership, Culture, Tourism and Climate Change	12.899	12.010	(0.889)
Portfolio Outturn	**556.154**	**557.356**	**1.202**
Risk Management	24.449	0.000	(24.449)
Debt Charges	29.882	29.151	(0.731)
Interest and Dividends Receivable	(3.453)	(5.417)	(1.964)
Levies and Precepts	0.354	0.354	0.000
Corporate Adjustments	4.238	3.329	(0.909)
Total Outturn Position	**611.624**	**584.773**	**(26.851)**
Transfers to / from reserves:			
RCCO - Capital Funded from Revenue	0.363	0.363	0.000
Transfer to Earmarked Reserves	104.495	104.495	0.000
Transfer from Earmarked Reserves	(81.665)	(81.665)	0.000
Use of General Reserves	(49.126)	(49.126)	0.000
Contribution into General Reserve	5.116	31.967	26.851
	590.807	**590.807**	**0.000**
Financed By:			
Council Tax	(348.822)	(348.822)	0.000
Revenue Support Grant	(13.813)	(13.813)	0.000
Business Rates	(14.351)	(14.351)	0.000
Business Rates Top-up	(94.892)	(94.892)	0.000
Business Rates Relief Grant	(15.365)	(15.365)	0.000
New Homes Bonus	(1.549)	(1.549)	0.000
Other General Revenue Grants	(91.511)	(91.511)	0.000
PFI Grant	(10.504)	(10.504)	0.000
	(590.807)	**(590.807)**	**0.000**

Of the £1.202m portfolio overspend in 2021-22, the significant variances were overspends of £1.676m on the Children's Services and Safeguarding and Education portfolio and £3.820m on the Corporate Services and Budget portfolio, and an underspend of £2.584m on the Adult Care portfolio.

The overspend on the Corporate Services and Budget portfolio is mainly because of Corporate Property savings which have not been achieved, running costs of buildings awaiting disposal or repurpose, and overspends in Industrial Development, as full occupancy cannot be achieved and some units are offered at rents below market rates for occupying charities, or including rent-free periods in exchange for tenants undertaking essential repair and maintenance work.

The overspend on the Children's Services and Safeguarding and Education portfolio has resulted from a high demand and cost of Home to School Transport journeys for children with special educational needs (SEN), continued high demand for placements for children who are in care, or unable to remain at home, and the high cost of care packages to support children with disabilities with complex needs to remain with their families, or maintain their current placement.

The underspend on the Adult Care portfolio is mainly due to reduced spend on staff travel and increased Clinical Commissioning Group (CCG) funding within Social Care Activity, and underspends within the Healthy Homes, Advocacy and Carer Services.

The overspends on the Corporate Services and Budget, Children's Services and Safeguarding and Education and Highways Assets and Transport portfolios have been funded from the Council's General Reserve in 2021-22.

There has been an underspend on corporate budgets in 2021-22. The underspend on the Risk Management budget relates to unutilised contingency amounts, additional general grant income and one-off funding returned from portfolios. Proposals for the use of the underspend will be set out in the Council's Revenue and Performance Outturn Report 2021-22, details of which are summarised below. There is a small underspend on the Debt Charges budget. The Council utilises a range of investments to maximise its interest and dividend income on balances. Interest income includes interest accrued on the loan advances to Buxton Crescent Limited. The underspend on Corporate Adjustments reflects the presentation of a deficit relating to the Property Direct Service Organisation within the Corporate Services and Budget portfolio and the phasing of project expenditure within the Corporate Services and Budget and Highways Assets and Transport portfolios.

The overall Council underspend results in a £26.851m increase in the Council's General Reserve, to a balance of £60.505m at 31 March 2022. Commitments of £20.917m against this balance are proposed in the Council's Performance Monitoring and Revenue Outturn 2021-22 Report and are detailed below. Further commitments against this balance are referred to in the Council's 2022-23 Revenue Budget Report. The delivery of the Council's Five Year Financial Plan (FYFP) is heavily dependent on an adequate level of General Reserve. The need to maintain an adequate, risk assessed level of reserves has been a key part of the Council's success in both maintaining its financial standing and continuing to deliver high quality services. The balance will be further reduced by the measures required to deliver the Council's FYFP. The adequacy of the Council's General Reserve balance is considered later in the Narrative Report.

At 31 March 2022 there were £2.315m of portfolio ring-fenced commitments. In addition to the ring-fenced commitments, the Council's Performance Monitoring and Revenue Outturn 2021-22 Report proposes to allocate the remaining portfolio underspends of £3.351m to the Adult Care, Clean Growth and Regeneration and Strategic Leadership, Culture, Tourism and Climate Change portfolios, to help manage their allocated budget savings in 2022-23 to 2026-27. To provide flexibility in meeting budget pressures and savings targets, these amounts will be carried forward in departmental earmarked reserves. Any decisions on the use of departmental earmarked reserves containing underspends will continue to be subject to appropriate approvals, either by Executive Director or Cabinet Member.

In addition, the process of detailed review of earmarked reserves will continue and any available balance will be returned to the General Reserve, as appropriate. The Council's Performance Monitoring and Revenue Outturn 2021-22 Report proposes to release the Post Covid Funding Risks Earmarked Reserve of £14.000m, as the risks that this reserve was intended to cover are considered to be adequately covered by the remaining balance of Covid-19 general emergency funding at 31 March 2022, amounting to £15.370m, which is being carried forward to 2022-23 in an earmarked reserve, referred to below. The Council's Performance Monitoring and Revenue Outturn 2021-22 Report further proposes to allocate £10.000m to a newly established Inflation Risks Earmarked Reserve, to assist the Council in managing the impact of rising inflation, £4.000m to a newly established Cyber Security Earmarked Reserve to manage cyber security risks, £10.000m to the Budget Management Earmarked Reserve, to assist the Council in meeting revenue budget pressures over the period of the FYFP, and £5.251m (in corporate budgets underspends as a result of the receipt of an additional £7.127m Business Rates Reconciliation Grant 2020-21) to a newly established Business Rates Risks Earmarked Reserve, to manage expected future volatility in locally retained business rates income.

The Comprehensive Income and Expenditure Statement shows a deficit on provision of services of £169.441m. This is different to the outturn position shown above as it includes both cash transactions and non-cash items, such as depreciation. Loss on disposal of non-current assets, which includes the conversion of four schools to academies during the year, comprises £63.382m of the deficit.

Covid-19

The Council has played a critical role in helping to lead the local response to the Covid-19 pandemic, both through its own services and working alongside partner organisations. Over the last twelve months, the Council has mobilised its resources and expertise as part of local Covid-19 contact tracing and testing work, making almost 33,000 calls, undertaking 116,000 lateral flow tests, and providing advice to 227 workplaces, 255 care homes, 502 education settings and 39 other organisations about Covid-19 outbreaks.

Delivery of the Covid-19 recovery strategy has begun, helping to support communities and businesses to recover. This includes boosting tourism, a key local sector that has been significantly impacted by Covid-19, and the creation of a £15m recovery fund in July 2020 to support those impacted by the pandemic.

The Council has responded to the impact of the rising cost of living being experienced by Derbyshire residents.

In October 2021 the Council was awarded a Household Support Fund grant to support local households facing financial hardship in relation to rising food, energy and essential living costs as the country recovered from the pandemic. The grant terms stipulated that at least 50% of the fund must be distributed to households with children. The Council took a blended approach to distributing the grant, working cross-Council and with district and borough partners to help ensure the funding reached those who needed it most. By 31 March 2022, the Council and partners had successfully distributed all the £5.404m grant to households in need, despite the short timescale available for both planning and delivery. The additional grant funding allowed the Council to respond to increased demand on the Derbyshire Discretionary Fund (DDF), awarding £1.400m via the DDF in emergency 'household support fund' cash grants. During 2021 the Derbyshire Discretionary Fund supported 12,000 Derbyshire residents with awards of emergency cash payments, exceptional pressure grants and awards of Covid-19 support payments. Nineteen Feeding Derbyshire projects, which provide activities and food for children over the summer holidays, have also been supported. A further £2.100m of the grant was distributed via one-off grocery vouchers to those eligible for benefit-related free school meals, care leavers and children in receipt of additional early years childcare funding because of a low household income. District and borough councils used £1.700m of the grant to address homelessness prevention, welfare and other associated emergency housing needs locally, and cash grants were awarded to low-income families and care leavers by children's professionals and partner agencies.

As the county moves into the next phase of living with Covid-19, protecting the health of local people will remain a key focus, with the Council continuing to work alongside the NHS to support and drive the uptake of the Covid-19 vaccination programme. Work to bring health and social care organisations together, to work more closely than before, will also be a key area of activity, ensuring that the best care and services are provided for local people through Joined Up Care Derbyshire.

Over the next twelve months, the Council will move forward on delivering the following key actions:

- Supporting more Derbyshire people to volunteer to help their communities, learning from and building on the remarkable response to the Covid-19 pandemic.
- Continuing to deliver the ongoing Covid-19 response and recovery in relation to health protection, alongside wider partnership action to tackle health inequalities.
- Working in partnership with the NHS, to support the establishment of a well-functioning Integrated Care System, Integrated Care Partnership and Local Place Alliances, that benefit the health and well-being of the people of Derbyshire.
- Agreeing and implementing the Covid-19 Economic Recovery Strategy, to drive good growth and maximise low-carbon economic opportunities.

- Working with schools and other education providers, to implement new strategies and support, to enable children and young people to achieve their educational potential, and to begin to catch up on learning they have missed due to Covid-19 restrictions.

The financial implications of Covid-19 were captured and reported regularly to the Department for Levelling Up, Housing and Communities (DLUHC), formerly the Ministry for Housing, Communities and Local Government (MHCLG), during the year. In 2021-22, the gross cost to the Council in respect of the Covid-19 pandemic was £55.592m (2020-21: £81.428m), before Covid-19 specific recharges and grant income, and Covid-19 general grant income. These gross costs have been fully funded in 2021-22, using £44.377m (2020-21: £47.639m) of available Covid-19 specific recharges and grant income, with the balance of £11.215m (2020-21: £33.789m) funded using the Council's general Covid-19 emergency funding for Local Government of £26.585m (2020-21: £45.037m), which is comprised of £11.248m brought forward from 2020-21 and £15.337m received in 2021-22. The remaining balance of the Covid-19 general emergency funding at 31 March 2022, amounting to £15.370m, has been carried forward to 2022-23 in an earmarked reserve. A more detailed analysis is available in Note 50 to the Accounts.

Government has supported the Council as it works through the inevitable impact of Covid-19. However, the effects on communities and the local economy could be felt for years and the Council must plan for increased demand and pressure on services. Difficult decisions around additional budget savings over the timeframe of the FYFP will need to be made but the Council will continue to lobby Government for additional resources. With the ongoing pandemic and uncertainty around aspects such as Variants of Concern, the Council will continue to monitor the situation closely. The Council's approach to delivering services remains steadfast, and the Council will continue to support individuals and communities to get on in life and make a difference to where they live, giving them the tools they need to recover, rebuild and thrive.

Capital Expenditure

In 2021-22 the Council's capital expenditure increased by £22.537m. The Council had planned to spend £163.380m, as set out in the Council's Estimate of Capital Expenditure in the Council's Capital Strategy reported to full Council, but with the effects of the Covid-19 pandemic still impacting on the construction sector, along with slippage, actual expenditure was much less than expected.

	2020-21 £m	2021-22 £m
Capital Expenditure	**91.062**	**113.599**
Funded by:		
Grants and Contributions	74.112	52.641
Loans	14.359	57.423
Revenue Contributions	-	0.363
Capital Receipts	2.591	3.172
Total	**91.062**	**113.599**

Previously, the Council funded some capital projects using revenue contributions. However, more recently, due to service pressures on revenue funds and to enable the Council to provide flexibility in managing its budget reductions, the Council changed its approach to allocating funding to capital projects. This led to an increase in the Council's use of available capital receipts and borrowing to replace the revenue contributions no longer being used. This continued in 2021-22 but a specific revenue reserve was also set up to fund certain capital projects, and £0.363m of revenue funding was used for this purpose.

The Council is the Accountable Body for the D2N2 LEP. LEPs are locally owned partnerships between local authorities and businesses. LEPs play a central role in deciding local economic priorities and undertaking activities to drive economic growth and create jobs. Using the freedom and flexibilities given to LEP Accountable Bodies, the Council utilised Local Growth Fund underspends during 2017-18 and 2018-19 to fund its capital programme. In 2019-20 the Council repaid the Local Growth Fund balance of £28.972m used in this way. Under the same freedom and flexibilities, in 2020-21, the Council utilised Getting Building Fund underspends of £16.241m to fund its capital programme. In 2021-22 the Council repaid £15.988m of this funding to the LEP. This has impacted on capital financing in 2020-21 and 2021-22, increasing the grant funding of capital expenditure and reducing borrowing in 2020-21, and conversely, in 2021-22, the repayment has reduced grant funding by £15.988m and increased borrowing by the same amount.

Assets and Liabilities

The value of Property, Plant and Equipment Assets (PPE) has increased by £73.711m because of an increase in the indices used to revalue assets carried at current value, an increase in capital expenditure and a reduction in the disposal of assets as a result of schools converting to academies during the year, referred to in Note 6.

Current and Non-Current Investments have increased by £66.652m and Cash and Cash Equivalents have decreased by £25.427m from the previous year.

Current and Non-Current Debtors have increased by £8.209m.

Creditors and Current and Non-Current Provisions have increased by £43.021m.

Current and Non-Current Borrowing have increased by £53.740m. The Council has not entered into any long-term debt since September 2010. The Council has one Lender Option Borrower Option (LOBO) loan, with a nominal value of £5.000m, remaining.

Pensions liabilities have decreased because of a £283.654m decrease in the valuation of the Local Government Pension Scheme and Teachers Pension Scheme net liabilities. This has contributed to an increase in the Council's Unusable Reserves.

Cashflow

The Council's cashflow in 2021-22 does not highlight any significant changes. However, there have been some impacts from the Covid-19 pandemic, such as a decrease in Business Rates income, lower levels of grant funding to support the Council with pandemic related costs and mitigation measures in 2021-22 compared to 2020-21, and a return to higher levels of capital investment in 2021-22 compared to 2020-21.

Cash inflow from Operating Activities decreased by £8.281m in 2021-22. An increase in Other Operating Payments (non-employee) of £43.748m was offset by an increase in Other Income (non-grant) of £43.995m. A decrease of £6.005m in Business Rates income, a decrease of £4.088m in Other Revenue Grants income and an increase of £2.775m in Payments to and on behalf of employees was partly offset by an increase of £3.029m in Council Tax. Interest payments decreased by £0.492m and Interest and Dividends Received increased by £0.746m in 2021-22.

The net cashflow from Investing Activities changed from an outflow of £88.426m in 2020-21, to an outflow of £124.410m, in 2021-22. Capital Grants received decreased by £65.943m, payments for the Purchase of Non-Current Assets increased by £23.552m and there was a decrease in the net payment for the purchase of investments of £46.950m in 2021-22.

Cash inflow from financing activities increased by £21.337m in 2021-22, as the net inflow from new short-term loans increased by £21.569m.

For 2021-22 the Government set out public spending totals for one year only, with core components rolled forward, increasing from the 2020-21 settlement in line with CPI inflation, key Local Government grants being maintained at 2020-21 levels and £0.3bn of additional funding provided for social care. In addition, further grants were provided in response to the impacts of the Covid-19 pandemic.

In 2021-22 the Council increased Council Tax by 2.5%, levying the Adult Social Care (ASC) Precept at 1% (out of a possible 3% allowed), and increasing basic Council Tax by 1.5%. In 2022-23 the Council increased Council Tax by 3%, which is lower than the full 5% allowed by Government, and as low as the Council could make it whilst recognising the pressures on adult social care, children's services and a host of other vital council services. This 3% increase comprises the ASC Precept levied at 1% and an increase in basic Council Tax of 2%. Council Tax has been kept as low as realistically possible, as Derbyshire households continue to face financial pressures from rising costs. A 2% Council Tax increase is forecast in the Council's FYFP in each subsequent year from 2023-24 to 2025-26.

Better Care Fund (BCF) allocations and additional allocations of improved BCF will also continue to contribute to supporting Adult Care services.

In the event that more schools convert to academy status, there will be a loss of funding through the Dedicated Schools Grant matched by a reduction in expenditure on schools, however it could result in a potential loss of income from services the Council trades with schools.

Given the continued uncertainty of future local government funding, the Council's borrowing strategy continues to address the key issue of affordability, without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs, by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. The Council's external treasury management advisor will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2022-23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board (PWLB) but will consider long term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding, in line with the CIPFA Treasury Management Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity, in order to retain its access to HM Treasury's PWLB lending facility.

Alternatively, the Council may arrange forward starting loans during 2022-23, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow further short-term loans to cover cash flow shortages.

Provisions and Contingencies

Movements in provisions and contingencies are disclosed in the Notes to the Accounts. There have been no material changes to policy or to amounts during the year.

Reserves

The Council's Usable Reserves, which include General and Earmarked Revenue Reserves, have decreased by £8.116m, to £412.237m.

The General Reserve balance has decreased by £17.160m from 31 March 2021, to £60.505m at 31 March 2022. The majority of chief financial officers consider an acceptable level of generally available reserves to be one that reflects a risk-based approach to potential liabilities. A relatively crude measure is to expect a prudent level of risk-based reserves to be between 3% to 5% of a council's net spending. As at 31 March 2022, after commitments of £20.917m set out earlier in the Narrative Report, the figure for the Council stood at 6%, indicating a robust balance. However, it is necessary to consider this indicator over the medium term to gain a better understanding of its adequacy.

During 2021-22, the Earmarked Reserves balance has increased by £22.830m, to £283.335m. Earmarked Reserves are held for specific purposes and are regularly reviewed by Cabinet as part of the budget monitoring cycle. A more detailed analysis is available in Note 29 to the Accounts.

The Unapplied Capital Grants Reserve has decreased by £14.851m, to £58.682m at 31 March 2022. This reserve holds the grants and contributions received towards capital projects, but which have yet to be applied to meet capital expenditure. As referred to in respect of the profile of the Council's Capital Expenditure in 2021-22 above, using the freedom and flexibilities given to LEP Accountable Bodies, in 2020-21 the Council utilised Getting Building Fund underspends of £16.241m to fund its capital programme. In 2021-22 the Council repaid £15.988m of this funding to the LEP. The majority of the decrease in the Unapplied Capital Grants Reserve in 2021-22 is because of the repayment of this temporary funding provided in 2020-21.

The Capital Receipts Reserve has increased by £1.062m, to £9.715m at 31 March 2022. This is money set aside to meet capital expenditure and has been used mainly to fund Markham Vale, the Coalite regeneration site and Breadsall Pupil Referral Unit (PRU) and Primary School. The reserve has increased in 2021-22 primarily due to sales of assets, surplus to the Council's requirements, such as the former Ada Belfield Home for Older People, Chesterfield Registry Office, the former Church Gresley Infant and Nursery School and Land at Park Road, Newhall.

After adjusting for non-cash items, the Council's General and Earmarked Reserves remain at robust, risk assessed levels. These levels are key to the delivery of the Council's objectives over the medium term as a means of helping to manage significant potential liabilities and the general reduction in resources. All such risks are regularly reviewed and appear alongside mitigating actions, on the Council's Strategic and Departmental Risk Registers. The Council formally reviews its reserves at least annually, as set out in the Council's Reserves Policy. The last review was reported to Council in February 2022.

Pensions

Prior Period Adjustments

During 2021-22, the Actuary for the Derbyshire Pension Fund (Fund) advised the Council that it had identified an error in its allocation of Fund assets in the 2019 actuarial valuation of the Fund, affecting the Council and Derby City Council (Derby City).

The Actuary has identified that in its 2019 Fund actuarial valuation it had not applied all the required adjustments to reflect the agreed split of responsibility for the councils' deferred and pensioner members' benefits following the 1997 Local Government Reorganisation.

Overall Fund assets in the 2019 Fund actuarial valuation are as the Actuary intended but the split of assets is incorrect between the Council and Derby City, with the assets of the Council being understated, and the assets of Derby City being overstated by the same amount. In monetary terms, the amount that the Council's assets are understated in the 2019 Fund actuarial valuation is £52m, equivalent to 2.5% of the Council's overall asset value in the Fund at the 2019 valuation.

The misstatements have a material impact on the Council's CIES and Balance Sheet for 2019-20 and 2020-21. The Council has therefore, in line with the CIPFA Code of Accounting Practice requirements, presented a CIES and Balance Sheet which reflect the required material retrospective restatements and this Note is restated accordingly. Full details of the impact of these restatements are given in Note 4.

Liability

Under International Accounting Standard 19 (IAS19), the Council is required to show the total future costs of pension liabilities for the Local Government Pension Scheme. This is a notional figure, as the Council's budget is constructed on the basis of actual contributions payable.

The IAS19 notional cost of the LGPS scheme for 2021-22 is £155.618m and for Teachers Pensions is £1.111m. The actual contributions made for the year were £60.299m and £4.117m respectively, resulting in a net adjustment to the revenue position of £92.313m. In addition, there were actuarial gains on both schemes, amounting to £374.034m and £1.933m respectively, resulting in a decrease of £283.654m in the total pensions liability of the Council, from the restated position of £1,024.523m at 31 March 2021 to £740.869m at 31 March 2022.

There were gains arising from changes to the demographic and financial assumptions used to measure LGPS scheme liabilities in the actuarial valuation as at 31 March 2019, in addition to the return on LGPS scheme assets in 2021-22.

The overall net pensions liability is offset by a matching notional reserve, ensuring there is no impact on the level of Council Tax. The debit balance on the pensions reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources that the Council has set aside to meet them. The Funding Strategy adopted by the Pension Fund will ensure that funding will have been set aside by the time the benefits come to be paid.

Events After the Balance Sheet Date

There were no significant events between the balance sheet date and the approval of these financial statements which would require disclosure or adjustment of the statements.

Organisation and Governance

The Council is composed of 64 Elected Members who are democratically accountable to the residents of their electoral division. Members follow a Code of Conduct, to ensure high standards in the way they undertake their duties. The Cabinet consists of the Leader of the Council and, up to May 2021, six Members. From May 2021, following changes to the Council's portfolios set out earlier in the Narrative Report, the composition of the Cabinet changed to the Leader of the Council and eight Members. The Cabinet is responsible for guiding the Council in the formulation of the corporate plan of objectives and key priorities, which is referred to in more detail, under Strategy and Resource Allocation, below. Within the policy framework, budgets and major plans are approved by the full Council and the Cabinet has executive responsibility for the implementation of the Council's key goals and objectives.

The Governance, Ethics and Standards Committee promotes and maintains high standards, assists Members in observing the Code of Conduct and advises the Council on matters related to the Code of Conduct. The Council also operated five Improvement and Scrutiny Committees during 2021-22, which support the work of the Cabinet and the Council as a whole.

All Members meet together as the Council. Meetings are generally open for the public to attend, except where confidential matters are being discussed.

More information on the Council's Governance Framework is included in the Council's Annual Governance Statement, which is included at the end of these accounts.

Local Enterprise Partnership

D2N2 is the Local Enterprise Partnership (LEP) for Derby, Derbyshire, Nottingham and Nottinghamshire. It plays a central role in deciding local economic priorities and undertaking activities to drive economic growth and create local jobs. It is a locally owned partnership between the public and private sectors and in April 2019 became incorporated in line with new Government guidelines. It is managed by a Board made up of the constituent councils, including Derbyshire County Council and private sector representatives.

From April 2019 the Council became the single accountable body for all D2N2 LEP funds. As Accountable Body, the Council is responsible for overseeing the proper administration of financial affairs within the LEP with regard to public funds.

Over the six years up to 2020-21, the D2N2 LEP received over £250 million in Government funding, from the Local Growth Fund. Local Growth Fund grants were allocated to projects in the Derbyshire/Nottinghamshire region, following approval of successful grant bids by the Investment Board. A further £44 million was allocated in July 2020, from the Getting Building Fund. During 2021-22, Getting Building Fund grants have been allocated to three projects, after successful grant bids were received and approved by the Investment Board.

In February 2022, the Government published its Levelling Up White Paper, which makes clear that the private sector which LEPs represent will be critical to levelling up. The White Paper sets in motion some changes to the roles and functions of LEPs, to ensure local areas are in the best possible position to deliver the Government's shared levelling up objectives over the longer term, to ensure that businesses outside of devolution areas continue to be able to access the support, insights and representation that LEPs provide, and to ensure that an independent business and stakeholder voice continues to play its vital role supporting growth in all parts of England. Until devolved institutions exist in an area, the Government will support LEPs as they are currently constituted, subject to future funding decisions. To provide clarity and certainty to LEPs and local democratic institutions, the Government will provide core/transition funding, at a rate of £0.375m for each LEP for 2022-23, reflecting their revised role and functions and subject to business case approvals. The Government will work with all LEPs, combined authorities, the Greater London Authority, local authorities, the LEP Network, and other local partners to manage as smooth a transition as possible. Where LEP functions and roles are to be integrated, an 'integration plan' will need to be submitted to Government by 27 January 2023.

The D2N2 LEP's income and expenditure is accounted and administered independently from the Council's accounts and therefore, do not form part of the main statements which appear later in this Statement of Accounts. This is in accordance with the principles set out in the Local Authority Accounting Code of Practice where the Council is acting as an intermediary and is therefore following the agent principle as set out in section 2.6.2.1 of the Code.

Vertas (Derbyshire) Limited, Concertus (Derbyshire) Limited and PSP (Derbyshire) LLP

Vertas (Derbyshire) Limited (VDL) and Concertus (Derbyshire) Limited (CDL) are private limited companies in which the Council has a 49% stake, with the aim of providing cleaning and caretaking services and property design and consultancy, respectively. The transition of the Council's cleaning and caretaking service and design services took place on 1 September 2020. VDL and CDL are run as Joint Venture companies with the other shareholders being part of Suffolk Group Holdings Limited, whose ultimate parent undertaking and controlling party is Suffolk County Council. During 2021-22, income of £0.489m was receivable from VDL, of which £0.077m was outstanding at 31 March 2022. CDL income receivable in 2021-22 was £0.052m, of which £0.004m was outstanding at 31 March 2022. During 2021-22, expenditure of £7.600m was payable to VDL, £3.322m was payable to CDL, and there were no outstanding balances at 31 March 2022.

PSP (Derbyshire) LLP (PSPD) is a limited liability partnership (LLP) formed between the Council and PSP Facilitating Limited (PSPF), under the provisions of the Limited Liability Partnership Act 2000, with the aim of improving, rationalising or developing the Council's surplus property. PSPD will help the Council unlock value from its land and property portfolios; facilitate the promotion, development, asset management rationalisation and economic regeneration, on a project by project basis, of Council land; and utilise private sector funding, resources and skills; resourced through the operation of the partnership. There were no transactions with the company during 2021-22.

Strategy and Resource Allocation

The Council Plan 2021-22 set out the direction of the Council and the outcomes that the Council is seeking to achieve.

Outcomes

- **Resilient and thriving communities** which share responsibility for improving their areas and supporting each other.
- **Happy, safe and healthy people** with solid networks of support, who feel in control of their personal circumstances and aspirations.
- **A strong, diverse and adaptable economy** which makes the most of Derbyshire's rich assets and provides meaningful opportunities for local people to achieve their full potential.
- **Great places to live, work and visit** with high performing schools, diverse cultural opportunities, transport connections that keep things moving, and a healthy and sustainable environment for all.
- **High quality public services** that work together and alongside communities to deliver services that meet people's needs.

Performance Overview

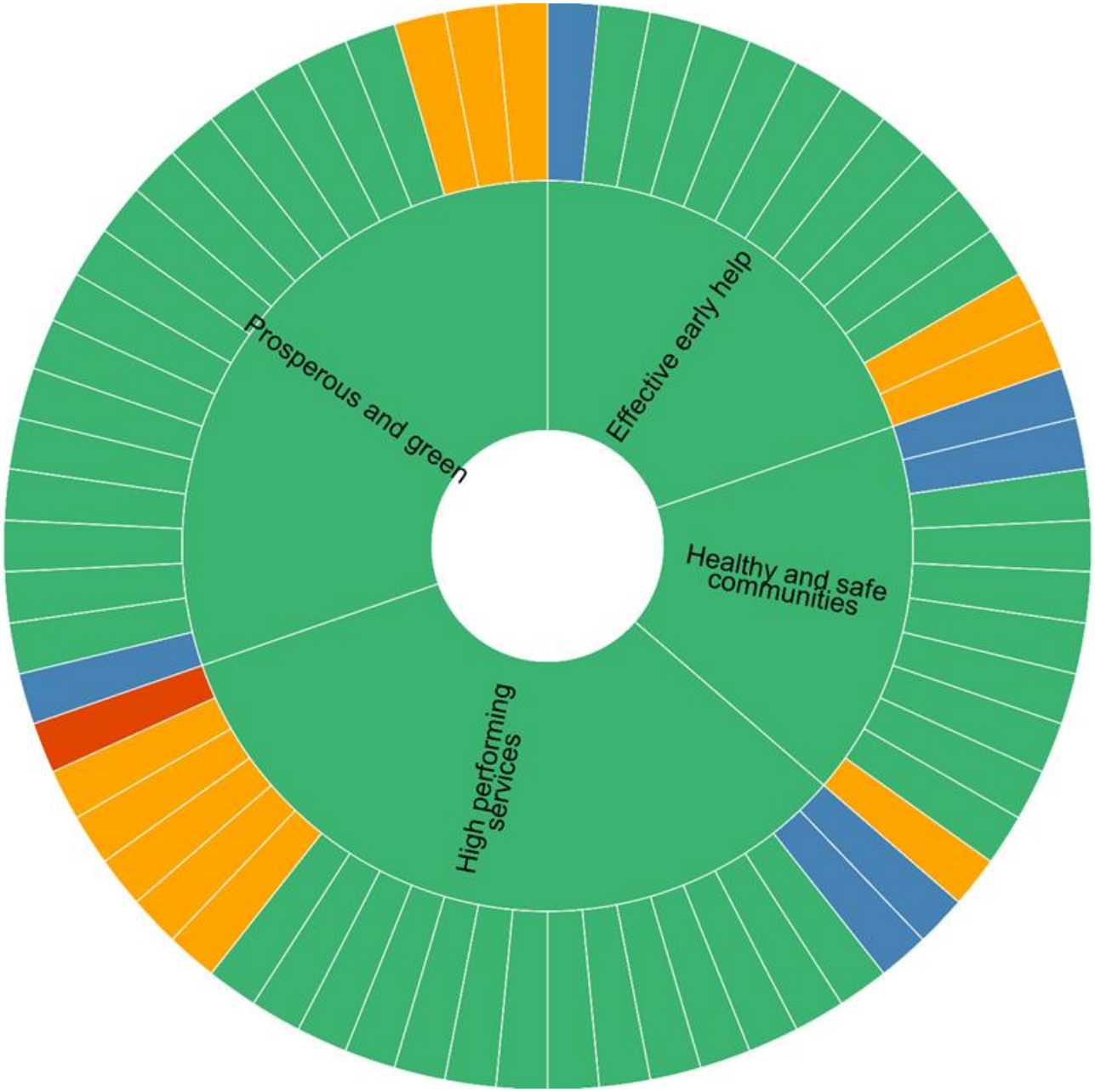
The Council Plan 2021-22 identifies a small number of focused priorities to direct effort and resource, supported by "deliverables" under each priority. These set out what the Council aimed to deliver over the year, supported by key measures which enable the Council to monitor the progress made.

To ensure effective monitoring, and to facilitate appropriate actions, performance is reported in context, with accompanying financial information, on a quarterly basis. The reports were delivered by portfolio, to individual Cabinet members, and combined, to Cabinet.

Deliverables

Good progress has been made in delivering the Council Plan during 2021-22. Of the 66 deliverables in the Plan, 72% have been rated as 'Good', with a further 9% rated as 'Strong'. Only 17% have been rated as 'Requiring Review' and 2% as 'Requiring Action'. A graphical representation of the Council's performance for 2021-22 against its priorities (inner wheel) and deliverables (outer wheel) is below. The colours in each segment show the progress the Council has made during 2021-22.

NARRATIVE REPORT



Key

- Strong – performing strongly
- Good – performing well
- Review – will be kept under review to ensure performance is brought back on track
- Action – additional action will be/is being taken to bring performance back on track

The following table provides a summary of the deliverables progress throughout the year.

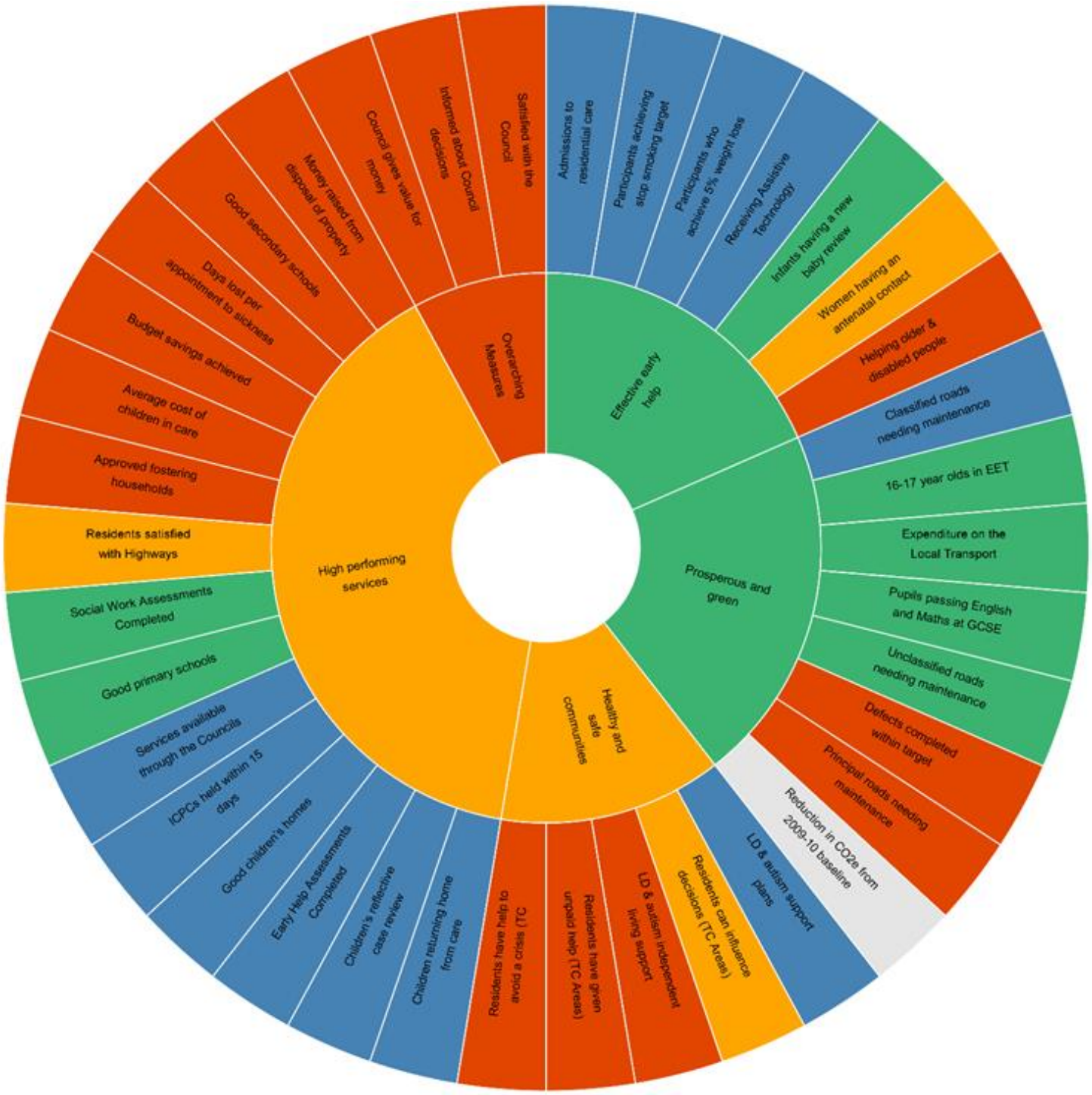
	Jun 2021	Sep 2021	Dec 2021	Mar 2022
Strong	3	2	4	6
Good	52	54	50	48
Review	6	8	10	11
Action	1	2	2	1

Measures

A set of key measures have also been developed to enable the Council to further monitor the progress it is making by reporting performance against targets. The colours in each segment of the wheel below show the Council's success in achieving its performance targets. Of the 37 key measures with data at this point in the year, twelve have been rated as 'Strong', with a further seven rated as 'Good'. Only three have been rated as 'Requiring Review' and fifteen as 'Requiring Action'. Measures which are grey currently have no data available for 2021-22.

NARRATIVE REPORT

Key Strong Good Review Action Data not available/Target not set



The followign table provides a summary of the measures performance throughout the year.

	Jun 2021	Sep 2021	Dec 2021	Mar 2022
Strong	4	9	12	12
Good	5	5	6	7
Review	2	3	3	3
Action	3	7	9	15

Review of Performance

During the year there were a number of key areas of success. Some highlights are as follows:

- In setting its Council Tax requirement in 2021-22 the Council was in the lowest 25% of comparable County Councils.
- Supported people with over 50,000 separate grants and vouchers from a range of programmes and schemes aimed at individuals and families in need.
- The Council continues to centralise its property assets and during the year raised £2.783m from the sale of land and buildings no longer required.
- Increased the number of children's homes rated as outstanding from two to five, with the rest all rated as good, including two first time inspections.
- Raised the percentage of 16-17 year olds in education, employment or training to 96.1%, higher than previous years and above the national and regional averages.
- Delivered the £40m Highways Capital Programme of improvements across a range of highway assets.
- Achieved 52% satisfaction with Highways and Transport services, one of the highest performing County Councils, and in line with the national average of 52%.
- Achieved a record number of 1,757 people quitting smoking, with the quit rate of 67% above the national average.
- Developed and published the Climate Change Strategy and Action Plan and provided £0.405m from the Green Entrepreneur Fund in grants and scholarships.
- Reduced streetlight emissions in 2021-22 by 24% from the 2020-21 level.
- Confirmed a reduction in emissions from Council operations and property of 63% from 2009-10 to 2020-21, remaining on track for achieving net zero by 2032.
- Worked with people with a learning disability, or who are autistic, to put in place 373 new outcome focused plans during 2021-22.
- Provided 900 people with assistive technology throughout 2021-22, to support independent living.
- Successfully implemented a Customer Relationship Management system, with 140 services made available online in the first phase.
- Successfully transferred Woodville Library to Community Management.
- Developed and launched new strategies in respect of Equality and Diversity and Domestic Violence.
- Successfully completed reviews of the Finance and Human Resource functions, delivering savings in both areas.

Key areas for consideration are:

- The 2021-22 outturn budget savings are £11.154m, against a target of £26.907m. Budget savings achieved are lower than planned due to the impact of Covid-19 on services and finances, however these are being actively managed to ensure the Council remains within its agreed budgetary position.
- Covid-19 continues to impact on the ability to meet the savings targets. However, all identified savings are being actively monitored to ensure long term targets are met.

- Responses to the annual Your Council Your Voice showed residents' perceptions of the Council were lower than in previous years. A small time-limited cross-departmental task and finish group has been established to look at the survey results and recommend appropriate action.
- The number of approved fostering households has seen a downward trend during 2021-22. The number of foster carers being approved is not keeping pace with foster families leaving the service for a variety of reasons, including retirement, and the impact of the Covid-19 pandemic on family life. Work from the Achieving Great Futures programme relating to recruitment and retention is positive but this has not translated into changes in foster carer numbers in time to reach the end of March 2022 target.
- Covid-19 has impacted on the progress of work in respect of establishing a Portfolio Management Office, developing an organisational recovery strategy and addressing social mobility. The work and resources required to move these forwards has been identified and will be progressed during 2022-23, and managed as part of the Vision Derbyshire and Enterprising Council work streams.
- The percentage of pupils in secondary schools rated Good or better is significantly below the national rate. This area will be prioritised during 2022-23, with the intention of reflecting the improvements seen in Primary Schools.

Outlook, Risks and Opportunities

Funding

The local government sector is seeking a multi-year settlement, beyond 2022-23, to provide funding certainty and stability, similar to the four-year offer made by Government in 2015. A multi-year settlement provides local authorities with some certainty, supporting medium-term financial planning and financial sustainability.

In a fourth continuous single-year settlement the Local Government Finance Settlement for 2022-23 set out allocations for one year only. Single-year settlements constrict the flexibility of local authorities to balance budgets across the medium term. The local government sector has implored Government for a multi-year settlement. Meetings with Government representatives during Autumn 2021 indicated that 2022-23 would be the first year of a multi-year settlement. The Council will continue to lobby Government by responding to appropriate consultations in support of both a fair funding and multi-year settlement for the Council.

The Council's FYFP is reviewed and updated at least annually. It was last updated during the annual budget setting process for 2022-23, earlier in 2022. A number of risks regarding the assumptions made in developing the FYFP were highlighted in the Revenue Budget Report, these being:

- **Achievement of Savings** – there is a reliance on the achievement of a programme of budget savings. Any delays in implementation result in departmental overspends under normal circumstances, which result in reserves being used to cover the shortfall. Various scenarios for reserves have been modelled and the pessimistic General Reserve forecast results in a balance which is just 1.4% of forecast FYFP spending in 2026-27. Other earmarked reserves available for budget management are also forecast to reduce. The General Reserve needs to be preserved across the medium term to maintain financial sustainability, preserve the ability to soft land budget cuts and provide funding for Covid-19 recovery.
- **Service Pressures –** there is a commitment to support budget growth where necessary, and in particular within children's social care. However, if current trends continue regarding placements and there is inadequate funding to support this, there will be further pressure on budgets in later years. However, there is analysis underway to consider how to mitigate demand pressures on the number of looked after children, which has the potential to help control some of these financial pressures, but they are unlikely to be effective in the short-term. Demographic growth continues to affect Adult Social Care costs. Predictions show that the Council will experience further annual growth, with significant additional annual costs estimated over the period of the FYFP.
- **Pay –** the FYFP assumes that the Council's bottom pay-point reaches £10.69 an hour by 2024-25, which is based on the Government's NLW target to reach two thirds of median earnings by 2024. However, this wage is not calculated according to what employees and their families need to live, instead taking into account what is affordable for organisations. Under current Living Wage Foundation 'Real Living Wage' forecasts this would mean a rise to £10.50 per hour by 2024. In line with this forecast it is the Council's ambition that the Council's bottom pay-point will be £10.50 an hour by 2024. However, this pay ambition is not currently affordable within the constraints of the Council's funding. The Council would welcome Government support for local authorities in the 2022-23 Settlement, or if that is not possible, in future settlements, to address the serious issue of increasing pay award pressures in a period of rising inflation. Additional funding would assist the Council in its recruitment and retention of staff, which is becoming increasingly difficult at this key time for local authorities, when services are competing with rising demand and the impacts of the Covid-19 pandemic, as well as capacity issues across the sector.
- **Economic Climate** – the Covid-19 pandemic has resulted in a significant economic shock, from which the economy has partly bounced back, but it has taken some time to recover Gross Domestic Product to pre-pandemic levels. Rising inflation means there is the potential for reductions in the Council's income for discretionary services.
- **Spending Reviews** – the Government has issued single year spending reviews for the last three financial years. Despite the signals, 2022-23 will be the fourth continuous single-year settlement. A multi-year settlement provides local authorities with some certainty, supporting medium-term financial and service planning, and financial sustainability. There is also a risk that the Government's investment in the Covid-19 pandemic may result in further austerity measures in future years, as savings are required to repay the debt incurred by Government.

- **Fair Funding and Business Rates Reviews** – the reviews have been delayed for a number of years and the planned implementation for April 2021 was again postponed. A transparent, fair funding system is required, which reflects need and ability to fund services locally. The FYFP is predicated on the basis that mainstream funding continues as it is now.
- **Public Health Grant** – the Council's allocation for 2022-23 is £43.803m, which is a 2.81% increase on the 2021-22 allocation. The ring-fence and grant conditions will remain in place for 2022-23, but at some point in the future it is expected that the funding for Public Health will form part of revised funding mechanisms for local authorities following funding reviews, levelling up communities and addressing health inequalities exposed by Covid-19.
- **Devolution** – the Levelling Up White Paper was published in February 2022. The paper sets out how Government will spread opportunity more equally across the UK. Levelling up is a long-term endeavour. It is a programme of change that requires a fundamental shift in how central and local government, the private sector and civil society operate. The Government will embark on a process of sustained and systematic engagement and consultation with a wide range of stakeholders, including devolved administrations, on the White Paper. Further detail on a number of these policy commitments will be set out in future publications. In addition, legislation will be introduced to Parliament to underpin in statute the changes fundamental to levelling up, alongside wider planning measures.
- **Brexit** – whilst a deal has been agreed and implemented between the UK and the EU, there remains elements of uncertainty as to how the agreement will work in practice over the medium to long term.
- **Covid-19 Financial Pressures** – the more infectious Omicron BA.2 sub-variant of concern has become dominant worldwide and new wave cases have dramatically increased. However, cases may have peaked in some areas and hospitalisations are much lower than the levels in January 2021. No additional Covid-19 funding was announced in the Local Government Finance Settlement, although Government might review this, if further variants of concern arise. Covid-19 pressures for the Council remain, as do additional costs. Given the uncertainty around new variants and the potential for further restrictions, the Council would welcome confirmation from Government of the extension of Covid-19 outbreak funding and confirmation that previously issued Covid-19 funding will not be clawed back. This would give some certainty and allow the Council to plan accordingly.

Expenditure

By 2026-27, the Council needs to have reduced expenditure by at least a further £67m in real terms, of which measures amounting to £27m have been identified. This is in addition to £317m of budget reductions the Council has already made to services since 2010.

The shortfall between target and identified savings has grown over the course of 2021-22 and now stands at £40m, around £5m higher than reported in 2020-21. Although £2m of additional savings have been identified over the four years from 2022-23, as part of the budget preparation process for 2022-23, and additional funding is now forecast over these years, meaning the shortfall over these years has reduced by £15m, there is now an expectation that budget pressures will continue into 2026-27, which is the final year of the FYFP, when a further £20m of savings are now forecast as being required.

There is a clear and significant challenge to identify savings to bridge the remaining savings gap and plan the best approach to achieving those savings over the next few years, if additional funding is not received over and above that forecast. Additional funding may come from further increasing Council Tax in 2023-24 onwards, over and above the 2% increases forecast, up to referendum limits, further Government grants over and above those predicted or from increased business rates growth.

As an enterprising council, the Council continues to work extremely hard to find new and innovative ways to provide its most vital services in the most efficient way to those who need them most.

In many cases the proposals will be subject to consultation and equality analysis processes. Significant consultation and planning timeframes are required to achieve many of these savings. Delays in agreeing proposals could result in overspends by departments, which would then deplete the level of General Reserve held by the Council, decreasing its ability to meet short term, unforeseeable expenditure.

Progress against budget savings targets will be closely monitored, however there is a heightened risk of not achieving a balanced budget, because of both cost pressures and savings slippage as a result of the Covid-19 pandemic.

There is a planned use of General and Earmarked Reserves from 2022-23 to 2026-27 in order to achieve a balanced budget.

Increased Demand for Services

There continues to be an increased demand for services, leading to significant cost pressures in providing essential services such as social care and waste. The increasing importance of the identification of the nature and size of future budget pressures will require changes to the horizon scanning currently undertaken by departments, in order to reduce risks inherent in formulating and planning to meet pressures in the FYFP. The Council is working towards agreed methodologies for quantifying the cost implications of the areas of large and consistent budget pressure bids and ensuring these are adequately reflected in risk registers, alongside suitable mitigations, but there is still more work required in this area.

All other budgetary pressures will need to be contained within departmental budgets. As stated in the Revenue Budget Report 2021-22, where departments overspend from 2021-22 onwards, the Council's policy of ensuring that the departmental overspend is met from that department's budget in the following year will be expected after several years of meeting these costs corporately from the General Reserve.

The Council's significant budget pressures are considered further below:

Children's Social Care

As an upper tier authority, the Council is responsible for providing children's social care services. Those services include child protection and safeguarding, care for looked after children and aftercare, support for vulnerable children and their families.

Nationally the number of children in care has risen significantly over the past decade creating unprecedented demand pressures on children's services. The national picture is being reflected in Derbyshire. As at 30 November 2021 there were 921 children in the care of the Council, a 30% increase on the number four years ago.

The costs of caring for looked after children have also been rising. Emerging findings from a study into 'The Future of Children's Social Care' services, published in November 2021 by The County Councils Network (CCN) and Newton, found that the number of children in residential care across England has increased by 27% since 2015, largely due to councils struggling to source suitable alternatives, such as foster carers, and children staying in the care system for longer.

Residential care is the most expensive form of care and average costs per week have been rising significantly. The study found that average residential placement costs falling to local authorities in England have increased by 43% over the five-year period to April 2020. These nationwide pressures are being reflected in Derbyshire.

These pressures are expected to continue to grow for the foreseeable future. The Council, along with many other local authorities in the country, continues to express concern regarding substantial increases in the cost of children's social care, urging Government to provide additional funding for the service.

Schools and Learning

Whilst expenditure on school related activity would normally be expected to be met from within the allocated DSG, there are some school based pressures which could fall to the Council's General Reserve to fund.

The Council's accumulated DSG deficit at 31 March 2022 is £5.050m and will need to be recovered from future DSG income. The main pressures for the Council, as with most local authorities, continues to be in respect of High Needs Block budgets. The December 2021 DSG announcement provided for an increase in High Needs funding of £11.6m (13.1%), however it is likely that further demand pressures may still result in spend exceeding income in 2022-23.

Deficit balances that exist at the point a school becomes an academy may be left with the Council to fund. This is the case for 'sponsored' academies. Sponsored academies are those where conversion is a result of intervention, or where the school is not considered to be strong enough without the aid of a sponsor.

There are some statutory duties relating to education which are funded from the Council's revenue funding. These include home to school transport (HST). Transport cost increases and growing numbers of pupils eligible for Council-funded transport have led to significant increases in spend on HST, in particular HST provided for children with special educational needs and disabilities (SEND). Net costs have risen by 38% in the last four years and this trend is expected to continue.

Adult Social Care

Demographic growth continues to affect adult social care costs. Growth predictions show that the Council is subject to approximate annual increases of £3m in relation to adult services, with a further £2m for children transitioning to adulthood. These additional costs of £5-6m each year are predicted to continue for at least the next five years.

Over the last few years, the National Living Wage has increased annually by between 2% and 7%. For 2022-23, the increase is 6.6%. This directly impacts on the fees the Council pays to the independent sector. If this level of increase is to continue it will cost the Council up to an additional £15m each year for at least the next five years.

Waste

Waste landfill tax, landfill site gate fees and contractual payments for the operation of Household Waste Recycling Sites and Waste Transfer Stations are subject to price rises in line with the Retail Price Index. There are also statutory increases of 3% in the cost per tonne of recycling credits.

The Council and Derby City Council remain engaged in a project to develop a New Waste Treatment Facility (NWTF) in Sinfin, Derby, to deal with waste that residents in Derby and Derbyshire do not recycle. The facility, which was due to open in 2017, was being built on the councils' behalf by Resource Recovery Solutions (Derbyshire) Ltd (RRS), which was a partnership between national construction firm Interserve, which was also building the plant, and waste management company Renewi plc. However, the contract with RRS was terminated on 2 August 2019, following the issuing of a legal notice by the banks funding the project.

A contract has been put in place by the councils to make sure waste that residents cannot recycle or choose not to recycle continues to be dealt with and that recycling centres and waste transfer stations continue to operate. These services continue to be run by waste management company Renewi UK Services Ltd.

Work had been progressing on the facility to determine its condition and capability, however due to the measures introduced by the UK Government to counter the Covid-19 pandemic, work on site has been affected. This work is also being carried out by Renewi UK Services Ltd and will allow the councils to ascertain what measures need to be in place for the facility to become fully operational. The previous project agreement contains a process for the councils to pay an 'estimated fair value' (EFV) for the plant, taking into account all of the costs of rectifying ongoing issues at the plant and the costs of providing the services to meet the agreed contract standards. The councils are trying to complete this within as short a time frame as possible, but the councils are not wholly accountable for the actions needed, as third parties have a direct influence on how long the process may actually take.

If an agreed EFV cannot be reached through negotiation, it would need to be resolved through formal dispute resolution processes, which have commenced. At the time of publication of the accounts, an agreed EFV has not been reached.

Recovering from the Covid-19 Pandemic

The Covid-19 pandemic continues to impact on the lives of residents and key sectors of the local economy and the Council is working hard, alongside partners, to support businesses and communities across the county. This includes leading economic and social recovery; overcoming challenges in recruiting and retaining staff with the appropriate skills, which has been exacerbated by the pandemic; and responding to the impact of the rising cost of living being experienced by Derbyshire residents.

Protecting the health of local people remains a key focus. Bringing health and social care organisations together to work more closely than before will also be a key area of activity, ensuring that the best care and services are provided for local people through Joined Up Care Derbyshire.

In 2020-21 the Council set aside £15m to support Derbyshire communities and businesses recovering from the effects of coronavirus, with the fund focusing on creating jobs and growth, supporting the green economy, entrepreneurs and business diversification, as well as apprenticeships and training for young people. The funding has helped to pump prime the Council's recovery strategy, alongside Government funding for further measures to support the local economy.

Climate Change

The Council has responded to the threat of Climate Change by the issue of a manifesto and the development of measures to address the manifesto's commitments. Funding was made available in the 2020-21 budget to develop a range of measures. Further reports to Cabinet will help set out the steps the Council will take. However, this is an issue that carries a high risk of financial uncertainty over the long term and will require coordinated effort by all public bodies, especially the Government. In the longer term it is hoped that early costs may be offset by future savings in the same way as the Council's successful LED programme for replacement of streetlights has done.

Through the implementation of the Derbyshire Climate Change Framework, the Council is working with partners to reduce emissions and achieve a net zero target by 2050. Over the last ten years the Council has cut its emissions from its own estate and operations by 55% and has an ambitious target to achieve net zero carbon emissions by 2032, through the Carbon Reduction Plan. The Council is currently developing a Climate Change Strategy and Action Plan which will set out how emissions will be further reduced in the future.

Opportunities

The Council's Strategic Approach

The Council's Strategic Approach governs how the Council works, with and for communities, and in collaboration with its partners. Three key areas of activity are taking the approach forward – Enterprising Council, Thriving Communities and Vision Derbyshire.

Together these key areas place the Council in a stronger position to understand, to adapt and to respond to future challenges and to bring about the changes needed to ensure future success.

Enterprising Council

The role and shape of public services has changed dramatically, and the Council faces significant challenges in providing the services local people want and need. The Council continues to examine modern and innovative ways of providing services with the current focus on developing a strategic approach to transformation, putting in place a Programme Management Office and taking forward its Modern Ways of Working programme. This builds on previous phases which looked at all types of delivery models, including sharing or trading services with other councils.

Being an Enterprising Council means:

- Value for money is at the heart of everything the Council does.
- The Council is efficient and effective.
- The Council focuses on getting the best results for Derbyshire's residents, whether by the Council delivering a service, or by using an external organisation – there is no one size fits all.
- The Council has a bold, innovative and commercial mind-set.
- The Council does things 'with' local people rather than 'to' them and values fairness, openness and partnership.
- The Council is proud of Derbyshire and ambitious for its public services.

In responding to the Covid-19 pandemic, the Council has demonstrated how it can do things differently, be more agile and flexible and work closely with its partners, businesses and communities.

Thriving Communities

The Council recognises that it cannot keep up with the increasing demand for its services and needs to change the way it delivers some of its services. Thriving Communities focuses on listening to residents and understanding their needs, so that the Council can offer support which tackles the problems, rather than just the symptoms. By tackling problems at source, the Council aims to create sustainable support services, which build on the strengths communities already have, to continue far beyond initial funding and Council involvement.

The Thriving Communities approach has been initiated in five areas across the county, which has provided a wealth of insight into the way the system can support people and communities to mobilise and take control of their lives. Further work is now taking place to roll out the next phase of the Thriving Communities approach and programme work across a further three areas in the county.

Vision Derbyshire

Councils across Derbyshire have been working on the development of a new model of local government and shared leadership. Phase 1 saw all ten councils in Derbyshire – the County Council, City Council and eight District and Borough Councils – working together to identify shared priorities and outcomes and agree to strategically collaborate on the improvement of outcomes for people and places, to speak with one voice as a county and to coordinate resources better and more sustainably.

The programme has been driven forward and involved a significant investment of time, hard work and goodwill from participating councils and their leaders and executive officers. Phase 2 subsequently resulted in the development of an approach to non-structural reform – Vision Derbyshire – and the development of a case for change and proposition to Government focused around four key ambitions, as follows:

- Seize innovation – pioneering skills and technologies for a sustainable future economy.
- Establish relentless ambition – creating opportunities for everyone in Derbyshire and making these visible.
- Build proactive communities – harnessing the energy in Derbyshire's communities and empowering people to make change.
- Live and work sustainably – committing to a zero-carbon footprint in our tourism, wider economy, and ways of working.

The approach also identified a number of enablers to support and embed collaboration, such as leadership, culture, technology, workforce, customers, assets and estimated possible organisational and wider system benefits, that could be achieved.

Phase 3 focused on the implementation of the approach, through the development of an accelerated delivery programme and the development of new governance arrangements.

Phase 4, which launched in September 2021, has sought to progress implementation. New formal governance arrangements have been agreed, with the first meeting of the Vision Derbyshire Joint Committee taking place in April 2022. Work is now underway to establish a new programme team, which will support the delivery of the approach and support work to Level Up through the development of a County Deal for Derbyshire and Derby which will seek to maximise resources into the county.

Delivering Devolution and Levelling Up

The Council's aspirations for Derbyshire remain strong. Moving forward the Council will be working with partners to deliver devolution as one of the nine early County Deal pathfinder areas, ensuring the Council harnesses all the benefits that a devolution deal for Derbyshire could provide. This includes delivering the Levelling Up agenda across the county, to help boost economic performance and investment, and improve opportunities and outcomes for people and places. Working alongside partners, the Council aims to tackle inequalities and social mobility, to ensure support and opportunities are available to all, building a fairer, more inclusive future for the county.

Peter Handford BA(Hons) PGCert FCPFA
Interim Executive Director, Corporate Services & Transformation (Section 151 Officer)

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Interim Executive Director, Corporate Services & Transformation, as Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts, in accordance with the appropriate CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). In preparing this Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the Code and the Regulations;
- kept proper accounting records which were up-to-date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- ensured that events after the balance sheet date have been considered;
- assessed the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future; and
- maintained such internal control as determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUTHORISATION OF ACCOUNTS FOR ISSUE

Certificate of Section 151 Officer

I certify that the accounts give a true and fair view of the financial position of the Council at 31 March 2022 and of its income and expenditure for the year then ended.

Peter Handford BA(Hons) PGCert FCPFA
Interim Executive Director, Corporate Services & Transformation (Section 151 Officer)
17 June 2022

The Statement of Accounts will be approved by the Audit Committee following audit.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

			2019-20			2020-21			2021-22		
		Note	Restated Gross Exp £m	Restated Gross Inc £m	Restated Net Exp £m	Restated Gross Exp £m	Restated Gross Inc £m	Restated Net Exp £m	Gross Exp £m	Gross Inc £m	Net Exp £m
A	Adult Care		406.048	(127.533)	278.515	456.658	(163.532)	293.126	492.836	(168.304)	324.532
B	Children's Services and Safeguarding and Education		668.912	(444.324)	224.588	636.164	(442.190)	193.974	690.327	(457.847)	232.480
C	Clean Growth and Regeneration		6.670	(0.519)	6.151	2.553	(0.596)	1.957	3.911	(1.066)	2.845
D	Corporate Services and Budget		29.295	(24.647)	4.648	39.329	(25.096)	14.233	51.898	(24.508)	27.390
E	Health and Communities		50.704	(44.790)	5.914	56.423	(54.062)	2.361	69.614	(57.303)	12.311
F	Highways Assets and Transport		69.717	(14.491)	55.226	72.300	(16.355)	55.945	76.401	(17.366)	59.035
G	Infrastructure and Environment		58.203	(6.489)	51.714	59.803	(6.100)	53.703	56.842	(9.836)	47.006
H	Strategic Leadership, Culture, Tourism and Climate Change		13.712	(1.276)	12.436	13.525	(1.423)	12.102	13.838	(0.981)	12.857
A-H	**Net Cost of Services**		**1,303.261**	**(664.069)**	**639.192**	**1,336.755**	**(709.354)**	**627.401**	**1,455.667**	**(737.211)**	**718.456**
I	Other Operating Expenditure	6			174.670			146.810			62.511
J	Financing and Investment Income and Expenditure	7			47.885			20.567			26.136
K	Taxation and Non-Specific Grants	8			(559.115)			(699.990)			(637.662)
A-K	**Deficit on Provision of Services**				**302.632**			**94.788**			**169.441**

	Items that will not be Reclassified to Deficit on Provision of Services				
L	Gain on Revaluation of Non-Current Assets	14	(82.752)	(83.020)	(174.608)
M	Loss on Revaluation of Non-Current Assets	14	33.966	73.431	51.836
N	Remeasurement of Net Pension Liability/ (Asset)	48	(350.276)	336.554	(375.967)
L-N	**Other Comprehensive Expenditure/ (Income)**		**(399.062)**	**326.965**	**(498.739)**
A-N	**Total Comprehensive Expenditure/ (Income)**		**(96.430)**	**421.753**	**(329.298)**

The accompanying notes form an integral part of the financial statements.

The Derbyshire Pension Fund (Fund) Actuary has re-issued IAS 19 accounting reports, which the Council had previously relied upon to prepare its financial statements, for the years ended 31 March 2020 and 31 March 2021. Accordingly, these financial statements include restatement of the prior year affected amounts. Full details of the impact of these restatements on the financial statements are given in Note 4.

Following a restructure of portfolios in May 2021, the Council reports through eight operating segments, referenced A-H above. Prior year income and expenditure amounts within Net Cost of Services include restatements to provide comparability with 2021-22 amounts reported under these revised operating segments. Prior year total portfolio income, expenditure and Net Cost of Services remain unchanged from the audited prior year financial statements in respect of this revision.

BALANCE SHEET

Restated 31 Mar 2020 £m	Restated 31 Mar 2021 £m		Note	31 Mar 2022 £m
1,752.894	1,623.077	Property Plant & Equipment	14	1,696.788
49.570	47.872	Heritage Assets	15	63.423
1.529	1.160	Intangible Assets	18	0.714
85.933	122.307	Non-Current Investments	21	98.295
0.169	0.242	Non-Current Debtors	20	0.231
1,890.095	**1,794.658**	**Total Non-Current Assets**		**1,859.451**
81.805	161.148	Current Investments	21	251.812
2.341	2.896	Assets Held for Sale	19	2.396
1.977	1.588	Inventories	22	1.458
76.133	82.164	Current Debtors	23	90.384
74.159	71.657	Cash and Cash Equivalents	24	46.230
236.415	**319.453**	**Total Current Assets**		**392.280**
(59.007)	(90.058)	Current Loans and Borrowing	21	(136.868)
(142.737)	(153.623)	Current Creditors	25	(197.656)
0.000	(6.400)	Current Provisions	26	(6.146)
(201.744)	**(250.081)**	**Total Current Liabilities**		**(340.670)**
(242.566)	(243.715)	Non-Current Borrowing	21	(250.645)
(12.232)	(9.120)	Non-Current Provisions	26	(8.362)
(656.982)	(1,024.523)	Non-Current Pensions Liabilities	27	(740.869)
(64.394)	(59.832)	Other Non-Current Liabilities	27	(55.045)
(976.174)	**(1,337.190)**	**Total Non-Current Liabilities**		**(1,054.921)**
948.592	**526.840**	**NET ASSETS**		**856.140**
331.648	420.353	Usable Reserves	13	412.237
616.944	106.487	Unusable Reserves	30	443.903
948.592	**526.840**	**TOTAL RESERVES**		**856.140**

The accompanying notes form an integral part of the financial statements.

The Derbyshire Pension Fund (Fund) Actuary has re-issued IAS 19 accounting reports, which the Council had previously relied upon to prepare its financial statements, for the years ended 31 March 2020 and 31 March 2021. Accordingly, these financial statements include restatement of the prior year affected amounts. Full details of the impact of these restatements on the financial statements are given in Note 4.

I certify that the Balance Sheet position gives a true and fair view of the financial position of Derbyshire County Council as at 31 March 2022.

Peter Handford BA(Hons) PGCert FCPFA
Interim Executive Director, Corporate Services & Transformation (Section 151 Officer)

CASH FLOW STATEMENT

Restated 2020-21 £m		Note	2021-22 £m
(94.788)	**Net Surplus or (Deficit) on the Provision of Services**		**(169.443)**
97.346	Adjustments for non cash movements	43	179.201
56.771	Adjustments for investing activities	43	41.290
	Net cashflow from:		
59.329	**Operating Activities**	**42**	**51.048**
(88.426)	Investing Activities	40	(124.410)
26.598	Financing Activities	41	47.935
(2.499)	**Movement in Cash & Cash Equivalents**		**(25.427)**
74.156	Cash & Cash Equivalents at the start of the year	24	71.657
71.657	**Cash & Cash Equivalents at the end of the year**	**24**	**46.230**

The accompanying notes form an integral part of the financial statements.

The Derbyshire Pension Fund (Fund) Actuary has re-issued IAS 19 accounting reports, which the Council had previously relied upon to prepare its financial statements, for the years ended 31 March 2020 and 31 March 2021. Accordingly, these financial statements include restatement of the prior year affected amounts. Full details of the impact of these restatements on the financial statements are given in Note 4.

MOVEMENT IN RESERVES STATEMENT

	Note	Restated General Reserve	Earmarked Reserves	Unapplied Capital Grants	Capital Receipts Reserve	RESTATED TOTAL USABLE RESERVES	Restated Unusable Reserves	Restated Total Council Reserves
		£m	£m	£m	£m	£m	£m	£m
2021-22								
Restated Balance at 31 March 2021		**(77.665)**	**(260.503)**	**(73.533)**	**(8.653)**	**(420.352)**	**(106.490)**	**(526.841)**
Movement in reserves during 2021-22								
Total Comprehensive Income and Expenditure	CIES	**169.443**	**0.000**	**0.000**	**0.000**	**169.443**	**(498.739)**	**(329.296)**
Adjustments between accounting basis and funding basis under regulations	13	(175.113)	0.000	14.851	(1.062)	(161.324)	161.324	0.000
Net Transfer to Reserves		22.830	(22.830)	0.000	0.000	0.000	0.000	0.000
(Increase)/Decrease in 2021-22		17.160	(22.830)	14.851	(1.062)	8.119	(337.415)	(329.296)
Balance at 31 March 2022 carried forward		**(60.505)**	**(283.333)**	**(58.682)**	**(9.715)**	**(412.233)**	**(443.905)**	**(856.137)**
Restated 2020-21								
Restated Balance at 31 March 2020		**(53.547)**	**(229.135)**	**(41.552)**	**(7.415)**	**(331.647)**	**(616.946)**	**(948.592)**
Restated Movement in reserves during 2020-21								
Restated Total Comprehensive Income and Expenditure	CIES	**94.786**	**0.000**	**0.000**	**0.000**	**94.786**	**326.965**	**421.751**
Restated Adjustments between accounting basis and funding basis under regulations	13	(150.272)	0.000	(31.981)	(1.238)	(183.491)	183.491	0.000
Net Transfer to Reserves		31.368	(31.368)	0.000	0.000	0.000	0.000	0.000
Restated (Increase)/Decrease in 2020-21		(24.118)	(31.368)	(31.981)	(1.238)	(88.705)	510.456	421.751
Restated Balance at 31 March 2021 carried forward		**(77.665)**	**(260.503)**	**(73.533)**	**(8.653)**	**(420.352)**	**(106.490)**	**(526.841)**

MOVEMENT IN RESERVES STATEMENT

	Note	Restated General Reserve	Earmarked Reserves	Unapplied Capital Grants	Capital Receipts Reserve	RESTATED TOTAL USABLE RESERVES	Restated Unusable Reserves	Restated Total Council Reserves
		£m	£m	£m	£m	£m	£m	£m
Restated 2019-20								
Balance at 31 March 2019		**(64.570)**	**(233.445)**	**(56.285)**	**(12.433)**	**(366.731)**	**(485.432)**	**(852.162)**
Restated Movement in reserves during 2019-20								
Restated Total Comprehensive Income and Expenditure	CIES	**302.632**	**0.000**	**0.000**	**0.000**	**302.632**	**(399.062)**	**(96.430)**
Adjustments between accounting basis and funding basis under regulations	13	(287.299)	0.000	14.733	5.018	(267.548)	267.548	0.000
Net Transfer to Reserves		(4.310)	4.310	0.000	0.000	0.000	0.000	0.000
Restated (Increase)/Decrease in 2019-20		11.023	4.310	14.733	5.018	35.084	(131.514)	(96.430)
Restated Balance at 31 March 2020 carried forward		**(53.547)**	**(229.135)**	**(41.552)**	**(7.415)**	**(331.647)**	**(616.946)**	**(948.592)**

The accompanying notes form an integral part of the financial statements.

The Derbyshire Pension Fund (Fund) Actuary has re-issued IAS 19 accounting reports, which the Council had previously relied upon to prepare its financial statements, for the years ended 31 March 2020 and 31 March 2021. Accordingly, these financial statements include restatement of the prior year affected amounts. Full details of the impact of these restatements on the financial statements are given in Note 4.

The values held within the proceeding Notes to the Accounts may vary slightly when compared to the main Statements or other notes. This is due to amounts being rounded. It is not expected that a difference would be in excess of £5,000 in any single case.

ACCOUNTING POLICIES

The Accounting Policies for the Council have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting (the Code). Where there is no specific guidance in the Code, the Council has developed its own Accounting Policy which is aimed at creating information which is:

- relevant to the decision making needs of users; and
- reliable, in that the financial statements:
    - represent fairly the financial position, financial performance and cash flows of the entity;
    - reflect the economic substance of transactions, other events and conditions and not merely the legal form;
    - are neutral i.e. free from bias;
    - are prudent; and
    - are complete in all material respects.

The Policies outline how the Council will account for all income, expenditure, assets and liabilities held and incurred during the 2021-22 financial year.

The Accounting Policies of the Council are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the Council's accounts.

The Accounting Policies of the Council, as far as possible, have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable.

CRITICAL JUDGEMENTS WHEN APPLYING THE ACCOUNTING STANDARDS

New Waste Treatment Facility

The Council and Derby City Council entered into an Inter Authority Agreement (IAA) on 20 August 2014 in relation to the operation and management of a Public Private Partnership (PPP) contract with Resource Recovery Solutions (Derbyshire) Limited (RRS) for the construction of a New Waste Treatment Facility (NWTF) in Sinfin and the provision of associated services. The facility was due to open in 2017, however, RRS was not able to resolve ongoing issues at the plant to allow it to pass the certified performance tests needed to bring it into operation. The contract with RRS was terminated on 2 August 2019, following the issuing of a legal notice by the banks funding the project.

The Council and Derby City Council entered a second Inter Authority Agreement (IAA) on 10 December 2020 to cover the period of the contract with Renewi UK Services Ltd. As with the previous IAA, this establishes that each council is represented on a board set up to oversee and implement the delivery of the project and has 50:50 voting rights, the councils collectively are considered to have power over the relevant activities and hence have control collectively. The relevant activities are the long term running of waste disposal for the councils. As decisions about the relevant activities will require the unanimous consent of both parties, the arrangement is considered to meet the definition of a joint arrangement. As the proposed arrangement is not structured as a separate entity it is classified as a joint operation and each council will recognise its share of the arrangement's assets, liabilities, income and expenditure.

The Council has considered the accounting treatment for the NWTF and it has been determined that it will be recognised on the balance sheet at 31 March 2022 as an Asset under Construction due to the asset not yet having been brought into service.

Going Concern

The Interim Executive Director, Corporate Services & Transformation, as Section 151 Officer, has concluded that the Council remains a going concern and that it is appropriate that the Council's Statement of Accounts for 2021-22 have been prepared on a going concern basis.

The Council will formally document an assessment of its going concern status in a Report to Audit Committee, on or before the publication of the Council's audited Statement of Accounts for 2021-22.

ACCOUNTING STANDARDS ISSUED AND NOT YET APPLIED

At the balance sheet date, the following interpretations, new standards and amendments to existing standards have been published but not yet adopted by the Code:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes the following changed standards:
    - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
    - IAS 37 (Onerous contracts) – clarifies the intention of the standard.
    - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

  None of the matters covered in the annual improvements are dealt with in detail in the 2022-23 Code. During the consultation process on the 2022-23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements. The Council has concluded that these amendments would not have impacted on the Council's 2021-22 accounts.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16). The Council has concluded that these amendments would not have impacted on the Council's 2021-22 accounts.

IFRS 16 (Leases) is not included in the list above because the Council does not currently envisage early adoption in 2022-23.

PRIOR PERIOD ADJUSTMENTS

During 2021-22, the Actuary for the Derbyshire Pension Fund (Fund) advised the Council that it had identified an error in its allocation of Fund assets in the 2019 actuarial valuation of the Fund, affecting the Council and Derby City Council (Derby City).

The Actuary has identified that in its 2019 Fund actuarial valuation it had not applied all the required adjustments to reflect the agreed split of responsibility for the Council's deferred and pensioner members' benefits following the 1997 Local Government Reorganisation.

Overall Fund assets in the 2019 Fund actuarial valuation are as the Actuary intended but the split of assets is incorrect between the Council and Derby City, with the assets of the Council being understated, and the assets of Derby City being overstated by the same amount. In monetary terms, the amount that the Council's assets are understated in the 2019 Fund actuarial valuation is £52m, equivalent to 2.5% of the Council's overall asset value in the Fund at the 2019 valuation.

The misstatements have a material impact on the Council's CIES, Balance Sheet and Movement in Reserves Statement for 2019-20 and 2020-21 and on the Cash Flow Statement for 2020-21. The Council has therefore, in line with the CIPFA Code of Accounting Practice requirements, presented a CIES and Balance Sheet which reflect the required material retrospective restatements. Full details of the impact of these restatements are given below.

Effect on Financial Statements

To correct the previously reported understated position of its share of Local Government Pension Scheme (LGPS) Fund assets in the Actuary's IAS 19 reports, the Council has restated the prior year information for the £49.342m understated position of its share of LGPS Fund assets in the Actuary's 2019-20 IAS 19 report and the £59.658m understated position of its share of LGPS Fund assets in the Actuary's 2020-21 IAS 19 report.

The following demonstrates the effects on the following line items in the CIES for the financial years 2019-20 and 2020-21. The CIES with the appropriate restatements for 2019-20 and 2020-21 can be found on pages 33 and 34 of these financial statements.

Effect on Line Items in the CIES 2019-20

			Originally Stated 2019-20 Net Exp £m	Restated 2019-20 Net Exp £m	Amount of Restatement £m
	Items that will not be Reclassified to Deficit on Provision of Services				
N	Remeasurement of Net Pension (Asset)	48	(300.934)	(350.276)	49.342
L-N	**Other Comprehensive (Income)**		**(349.720)**	**(399.062)**	**49.342**
A-N	**Total Comprehensive (Income)**		**(47.088)**	**(96.430)**	**49.342**

Effect on Line Items in the CIES 2020-21

			Originally Stated 2020-21 Net Exp £m	Restated 2020-21 Net Exp £m	Amount of Restatement £m
J	Financing and Investment Income and Expenditure	7	21.701	20.567	1.134
A-K	**Deficit on Provision of Services**		**95.922**	**94.788**	**1.134**
	Items that will not be Reclassified to Deficit on Provision of Services				
N	Remeasurement of Net Pension Liability	48	345.736	336.554	9.182
L-N	**Other Comprehensive Expenditure**		**336.147**	**326.965**	**9.182**
A-N	**Total Comprehensive Expenditure**		**432.069**	**421.753**	**10.316**

The CIPFA Code requires that an authority presents a balance sheet at the beginning of the preceding period when an authority makes a retrospective restatement. However, in this case the prior period errors did not impact on the opening balance sheet for 2019-20. The error initially took place at the 31 March 2020 year-end. At 31 March 2020, the non-current liabilities balance was overstated by £49.342m. At 31 March 2021, the non-current liabilities balance was overstated by £59.658m.

The following demonstrates the effects on the following line items in the Balance Sheet for the financial years ended 31 March 2020 and 31 March 2021. The restated (for the relevant line items) prior period Balance Sheets are provided, along with the current year information, on page 35 of the financial statements.

Effect on Line Items in the Balance Sheet 31 March 2020

	Note	Originally Stated 31 Mar 2020 £m	Restated 31 Mar 2020 £m	Amount of Restatement £m
Pensions Liabilities	27	(706.324)	(656.982)	49.342
Total Non-Current Liabilities		**(1,025.516)**	**(976.174)**	**49.342**
NET ASSETS		**899.250**	**948.592**	**49.342**
Unusable Reserves	30	567.602	616.944	49.342
TOTAL RESERVES		**899.250**	**948.592**	**49.342**

Effect on Line Items in the Balance Sheet 31 March 2021

	Note	Originally Stated 31 Mar 2021 £m	Restated 31 Mar 2021 £m	Amount of Restatement £m
Pensions Liabilities	27	(1,084.181)	(1,024.523)	59.658
Total Non-Current Liabilities		**(1,396.848)**	**(1,337.190)**	**59.658**
NET ASSETS		**467.182**	**526.840**	**59.658**
Unusable Reserves	30	46.829	106.487	59.658
TOTAL RESERVES		**467.182**	**526.840**	**59.658**

The following restatement is required for the Cash Flow Statement in 2020-21. The restated (for the relevant line items) prior period Cash Flow Statement is provided, with the current year information, on page 36 of the financial statements.

Effect on Line Items in the Cash Flow Statement 2020-21

	Note	Originally Stated 2020-21 £m	Restated 2020-21 £m	Amount of Restatement £m
Net Surplus or (Deficit) on the Provision of Services		**(95.920)**	**(94.788)**	**(1.132)**
Adjustments for non cash movements	43	98.478	97.346	1.132

The following restatements are also required for the Movement in Reserves Statements for Unusable Reserves in 2019-20 and 2020-21 and for the General Reserve in 2020-21. The restated (for the relevant line items) prior period Movement in Reserves Statements are provided, with the current year information, on pages 37 and 38 of the financial statements.

Effect on Movement in Reserves Statement – Unusable Reserves 2019-20

	Note	Originally Stated Unusable Reserves £m	Restated Unusable Reserves £m	Amount of Restatement £m
2019-20				
Balance at 31 March 2019		**(485.432)**	**(485.432)**	**0.000**
Movement in reserves during 2019-20				
Total Comprehensive Income and Expenditure	CIES	**(349.720)**	**(399.062)**	**49.342**
Adjustments between accounting basis and funding basis under regulations	13	267.548	267.548	0.000
Net Transfer to Reserves		0.000	0.000	0.000
(Increase)/Decrease in 2019-20		(82.172)	(131.514)	49.342
Balance at 31 March 2020 carried forward		**(567.604)**	**(616.946)**	**49.342**

Effect on Movement in Reserves Statement – Unusable Reserves 2020-21

	Note	Originally Stated Unusable Reserves	Restated Unusable Reserves	Amount of Restatement
		£m	£m	£m
2020-21				
Balance at 31 March 2020		**(567.604)**	**(616.946)**	**49.342**
Movement in reserves during 2020-21				
Total Comprehensive Income and Expenditure	CIES	**336.147**	**326.965**	**9.182**
Adjustments between accounting basis and funding basis under regulations	13	184.625	183.491	1.134
Net Transfer to Reserves		0.000	0.000	0.000
(Increase)/Decrease in 2020-21		520.772	510.456	10.316
Balance at 31 March 2021 carried forward		**(46.832)**	**(106.490)**	**59.658**

Effect on Movement in Reserves Statement – General Reserve 2020-21

	Note	Originally Stated General Reserve	Restated General Reserve	Amount of Restatement
		£m	£m	£m
2020-21				
Balance at 31 March 2020		**(53.547)**	**(53.547)**	**0.000**
Movement in reserves during 2020-21				
Total Comprehensive Income and Expenditure	CIES	**95.920**	**94.786**	**1.134**
Adjustments between accounting basis and funding basis under regulations	13	(151.406)	(150.272)	(1.134)
Net Transfer to Reserves		31.368	31.368	0.000
(Increase)/Decrease in 2020-21		(24.118)	(24.118)	0.000
Balance at 31 March 2021 carried forward		**(77.665)**	**(77.665)**	**0.000**

Effect on Notes to the Financial Statements

The 2019-20 and 2020-21 LGPS disclosures in Note 48 are restated where relevant, as are Notes 7, 9, 10, 13, 27, 30 and 43.

ASSUMPTIONS MADE AND OTHER ESTIMATION UNCERTAINTY

Property Plant and Equipment Valuation

When determining current value for the measurement and disclosure requirements in relation to the Council's Property, Plant and Equipment assets, the Council makes assumptions and estimations. Where direct observable market data is unavailable, judgement is required in order to determine a fair value and the Council uses relevant experts to ensure that appropriate valuation techniques are used. Typically, judgements include considerations such as uncertainty and risk.

The method of valuation of the Council's portfolio of schools is the Depreciated Replacement Cost method, using a Modern Equivalent Asset (MEA). Where the build requirement is greater than the actual asset, the valuation is restricted to the actual size of the current asset. In previous years the Council valued schools according to the principle of intensity of use, without this restriction.

Land and Buildings assets measured at current value are revalued on a five-year rolling basis by the Council's internal team of valuers. Each property is assessed on its own merits and the valuation is determined with due regard to any change or uncertainties which may affect the specific property. It is estimated that a theoretical 1% market drop applied across all properties valued in 2021-22 would equate to an impairment variation of £0.013m, which would be expensed through the surplus/deficit on the provision of services, whilst a 1% increase would equate to a rise in valuations of £11.673m to the revaluation reserve.

In line with last year, and due to Covid-19 impacts already felt on the supply chain, along with the uncertainty regarding rising inflation and the war in Ukraine, the Council has continued to review its 20% rolling programme asset base at 31 March 2022, instead of 1 April 2021, updating land values and gross replacement costs. Again, schools MEA adjustments have also been reviewed in the same manner, with material changes being valued as at the date of change, but again reviewed at 31 March 2022. The remaining assets measured at current value, which had not been revalued in this way, were then reviewed, and a further top twenty assets by value were the subject of a desktop exercise, to provide assurances that the remaining assets were not materiality misstated due to these factors.

Britain leaving the European Union

Uncertainty around the implementation of the 2016 Brexit referendum result has caused volatility in asset prices and hence also bond yields over the last few years. The United Kingdom left the European Union on 31 January 2020, and the transition period ended on 31 December 2020. Whilst the Trade and Co-Operation Agreement (TCA) between the United Kingdom and European Union allows tariff and quota-free trade between countries, it does not cover services, which are a significant component of the United Kingdom's economy.

The level of uncertainty around the impact of Britain leaving the European Union has reduced, albeit there is a risk that future Brexit developments, including any action taken in respect of the Northern Ireland Protocol and the resultant impact on the Trade and Co-Operation Agreement, could cause further volatility in asset prices and bond yields. However, pronouncements from the US Federal Reserve on the future direction of US interest rates and global developments with respect to the Covid-19 pandemic, together with global politics in general, have the potential to cause similar levels of volatility in asset prices and bond yields and to materially impact future actuarial assumptions. The Council has engaged Hymans Robertson LLP as its Consulting Actuary to provide expert advice about the assumptions to be applied. The effect of changes in these estimates on the net pension liability of the Council are reviewed on an ongoing basis and are considered below.

Defined Benefit Pension Scheme Liabilities

Estimation of the net liability to pay pensions depends on several complex judgements relating to: the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged Hymans Robertson LLP as its Consulting Actuary to provide expert advice about the assumptions to be applied.

The effect of changes in these estimates on the net pension liability of the Council are reviewed on an ongoing basis. Variations in the key assumptions will have the following impact on the net liability:

- A 0.1% decrease in the real discount rate will increase the net pension liability by £62.600m (2% increase in liability).
- A one year increase in Fund Member life expectancy will increase the net pension liability by £129.943m (4% increase in liability).
- A 0.1% increase in the assumed level of salary increases will increase the net pension liability by £5.662m (0% (rounded) increase in liability).
- A 0.1% increase in the assumed level of pension increases will increase the net pension liability by £56.456m (2% increase in liability).

Defined Benefit Pension Scheme Investment Assets

On 24 February 2022, Russia invaded Ukraine. The invasion drew widespread condemnation and led to globally coordinated financial sanctions against the Russian economy, the President of Russia and other associated individuals and organisations. The assets of the Russian central bank were frozen and Russian banks were removed from the SWIFT international payment system. The Russian domestic stock exchange was initially closed, and whilst it has subsequently reopened, global sanctions severely limit the ability of investors to trade Russian securities.

The Pension Fund had around £12m invested in Russian companies prior to the start of the invasion, which is 0.2% of the Fund's total investment assets. In March 2022, both MSCI and FTSE Russell (the main index providers used by the Fund's investment managers) announced that they were deleting Russian securities from their indices. As a result, the Fund's Russian investments were fully written down to zero at 31 March 2022, which means that they have no value assigned in arriving at the net pension liability of the Council at 31 March 2022, albeit the investment vehicles in which these securities are held continue to own these securities at that date because the sanctions restrictions severely limit the ability to sell these securities at present. Whilst the remainder of the Fund's investment assets may indirectly be exposed to the impact of the conflict between Russia and Ukraine, this has either been reflected in the Fund investment valuation which is used in the calculation of the Council's net pension liability at 31 March 2022, or the impact is not considered material.

Impact of McCloud Judgement

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 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, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018, the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The UK Government requested leave to appeal to the Supreme Court, but this was denied at the end of June 2019. In July 2019, the Chief Secretary to the Treasury confirmed that the principles of the outcome would be accepted as applying to all public service schemes.

The Government has consulted on its proposed remedy for the LGPS, which involves the extension of the current underpin protection to all members who meet the criteria for protection, regardless of their age in 2012. It is proposed that underpin protection will apply where a member leaves with either a deferred or an immediate entitlement to a pension. The underpin would give the member the better of the 2014 Scheme CARE or 2008 final salary benefits for the eligible period of service. The protection is expected to be extended to qualifying members who have left the scheme since April 2014, as well as to active members. The remedy is expected to result in a retrospective increase in benefits for some members, which in turn would give rise to a past service cost for the Fund's employers. The Government's response to the consultation and confirmation of the remedy is still awaited.

Quantifying the impact of the McCloud judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases, in particular, can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression.

The Fund's Actuary made no estimated allowance for the McCloud judgement in its 2019 actuarial valuation, following instruction from the LGPS Scheme Advisory Board to value liabilities in the 31 March 2019 funding valuations in line with the current LGPS Regulations benefit structure, but made an adjustment to its 2019-20 accounting roll-forward calculation. This adjustment estimated the liabilities for McCloud at 31 March 2020 from the 2019 valuation data, to ensure that the impact continued to be included within the Council's balance sheet at 31 March 2020 (in line with the 2019 accounting approach). The impact of this adjustment was included with other remeasurement of the net pension liability in Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

At 31 March 2020, the Fund's Actuary estimated that for the Fund, total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could have been around 0.5% higher as at 31 March 2020, an increase of approximately £31.1m for the Fund as a whole.

An amendment in the Public Services Pensions and Judicial Offices Act 2022, which received Royal Assent in March 2022, and which is the enabling legislation for the implementation of the McCloud remedy, has subsequently increased the number of members included in the scope of the remedy.

At 31 March 2021, the Fund's Actuary has made no explicit additional adjustment for McCloud and has not added to the current service cost for 2021-22, or the projected service cost for 2022-23. However, the previous allowance within the balance sheet has been rolled forward and therefore is included within the closing position at 31 March 2022.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

Indexation, Equalisation and Historical Transfers of Guaranteed Minimum Pensions (GMP)

Guaranteed Minimum Pension (GMP) was accrued by members of the LGPS between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However, overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. Thereafter the Government's preferred approach is to convert GMP to scheme pension. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The impact on Fund and employer liability values will depend on how many members reaching State Pension Age after 2016 have GMP benefits. For the Fund's 2019 actuarial valuation, given the Government's preference for conversion to scheme benefits, the Actuary has assumed that all increases on GMPs for members reaching State Pension Age after 6 April 2016 will be paid for by LGPS employers (known as a full GMP indexation allowance). The rolled forward position to 31 March 2022 therefore includes this allowance.

In 2020-21 the High Court ruled that pension schemes will need to revisit individual transfer payments made since 17 May 1990, to check if any additional value is due as a result of GMP equalisation. The judgment helps to clarify the position for members who transferred in GMPs from other schemes. It adds a further category of members whose position must be resolved. The Fund's Actuary is of the view that, in general, the historic individual member data required to assess such an impact, at employer level, is not readily available, although it understands that this further ruling is unlikely to be significant in terms of its impact on the pension obligations of a typical employer. As a result, the Fund Actuary has not made any allowance for the ruling on individual transfers in respect of GMP equalisation within its rolled forward position to 31 March 2022.

Financial Instruments Fair Value Estimates

The fair value of the Council's Lender Option Borrower Option (LOBO) loan and other long-term loans of £19.494m (£15.000m nominal) has been determined incorporating option pricing from Bloomberg. The fair value of all short-term investments (under one year) has been assumed to be their nominal value.

The impact of a 1% interest rate rise on the fair value of the Council's borrowing and investments at 31 March 2022 is a reduction of £46.174m in the net financial liability.

A loss allowance for financial assets has been recognised based on the gross value of trade debtors, excluding Central Government and other local authority debtors, which are more than 30 days past due and which have been, or are expected to be, referred for review, either by the Council's Legal Services department or under the Care Act (2014). A non-recovery rate based on the historical success rate of recovering such debt, once referred, along with a factor to reflect the prevailing economic conditions, is applied to the gross value of referred debt to determine the amount of the loss allowance. The factor for current market conditions was derived by comparing the expected default rate for 2022 with the historic default rate based on information collated by rating agency Moody's. A 1% decrease in the factor for current economic conditions would reduce the allowance for credit losses by £0.030m. A 1% decrease in the expected non-recovery rate would reduce the allowance for credit losses by £0.049m.

Business Rates
Calculations of the Council's business rates collection fund adjustments, involving estimates in relation to business rates arrears, allowance for doubtful debts, business rates overpayments and prepayments and provisions for appeals, have been subject to a greater degree of estimation since 2019-20, as some of Derbyshire's district and borough councils have been delayed in completing their estimation processes because of issues caused by the Covid-19 pandemic. Where business rates 2021-22 returns have not been received in sufficient time to allow reflection in the Council's financial statements, a combination of 2020-21 year-end and preliminary 2022-23 initial returns, finalised in January 2022, have been used to estimate the business rates collection fund adjustment. The business rates collection fund adjustment in the Council's accounts for 2021-22 is £3.938m, a 20% change in the estimated net position could increase the Council's financial liability by approximately £0.788m.

Local authorities are liable for an element of any successful appeal against business rates charged to businesses in 2021-22 and earlier years. The billing authorities make provisions to recognise their best estimate of the amount that businesses have been overcharged, for which the Council's proportionate share, approximately £3.049m, incorporating some of the estimates made above, has been reflected through the business rates collection fund adjustment account.

Waste Recycling Credits
The Renewi UK Services Ltd quarter four/part quarter three waste contract creditor, in respect of recycling credits, is £2.474m. This is based on tonnages from previous periods, taking into account an increase in waste since the start of the Covid-19 pandemic. Under/over estimation of recycling credits tonnages could result in a variation of +/-5% (£0.124m).

Commercial Waste Recharges
The District and Borough councils' quarter four/part quarter three waste contract debtor, in respect of commercial waste recharges, is £0.841m. The estimates are based on tonnages from previous periods, taking into account an increase in waste because of Covid-19. Under/over estimation of commercial waste tonnages could result in a variation of +/-5% (£0.042m).

OTHER OPERATING EXPENDITURE

2020-21 £m		2021-22 £m
(0.823)	Trading Operations	(1.228)
0.339	Levies and Precepts	0.354
147.295	Loss on Disposal of Non-Current Assets	63.382
(0.001)	Other Income and Expenditure	0.003
146.810		**62.511**

The surplus for the year from commercial trading operations was achieved with a gross expenditure of £0.510m (2020-21: £0.763m) offset against income of £1.738m (2020-21: £1.586m).

Loss on disposal of non-current assets has reduced significantly in 2021-22 and the main reason for this is a decrease in the number of schools that converted to academies during the year (2021-22, 4; 2020-21, 15).

Movements on non-current assets, including disposals, are shown in Note 14.

1. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Restated 2020-21 £m		2021-22 £m
17.858	Interest Payable	17.340
(3.426)	Interest Receivable	(2.188)
(2.720)	Dividends Receivable	(3.229)
(6.386)	Financial Asset Fair Value Losses/(Gains)	(5.292)
(0.062)	Financial Asset Impairment Losses/(Gains)	(1.667)
15.303	Net Pension Costs	21.172
20.567		**26.136**

The prior year restatement is explained at Note 4.

Movements in the fair value of the Council's investments in pooled investment funds were included in Financing and Investment Income and Expenditure (FIIE) in 2018-19 for the first time. These funds have been recognised and measured at Fair Value through Profit or Loss (FVPL) in accordance with IFRS 9 Financial Instruments. However, any gains or losses have been reversed out to the Financial Instruments Adjustment Account as required by the statutory temporary override that the Department for Levelling Up, Housing and Communities (DLUHC), formerly the Ministry of Housing, Communities and Local Government (MHCLG), has issued. The override is effective for financial years 2018-19 to 2022-23.

Gains and losses relating to the impairment of financial assets were included in 2018-19 for the first time. CIPFA guidance considers that conceptually debtors are a credit facility. Therefore, impairment losses from bad debts, gains or losses on the impairment of debt, or impairment of other investments held at amortised cost are a loss of principal and recognition in FIIE is therefore the default treatment.

Interest payable has been itemised in the table below.

2020-21 £m		2021-22 £m
13.630	Interest Payable on Capital Borrowing	13.549
3.187	Interest Payable on PFI	2.977
0.546	Interest Payable on Finance Leases	0.518
0.495	Interest Payable on Other Items	0.296
17.858		**17.340**

Interest receivable has been itemised in the table below.

2020-21 £m		2021-22 £m
(3.409)	Interest Receivable on Investments	(2.137)
(0.004)	Interest Receivable on Transferred Debt	(0.004)
(0.008)	Interest Receivable on Finance Leases	(0.014)
(0.002)	Interest Receivable on Cash & Bank Balances	(0.011)
(0.003)	Interest Receivable on Other Items	(0.022)
(3.426)		**(2.188)**

2. TAXATION AND NON-SPECIFIC GRANT INCOME

2020-21 £m		2021-22 £m
(336.089)	Council Tax	(353.949)
(13.738)	Revenue Support Grant	(13.813)
(15.315)	Business Rates	(18.289)
(94.892)	Business Rates Top-up	(94.892)
(7.185)	Business Rates Relief Grant	(15.365)
(10.504)	Private Finance Initiative Grant	(10.504)
(2.326)	New Homes Bonus	(1.549)
(113.848)	Other General Revenue Grants	(91.512)
(106.093)	Capital Grants	(37.789)
(699.990)		**(637.662)**

3. EXPENDITURE AND FUNDING ANALYSIS

NOTES TO THE CORE FINANCIAL STATEMENTS

2020-21				2021-22		
Restated Expenditure/ (Income) chargeable to General Reserve Balance £m	Restated Adjustments between funding and Accounting Basis £m	Restated Net Expenditure in the CIES £m		Expenditure/ (Income) chargeable to General Reserve Balance £m	Adjustments between funding and Accounting Basis £m	Net Expenditure in the CIES £m
276.723	(16.403)	293.126	Adult Care	286.345	(38.187)	324.532
139.753	(54.221)	193.974	Children's Services and Safeguarding and Education	160.699	(71.781)	232.480
1.016	(0.941)	1.957	Clean Growth and Regeneration	2.378	(0.467)	2.845
9.159	(5.074)	14.233	Corporate Services and Budget	9.392	(17.998)	27.390
1.267	(1.094)	2.361	Health and Communities	9.151	(3.160)	12.311
39.478	(16.467)	55.945	Highways Assets and Transport	38.821	(20.214)	59.035
52.029	(1.674)	53.703	Infrastructure and Environment	45.479	(1.527)	47.006
10.100	(2.002)	12.102	Strategic Leadership, Culture, Tourism and Climate Change	9.453	(3.404)	12.857
529.525	**(97.876)**	**627.401**	**Net Cost of Services**	**561.718**	**(156.738)**	**718.456**
(0.485)	(147.295)	146.810	Other operating expenditure	(0.871)	(63.382)	62.511
25.493	4.926	20.567	Financing and investment income and expenditure	28.183	2.047	26.136
(578.650)	121.340	(699.990)	Taxation and non-specific grant income and expenditure	(571.871)	65.791	(637.662)
(24.117)	**(118.905)**	**94.788**	**Deficit/(Surplus) on Provision of Services**	**17.159**	**(152.282)**	**169.441**
53.547			**Opening General Reserve Balance at 1 April**	**77.664**		
(24.117)			Add/(less) Surplus/(Deficit) on General Reserve	(17.159)		
77.664			**Closing General Reserve Balance at 31 March**	**60.505**		

The prior year restatements are explained at Note 4 and under the CIES.

Note to the Expenditure and Funding Analysis

2020-21					2021-22			
Restated Adjustments for capital purposes (Note a) £m	Restated Net Change for the Pensions Adjustments (Note b) £m	Other Differences (Note c) £m	Restated Total Adjustments £m		Adjustments for capital purposes (Note a) £m	Net Change for the Pensions Adjustments (Note b) £m	Other Differences (Note c) £m	Total Adjustments £m
(6.819)	(9.584)	0.000	(16.403)	Adult Care	(16.853)	(21.334)	0.000	(38.187)
(35.957)	(18.264)	0.000	(54.221)	Children's Services and Safeguarding and Education	(26.982)	(44.799)	0.000	(71.781)
(0.885)	(0.056)	0.000	(0.941)	Clean Growth and Regeneration	(0.282)	(0.185)	0.000	(0.467)
(4.762)	(0.312)	0.000	(5.074)	Corporate Services and Budget	(4.404)	(13.594)	0.000	(17.998)
(0.007)	(1.087)	0.000	(1.094)	Health and Communities	(0.009)	(3.151)	0.000	(3.160)
(14.352)	(2.115)	0.000	(16.467)	Highways Assets and Transport	(15.170)	(5.044)	0.000	(20.214)
(1.233)	(0.441)	0.000	(1.674)	Infrastructure and Environment	(0.468)	(1.059)	0.000	(1.527)
(1.013)	(0.989)	0.000	(2.002)	Strategic Leadership, Culture, Tourism and Climate Change	(1.050)	(2.354)	0.000	(3.404)
(65.028)	**(32.848)**	**0.000**	**(97.876)**	**Net Cost of Services**	**(65.218)**	**(91.520)**	**0.000**	**(156.738)**
(147.295)	0.000	0.000	(147.295)	Other Operating Expenditure	(63.382)	0.000	0.000	(63.382)
(1.714)	0.000	6.640	4.926	Financing and investment income and expenditure	(3.523)	0.000	5.570	2.047
106.093	0.000	15.247	121.340	Taxation and non-specific grant income and expenditure	37.789	0.000	28.002	65.791
(107.944)	**(32.848)**	**21.887**	**(118.905)**	**Deficit/(Surplus) on Provision of Services**	**(94.334)**	**(91.520)**	**33.572**	**(152.282)**

A – Adjustments for Capital Funding and Expenditure Purposes

Adjustment to General Reserve Balance to meet the requirements of generally accepted accounting practices, this column adds in depreciation and impairment and revaluation gains and losses in the service lines and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and Investment Income and Expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and Non-Specific Grant Income and Expenditure – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants in the year without conditions or for which conditions were satisfied in the year.

B – Net change for the removal of pension contributions and the addition of pension IAS19 related expenditure and income

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with current service costs and past service costs.
- For Financing and Investment income and expenditure the net interest on the defined benefit liability is charged to the CIES.

C – Other Differences

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

- For Financing and investment income and expenditure the other differences column recognises adjustments to General Reserve for the timing differences for premiums and discounts and gains/losses on pooled funds measured at FVPL.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the district/borough council Collection Funds. It also represents the movement in the Earmarked Reserve balances.

4. EXPENDITURE AND INCOME ANALYSED BY NATURE

	Restated 2020-21 £m	2021-22 £m
Expenditure		
Employee expenses	560.698	627.979
Premises	29.626	35.961
Transport	27.620	30.234
Supplies and services	638.215	680.579
Capital depreciation, amortisation, impairment	80.597	80.916
Interest payments, loan modification, financial asset impairment and fair value changes	26.712	31.553
Precepts and levies	0.339	0.354
Trading operations	(0.823)	(1.228)
Loss on disposal of assets	147.295	63.382
Total Expenditure	**1,510.279**	**1,549.730**
Income		
Fees, charges and other service income	(191.667)	(210.805)
Interest and investment income	(6.146)	(5.417)
Income from Council Tax, business rates	(446.296)	(467.131)
Business rates relief grant	(7.185)	(15.365)
Government grants and contributions	(764.197)	(681.571)
Total Income	**(1,415.491)**	**(1,380.289)**
Deficit on the Provision of Services	**(94.788)**	**(169.441)**

The prior year restatement is explained at Note 4.

5. AGENCY ARRANGEMENTS

In 2020-21 the Council made payments to Funded Nursing Care (FNC) providers on behalf of the Clinical Commissioning Groups (CCGs). The cost of administering the service was fully funded by the CCGs. This FNC agency arrangement ended on 31 August 2020 and from that date the CCGs pay FNC providers directly.

2020-21 £m		2021-22 £m
4.981	Payments to Nursing Care Providers	0.000
(4.020)	Recharge to CCGs	0.000
(0.038)	Admin Charge to CCGs	0.000
0.923		**0.000**

6. RELATED PARTY TRANSACTIONS

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.

County Council Controlled Companies

MEGZ Limited is a private company limited by 9,251 ordinary shares, all of which are held by the Council. There are three directors of the company who are Members of the Council; all have been appointed by the Council. There were no transactions with the company during the financial year.

The Derbyshire Environmental Trust Limited is a company limited by guarantee with no share capital. Income transactions with this organisation in the year totalled £0.075m. There were no expenditure transactions during the year.

The Creswell Heritage Trust is a company limited by guarantee with no share capital. One of the directors of the Trust is a Member who was appointed by the Council. Income transactions with this organisation in the year totalled £0.006m and expenditure transactions totalled £0.007m.

Scape Group Limited is a private limited company. The Council holds 75,000 of its £1 ordinary shares (17% share). The Council has one director on the company board who is an elected Member of the Council and was appointed by the Council. During 2021-22 the Council received dividends of £0.500m from Scape Group Limited.

Derbyshire Developments Limited was a private company limited by one ordinary share of £1. There were three directors all appointed by the Council. The Council provided a start-up loan to the company to cover running costs such as staffing, accommodation, IT and audit, up until the point where income would recover these fixed costs of being “in business”. As part of plans to transform the delivery model of its property and estates management functions, the Council approved the wind-up of the company, and the company was dissolved on 29 September 2020.

Derbyshire Learning and Community Partnerships Ltd is a private company limited by 16,000 ordinary shares, all of which are held by the Council. The Council has one director on the company board. There were no transactions with the company during the financial year.

Joint Venture Companies

Vertas (Derbyshire) Limited (VDL) and Concertus (Derbyshire) Limited (CDL) are private limited companies in which the Council has a 49% stake, with the aim of providing cleaning and caretaking services and property design and consultancy, respectively. VDL and CDL are run as Joint Venture companies with the other shareholders being part of Suffolk Group Holdings Limited, whose ultimate parent undertaking and controlling party is Suffolk County Council. The Council has Board representation at VDL and CDL with two directors on the board of each company. Vertas Group Limited (Vertas) and Concertus Design and Property Consultants Limited (Concertus), subsidiary undertakings of Suffolk Group Holdings Limited, have day to day financial control of VDL and CDL, respectively.

Financial Governance is maintained via the production of monthly Management Accounts information, which is supplied to Board members and to Finance Officers of the Council. VDL and CDL are assessable to Corporation Tax and VAT in accordance with current legislation. All taxation related matters of VDL and CDL, including Corporation Tax, VAT and Income Tax are managed by Vertas and Concertus. During 2021-22, income of £0.489m was receivable from VDL, of which £0.077m was outstanding at 31 March 2022. During 2021-22, CDL income receivable was £0.052m, of which £0.004m was outstanding at 31 March 2022. Expenditure of £7.600m was payable to VDL and £3.322m was payable to CDL, there were no outstanding balances at the year end.

PSP (Derbyshire) LLP (PSPD) is a limited liability partnership (LLP) formed between the Council and PSP Facilitating Limited (PSPF), under the provisions of the Limited Liability Partnership Act 2000. PSPD will help the Council unlock value from its land and property portfolios; facilitate the promotion, development, asset management rationalisation and economic regeneration, on a project by project basis, of Council land; and utilise private sector funding, resources and skills; resourced through the operation of the partnership. As PSPD is an LLP, rather than a company, the parties to the Joint Venture are called Partners and their representatives are called 'Corporate Representatives', rather than Directors. Each Partner has up to six Corporate Representatives. However, each Partner has only one vote, and therefore PSPD decision making, ownership and profit share are 50/50. Financial Governance is maintained via a Members Agreement and a Procedure Agreement. All financial activities of PSPD are conducted by PSPF, including statutory compliance, audit, bank account management, VAT and other taxation matters, and all liaison with HMRC and other Government bodies. There were no transactions with the company during the financial year.

Derbyco Project SPV Limited is a dormant private limited company with an issued share capital of 100 £0.01 ordinary shares, which was formed in respect of the treatment and disposal of non-hazardous waste. The shareholding is split 50/50 between the Council and Derby City Council. The Council has one director on the company board. There were no transactions with the company during the financial year.

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other organisations. Grants received from Government departments are set out in the subjective analysis in Note 10. Grant receipts are also disclosed in Note 8 and Note 39.

Typical transactions with Central Government bodies include, but are not restricted to, investments, Pay As You Earn and National Insurance contributions paid and pension contributions paid. Income transactions in the year, excluding grants, totalled £13.757m, of these, £13.348m were with academy schools. Expenditure transactions totalled £283.936m and included the following significant transactions:

Inland Revenue	£98.531m
Debt Management Office	£95.000m
Teachers' Pensions	£42.545m

Public Works Loan Board £11.598m

Other Local Authorities – typical transactions include, but are not restricted to, investments, borrowing, repayment of transferred debt, re-imbursement of joint project costs and supplies of goods and services. Income transactions totalled £38.679m and included significant transactions with Derby City Council totalling £26.268m. Expenditure transactions totalled £38.945m excluding short term lending and repayment of borrowing with other local authorities.

Health Bodies – typical transactions include, but are not restricted to, re-imbursement of joint project costs and supplies of goods and services. Income transactions with health bodies in the year totalled £93.076m and included significant transactions with NHS Derby and Derbyshire CCG of £88.773m. Expenditure transactions totalled £31.319m and included transactions with Derbyshire Community Health Services NHS Foundation Trust of £21.169m.

Members and Senior Officers – Council Members and Senior Officers have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2021-22 is shown in Note 32. Income transactions in which Members and/or Senior Officers had an interest totalled £94.463m, of which £88.773m is in respect of NHS Derby and Derbyshire CCG, which has the Council's Director of Public Health on its Governing Body as a local authority representative. During 2021-22 works and services to the value of £13.055m, of which £7.600m is in respect of VDL, were commissioned from companies in which Members and/or Senior Officers had an interest on behalf of the Council. There were no material outstanding balances at year end. Contracts were entered into in full compliance with the Council's Standing Orders.

From May 2021 a Member was elected as Derbyshire's Police and Crime Commissioner. Up to May 2021 a Member served as the Deputy Police and Crime Commissioner for Derbyshire. During 2021-22 twelve Members served as Council-appointed members of the Derbyshire Combined Fire Authority, and from May 2021 one of these members served as Chair. During 2021-22 four Members served as Council-appointed members of the Peak District National Park Authority, one Member served as the Council's representative to Belper Leisure Centre Limited, a charitable company limited by guarantee, and one Member served as a Director on the D2N2 LEP, which is a company limited by guarantee.

Derbyshire Pension Fund – the Council is the administering authority for the Derbyshire Pension Fund (the Fund) under the Local Government Pension Scheme Regulations 2013.

Included in management expenses in 2021-22 are charges from the Council of £2.853m (2020-21, £2.888m), for expenses incurred in respect of oversight and governance of the Fund, for Fund administration and for management of the Fund's in-house investments. At 31 March 2022 the Fund owed the Council £4.453m (31 March 2021, the Fund owed the Council £4.169m).

It has not been possible to apportion, on a reasonable basis, the costs and benefits of key management personnel between the Council and the Fund. However, Members' Allowances and Officers' Remuneration are disclosed in Notes 32 and 33.

LGPS Central Limited – LGPS Central Limited (LGPSC) has been established to manage investment assets on behalf of eight LGPS funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC Pool, of which the Council, as the administering authority for the Fund, is one of the shareholders.

The Council's Section 151 Officer, or their nominee, represents the Council on the LGPS Central Shareholders' Forum, with delegated authority to make decisions on any matters which require a decision by the shareholders of LGPS Central Limited. All decisions made by the Section 151 Officer or their nominee, using delegated powers, are reported to the next meeting of the Pensions and Investments Committee.

The Fund had £1.315m invested in share capital and £0.685m in a loan to LGPSC at 31 March 2022 (31 March 2021, £1.315m and £0.685m, respectively) and was owed interest of £0.032m on the loan to LGPSC on the same date (2021-22, £0.031m).

The Fund incurred costs of £0.087m associated with LGPSC Investment Management and Monitoring Costs in respect of an Active Emerging Markets Equities Multi Manager sub-fund, an index-tracking All World Equity Climate Multi Factor sub-fund, an Active Global Investment Grade Corporate Bond sub-fund and a Credit Partnership Limited Partnership sub-fund (Private Debt) in 2021-22 (2020-21, £0.013m), of which £0.023m was payable to LGPSC at 31 March 2022 (31 March 2021, £0.005m). The charge excludes fees paid to the underlying investment managers of £0.990m in 2021-22 (2020-21, £0.338m), with the increase between 2020-21 and 2022-22 reflecting an increase in the level of investment assets managed through LGPSC products.

The Fund incurred £0.947m in respect of Governance, Operator Running and Product Development costs in connection with LGPSC in 2021-22 (2020-21, £0.988m), of which £0.240m was payable to LGPSC at 31 March 2022 (31 March 2021, £0.226m).

LGPSC leases office space from the Council. The lease commenced on 14 June 2018 and is for a duration of five years, with a break clause at 30 June 2021. The rental income received and receivable by the Council from LGPSC in 2021-22 amounted to £0.015m (2021-22, £0.015m). For the duration of the lease term, subsequent years' rentals will be subject to an annual increase of 2.8%.

D2N2 Local Enterprise Partnership (LEP) – The Council is the Accountable Body for the D2N2 LEP. In 2021-22 the Council received £0.102m from the D2N2 LEP, which was all non-grant income, of which £0.089m was outstanding at the year-end. The Council commissioned Works and Services to the value of £0.113m from the D2N2 LEP and contributions of £0.061m were made. Using the freedom and flexibilities given to LEP Accountable Bodies, during 2020-21 the Council utilised Getting Building Fund underspends of £16.241m to fund its capital programme. In 2021-22 the Council repaid £15.988m of this funding to the LEP, all of which was outstanding at year end.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS

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

The prior year restatements are explained at Note 4.

		Usable reserves					
Narrative	**Note**	**General Reserve £m**	**Earmarked Revenue Reserves £m**	**Unapplied Capital Grants £m**	**Capital Receipts Reserve £m**	**Restated Total Unusable Reserves £m**	**Restated Total £m**
RESTATED BALANCE AT 31 MARCH 2021		**(77.665)**	**(260.503)**	**(73.533)**	**(8.653)**	**(106.487)**	**(526.841)**
Comprehensive Income & Expenditure		169.443	**0.000**	**0.000**	**0.000**	**(498.739)**	**(329.296)**
Adjustments between accounting basis and funding basis							
Depreciation of Non-Current Assets	14	(41.133)	0.000	0.000	0.000	41.133	0.000
Impairment of Non-Current Assets	14	(24.085)	0.000	0.000	0.000	24.085	0.000
Application of Capital Grants credited to the CIES	39	37.789	0.000	(37.789)	0.000	0.000	0.000
Disposal of Non-Current Assets	14	(63.382)	0.000	0.000	(3.352)	66.734	0.000
Revenue Expenditure Funded from Capital Under Statute		(15.697)	0.000	0.000	0.000	15.697	0.000
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		0.792	0.000	0.000	0.000	(0.792)	0.000
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		9.065	0.000	0.000	0.000	(9.065)	0.000

Reversal of items relating to retirement benefits debited or credited to the CIES	48	(156.729)	0.000	0.000	0.000	156.729	0.000
Statutory provision for the financing of capital investment		11.805	0.000	0.000	0.000	(11.805)	0.000
Principal repayments of transferred debt		0.006	0.000	0.000	0.000	(0.006)	0.000
Capital expenditure charged in the year to the General Reserve		0.363	0.000	0.000	0.000	(0.363)	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	21	5.292	0.000	0.000	0.000	(5.292)	0.000
Amount by which finance costs (proportion of previous years' premiums) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.278	0.000	0.000	0.000	(0.278)	0.000
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	0.000	0.000	0.000	0.000
Employer's pension contributions and direct payments to pensioners payable in the year	48	64.416	0.000	0.000	0.000	(64.416)	0.000
Deferred Capital Receipts becoming usable		0.000	0.000	0.000	(0.883)	0.883	0.000
Dedicated Schools Grant (DSG) closing deficit balance	38	(3.893)	0.000	0.000	0.000	3.893	0.000
Financing of capital expenditure	17	0.000	0.000	52.640	3.173	(55.813)	0.000
Adjustments between accounting basis and funding basis		**(175.113)**	**0.000**	**14.851**	**(1.062)**	**161.324**	**0.000**
Reserves movements							
Transfer to Earmarked Reserves	29	104.495	(104.495)	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	29	(81.665)	81.665	0.000	0.000	0.000	0.000
Total movements		**(152.283)**	**(22.830)**	**14.851**	**(1.062)**	**161.324**	**0.000**
BALANCE AT 31 MARCH 2022		**(60.505)**	**(283.333)**	**(58.682)**	**(9.715)**	**(443.902)**	**(856.137)**

		Usable reserves					
Narrative	**Note**	**Restated General Reserve**	**Earmarked Revenue Reserves**	**Unapplied Capital Grants**	**Capital Receipts Reserve**	**Restated Total Unusable Reserves**	**Restated Total Council Reserves**
		£m	**£m**	**£m**	**£m**	**£m**	**£m**
RESTATED BALANCE AT 31 MARCH 2020		**(53.547)**	**(229.135)**	**(41.552)**	**(7.415)**	**(616.943)**	**(948.592)**
Restated Comprehensive Income & Expenditure		**94.786**	**0.000**	**0.000**	**0.000**	**326.965**	**421.751**
Restated Adjustments between accounting basis and funding basis							
Depreciation of Non-Current Assets	14	(40.937)	0.000	0.000	0.000	40.937	0.000
Impairment of Non-Current Assets	14	(24.091)	0.000	0.000	0.000	24.091	0.000
Application of Capital Grants credited to the CIES	39	106.093	0.000	(106.093)	0.000	0.000	0.000
Disposal of Non-Current Assets	14	(147.295)	0.000	0.000	(4.017)	151.312	0.000
Revenue Expenditure Funded from Capital Under Statute		(15.569)	0.000	0.000	0.000	15.569	0.000
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(1.861)	0.000	0.000	0.000	1.861	0.000
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		(14.963)	0.000	0.000	0.000	14.963	0.000

Restated Reversal of items relating to retirement benefits debited or credited to the CIES	48	(94.573)	0.000	0.000	0.000	94.573	0.000
Statutory provision for the financing of capital investment		13.849	0.000	0.000	0.000	(13.849)	0.000
Principal repayments of transferred debt		0.006	0.000	0.000	0.000	(0.006)	0.000
Capital expenditure charged in the year to the General Reserve		0.000	0.000	0.000	0.000	0.000	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	21	6.373	0.000	0.000	0.000	(6.373)	0.000
Amount by which finance costs (proportion of previous years' premiums) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.267	0.000	0.000	0.000	(0.267)	0.000
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	0.000	0.000	0.000	0.000
Employer's pension contributions and direct payments to pensioners payable in the year	48	63.586	0.000	0.000	0.000	(63.586)	0.000
Capital receipts from Finance Lease Debtors	45	0.000	0.000	0.000	(0.006)	0.006	0.000
Dedicated Schools Grant (DSG) closing deficit balance	38	(1.157)	0.000	0.000	0.000	1.157	0.000
Financing of capital expenditure	17	0.000	0.000	74.112	2.785	(76.897)	0.000
Restated Adjustments between accounting basis and funding basis		**(150.272)**	**0.000**	**(31.981)**	**(1.238)**	**183.491**	**0.000**
Reserves movements							
Transfer to Earmarked Reserves	29	133.374	(133.374)	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	29	(102.006)	102.006	0.000	0.000	0.000	0.000
Total movements		**(118.904)**	**(31.368)**	**(31.981)**	**(1.238)**	**183.491**	**0.000**
RESTATED BALANCE AT 31 MARCH 2021		**(77.665)**	**(260.503)**	**(73.533)**	**(8.653)**	**(106.487)**	**(526.841)**

		Usable reserves					
Narrative	**Note**	**General Reserve**	**Earmarked Revenue Reserves**	**Unapplied Capital Grants**	**Capital Receipts Reserve**	**Restated Total Unusable Reserves**	**Restated Total Council Reserves**
		£m	**£m**	**£m**	**£m**	**£m**	**£m**
BALANCE AT 31 MARCH 2019		**(64.570)**	**(233.445)**	**(56.285)**	**(12.433)**	**(485.429)**	**(852.162)**
Restated Comprehensive Income & Expenditure		**302.632**	**0.000**	**0.000**	**0.000**	**(399.062)**	**(96.430)**
Adjustments between accounting basis and funding basis							
Depreciation of Non-Current Assets	14	(42.602)	0.000	0.000	0.000	42.602	0.000
Impairment of Non-Current Assets	14	(12.055)	0.000	0.000	0.000	12.055	0.000
Application of Capital Grants credited to the CIES	39	31.783	0.000	(31.783)	0.000	0.000	0.000
Disposal of Non-Current Assets	14	(175.383)	0.000	0.000	(2.809)	178.192	0.000
Revenue Expenditure Funded from Capital Under Statute		(23.254)	0.000	0.000	0.000	23.254	0.000
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		1.498	0.000	0.000	0.000	(1.498)	0.000
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		3.081	0.000	0.000	0.000	(3.081)	0.000

Reversal of items relating to retirement benefits debited or credited to the CIES	48	(132.696)	0.000	0.000	0.000	132.696	0.000
Statutory provision for the financing of capital investment		10.948	0.000	0.000	0.000	(10.948)	0.000
Principal repayments of transferred debt		(0.068)	0.000	0.000	0.000	0.068	0.000
Capital expenditure charged in the year to the General Reserve		0.000	0.000	0.000	0.000	0.000	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	21	(8.352)	0.000	0.000	0.000	8.352	0.000
Amount by which finance costs (proportion of previous years' premiums) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.244	0.000	0.000	0.000	(0.244)	0.000
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	(1.139)	0.000	0.000	0.000	1.139	0.000
Employer's pension contributions and direct payments to pensioners payable in the year	48	60.696	0.000	0.000	0.000	(60.696)	0.000
Capital receipts from Finance Lease Debtors	45	0.000	0.000	0.000	(0.007)	0.007	0.000
Financing of capital expenditure	17	0.000	0.000	46.516	7.834	(54.350)	0.000
Adjustments between accounting basis and funding basis		(287.299)	0.000	14.733	5.018	**267.548**	**0.000**
Reserves movements							
Transfer to Earmarked Reserves	29	58.564	(58.564)	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	29	(62.874)	62.874	0.000	0.000	0.000	0.000
Total movements		**(291.609)**	**4.310**	**14.733**	**5.018**	**267.548**	**0.000**
RESTATED BALANCE AT 31 MARCH 2020		**(53.547)**	**(229.135)**	**(41.552)**	**(7.415)**	**(616.943)**	**(948.592)**

8. PROPERTY, PLANT AND EQUIPMENT

The value of Property, Plant and Equipment (PPE) assets in the Balance Sheet are shown at their carrying valuation, less accumulated depreciation charges. The table below shows the movement in PPE assets during the year:

	Note/ Statement	Land & Buildings £m	Vehicles, Plant & Equipment £m	Infrastructure Assets £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Property Plant & Equipment £m
COST OR VALUATION								
At 1 April 2021		**1,207.501**	**65.436**	**466.535**	**4.641**	**17.816**	**41.848**	**1,803.777**
Additions		20.553	2.990	45.661	0.227	0.019	28.005	**97.455**
Disposals		(55.336)	(3.290)	0.000	0.000	(1.163)	0.000	**(59.789)**
Disposals derecognition		(1.762)	0.000	(11.930)	(0.055)	0.000	0.000	**(13.747)**
Revaluation Gains to RR*	CIES	133.716	0.000	0.000	0.000	1.790	0.000	**135.506**
Revaluation Losses to RR	CIES	(49.965)	0.000	0.000	0.000	(1.855)	0.000	**(51.820)**
Revaluation Losses to CIES		(23.235)	0.000	0.000	0.000	(0.397)	0.000	**(23.632)**
Transfer within PPE		4.128	(0.075)	8.499	1.303	1.710	(15.565)	**0.000**
Transfer to Held for Sale		0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
At 31 March 2022		**1,235.600**	**65.061**	**508.765**	**6.116**	**17.920**	**54.288**	**1,887.750**
DEPRECIATION								
At 1 April 2021		**(9.268)**	**(52.464)**	**(117.206)**	**(0.037)**	**(1.725)**	**0.000**	**(180.700)**
Charge for year		(24.270)	(2.992)	(13.254)	(0.004)	(0.021)	0.000	**(40.541)**
Revaluations to RR	CIES	23.256	0.000	0.000	0.000	0.165	0.000	**23.421**
Impairment to CIES		(0.443)	0.000	0.000	0.000	0.000	0.000	**(0.443)**
Disposals		1.539	3.154	0.000	0.000	0.002	0.000	**4.695**
Disposals derecognition		0.116	0.000	2.490	0.000	0.000	0.000	**2.606**
Transfer within PPE		0.146	0.078	0.000	0.000	(0.224)	0.000	**0.000**
Transfer to Held for Sale		0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
At 31 March 2022		**(8.924)**	**(52.224)**	**(127.970)**	**(0.041)**	**(1.803)**	**0.000**	**(190.962)**
OPENING VALUE		1,198.233	12.972	349.329	4.604	16.091	41.848	1,623.077
CLOSING VALUE		**1,226.676**	**12.837**	**380.795**	**6.075**	**16.117**	**54.288**	**1,696.788**
NATURE OF ASSET HOLDING								
Purchased / Built		1,191.616	12.837	380.795	6.075	16.117	54.288	**1,661.728**
Finance Lease		7.535	0.000	0.000	0.000	0.000	0.000	**7.535**
Donated		5.820	0.000	0.000	0.000	0.000	0.000	**5.820**
Private Finance Initiative		21.705	0.000	0.000	0.000	0.000	0.000	**21.705**
		1,226.676	**12.837**	**380.795**	**6.075**	**16.117**	**54.288**	**1,696.788**

*RR – Revaluation Reserve

The fair value measurement of the Council's Surplus Assets is analysed below, with net book value being categorised as fair value Level 1, Level 2 or Level 3. Refer to Note 21 for more information about these Levels.

	Net Book Value (NBV)			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Land	0.000	7.926	7.056	14.982
Buildings	0.000	0.389	0.746	1.135
	0.000	**8.315**	**7.802**	**16.117**

The 2020-21 position was:

	Note/ Statement	Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Property Plant & Equipment
		£m	£m	£m	£m	£m	£m	£m
COST OR VALUATION								
At 1 April 2020		**1,349.334**	**69.169**	**451.001**	**4.502**	**9.420**	**70.337**	**1,953.763**
Additions		14.266	2.870	29.129	0.222	0.005	27.985	**74.477**
Disposals		(98.482)	(5.104)	0.000	(0.098)	(0.664)	0.000	**(104.348)**
Disposals derecognition		(1.398)	0.000	(20.578)	(0.074)	0.000	0.000	**(22.050)**
Revaluation Gains to RR*	CIES	28.468	0.000	0.000	0.000	6.170	0.000	**34.638**
Revaluation Losses to RR	CIES	(67.771)	0.000	0.000	0.000	(5.644)	0.000	**(73.415)**
Revaluation Losses to CIES		(15.723)	0.000	0.000	0.000	(7.681)	0.000	**(23.404)**
Transfers within PPE		(1.193)	(1.499)	6.983	0.089	16.804	(21.184)	**0.000**
Transfers to Heritage		0.000	0.000	0.000	0.000	0.000	(35.290)	**(35.290)**
Transfers to Held for Sale		0.000	0.000	0.000	0.000	(0.594)	0.000	**(0.594)**
At 31 March 2021		**1,207.501**	**65.436**	**466.535**	**4.641**	**17.816**	**41.848**	**1,803.777**
DEPRECIATION								
At 1 April 2020		**(36.572)**	**(55.225)**	**(108.758)**	**(0.033)**	**(0.281)**	**0.000**	**(200.869)**
Charge for year		(24.787)	(2.642)	(12.489)	(0.004)	(0.037)	0.000	**(39.959)**
Revaluations to RR	CIES	47.444	0.000	0.000	0.000	0.687	0.000	**48.131**
Impairment to CIES		(0.879)	0.000	0.000	(0.081)	0.000	0.000	**(0.960)**
Disposals		4.720	3.876	0.000	0.081	0.087	0.000	**8.764**
Disposals derecognition		0.152	0.000	4.041	0.000	0.000	0.000	**4.193**
Transfer within PPE		0.654	1.527	0.000	0.000	(2.181)	0.000	**0.000**
Transfer to Held for Sale		0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
At 31 March 2021		**(9.268)**	**(52.464)**	**(117.206)**	**(0.037)**	**(1.725)**	**0.000**	**(180.700)**
OPENING VALUE		1,312.762	13.944	342.243	4.469	9.139	70.337	1,752.894
CLOSING VALUE		**1,198.233**	**12.972**	**349.329**	**4.604**	**16.091**	**41.848**	**1,623.077**
NATURE OF ASSET HOLDING								
Purchased / Built		1,170.138	12.972	349.329	4.604	16.091	41.848	**1,594.982**
Finance Lease		6.926	0.000	0.000	0.000	0.000	0.000	**6.926**
Private Finance Initiative		21.169	0.000	0.000	0.000	0.000	0.000	**21.169**
		1,198.233	**12.972**	**349.329**	**4.604**	**16.091**	**41.848**	**1,623.077**

*RR – Revaluation Reserve

Under IFRS13, the Council is required to provide a summary of the fair value measurement for Surplus Assets. The 2020-21 position was:

	Net Book Value (NBV)			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Land	0.000	8.142	7.114	15.256
Buildings	0.000	0.263	0.572	0.835
	0.000	**8.405**	**7.686**	**16.091**

A summary of the Council's Property, Plant and Equipment, Heritage Assets, Intangible Assets and Assets Held For Sale is included below, giving information as to the proportion of the closing value at 31 March 2022 which relates to assets held at historic cost and the proportion which relates to assets which have been revalued, and if so, the year of that revaluation under the Council's five year rolling programme of physical revaluation. In addition to this physical formal revaluation programme, school assets are revalued each year based on a desk top review. The value of schools revalued in this way at 31 March 2022 is £594.444m.

	Land & Buildings £m	Vehicles, Plant & Equipment £m	Infrastructure Assets £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Property Plant & Equipment £m
VALUATION							
At 31 March 2022	283.124	0.000	0.000	0.000	16.117	0.000	299.241
At 31 March 2021	305.284	0.000	0.000	0.000	0.000	0.000	305.284
At 31 March 2020	203.924	0.000	0.000	0.000	0.000	0.000	203.924
At 31 March 2019	198.858	0.000	0.000	0.000	0.000	0.000	198.858
At 31 March 2018	235.486	0.000	0.000	0.000	0.000	0.000	235.486
	1,226.676	**0.000**	**0.000**	**0.000**	**16.117**	**0.000**	**1,242.793**
HISTORIC COST	**0.000**	**12.837**	**380.795**	**6.075**	**0.000**	**54.288**	**453.995**
CLOSING VALUE							
At 31 March 2022	**1,226.676**	**12.837**	**380.795**	**6.075**	**16.117**	**54.288**	**1,696.788**

9. NATURE AND SCALE OF HERITAGE ASSETS

The table below shows the movement in Heritage Assets during the year:

	Monuments, Statues and Historic Buildings £m	County Buildings £m	Archives and Local Studies Collection £m	Museum Collection and Artefacts £m	Heritage Assets £m
COST OR VALUATION					
At 1 April 2021	**40.600**	**0.058**	**4.250**	**2.964**	**47.872**
Additions	0.269	0.000	0.000	0.000	**0.269**
Disposals	0.000	0.000	(0.250)	(0.094)	**(0.344)**
Impairment losses/(reversals) through I&E	0.000	(0.010)	0.000	0.000	**(0.010)**
Revaluations	12.976	(0.016)	0.000	2.705	**15.665**
Derecognition	(0.029)	0.000	0.000	0.000	**(0.029)**
At 31 March 2022	**53.816**	**0.032**	**4.000**	**5.575**	**63.423**
DEPRECIATION					
At 1 April 2021	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Depreciation Charge	0.000	0.000	0.000	0.000	**0.000**
Disposals	0.000	0.000	0.000	0.000	**0.000**
At 31 March 2022	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
OPENING VALUE	40.600	0.058	4.250	2.964	47.872
CLOSING VALUE	**53.816**	**0.032**	**4.000**	**5.575**	**63.423**
NATURE OF ASSET HOLDING					
Purchased / Built	53.816	0.032	4.000	4.399	62.247
Donated	0.000	0.000	0.000	1.176	1.176
	53.816	**0.032**	**4.000**	**5.575**	**63.423**

The Council's Heritage Assets are categorised as follows:

Monuments, Statues and Historic Buildings – the Council owns various historic buildings, the most significant of which is Elvaston Castle, which was designed by James Wyatt, in the gothic revival style, in the early 1800s. The castle is situated in approximately 321 acres of open parkland, woodland and historical gardens. The Council has a Masterplan in place and has continued to dedicate capital expenditure to improve access and provide a sustainable future for the castle and its country park.

County Buildings – various heritage assets are held at County Buildings. These include pieces of silverware from the former Judges' lodgings and railway nameplates.

Archives and Local Studies Collection – this collection is proportioned approximately 80% archives and 20% local studies. A large photographic collection is held at the Derbyshire Records Office. Also held are records of the magistrates' court, county court, coroner's court, hospitals and NHS Trust. This is Derbyshire's only place of deposit.

Museum Collection and Artefacts – the permanent galleries at Buxton Museum showcase the core collections, covering Peak District archaeology, geology, art and local history. There is a recreated study of the work of archaeologist Sir William Boyd Dawkins, together with a fine art collection of mostly 19th and 20th century works in watercolours, oils and prints, including works by Brangwyn, Chagall, Chahine and their contemporaries. Also held at the museum is a mineral collection including Blue John, local specimens and cave deposits. There is also a collection of Ice Age material and finds from Creswell Crags on the Derbyshire border. A number of Hans Coper vases are also held.

The 2020-21 position was:

	Monuments, Statues and Historic Buildings	County Buildings	Archives and Local Studies Collection	Museum Collection and Artefacts	Heritage Assets
	£m	£m	£m	£m	£m
COST OR VALUATION					
At 1 April 2020	**40.389**	**0.312**	**5.250**	**3.619**	**49.570**
Additions	1.015	0.000	0.000	0.000	**1.015**
Disposals	(35.984)	(0.258)	(0.813)	(1.060)	**(38.115)**
Revaluations	0.000	0.004	0.000	0.218	**0.222**
Transfers from PPE	35.290	0.000	0.000	0.000	**35.290**
Transfers within Heritage Assets	0.000	0.000	(0.187)	0.187	**0.000**
Derecognition	(0.110)	0.000	0.000	0.000	**(0.110)**
At 31 March 2021	**40.600**	**0.058**	**4.250**	**2.964**	**47.872**
DEPRECIATION					
At 1 April 2020	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Depreciation Charge	(0.086)	0.000	0.000	0.000	**(0.086)**
Disposals	0.086	0.000	0.000	0.000	**0.086**
At 31 March 2021	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
OPENING VALUE	40.389	0.312	5.250	3.619	49.570
CLOSING VALUE	**40.600**	**0.058**	**4.250**	**2.964**	**47.872**
NATURE OF ASSET HOLDING					
Purchased / Built	40.600	0.058	4.250	2.039	46.947
Donated	0.000	0.000	0.000	0.925	0.925
	40.600	**0.058**	**4.250**	**2.964**	**47.872**

Buxton Crescent was classified as an Asset Under Construction for several years whilst the capital project was progressing. Expenditure, representing several years' accumulation of the Asset Under Construction balance, was capitalised in 2020-21, due to the asset becoming operational on 1 October 2020. Based upon a judgement of the substance of the transaction over its legal form, the Council determined that the asset should be removed from the Balance Sheet in 2020-21, to reflect transfer of responsibility over the asset. This led to the value of expenditure being treated as a disposal within 2020-21.

10. HERITAGE ASSETS NOT REPORTABLE IN THE BALANCE SHEET

Where the Council is unable to place a reliable fair value on Heritage Assets because of their nature, it is required to disclose them in accordance with the Code of Practice on Local Authority Accounting. Details of these Heritage Assets are set out below:

- Colliery Bridge, Shipley Country Park
- Paul's Arm Bridge, Shipley Country Park
- Leawood River Aqueduct
- Northern Retaining Walls and Loading Bay, Cromford Wharf
- Side Walls and Curbs to Canal Basin, Cromford Wharf
- Railway Embankment and Road Bridge, Steeple Grange, Wirksworth
- Grindlow Tower, Solomon's Temple, Poole's Cavern Country Park, Buxton
- Workshops, Offices and Terminus at Cromford and High Peak Junction
- Brittain Colliery Headstocks, Ripley
- Brittain Colliery Engine House, Ripley

11. CAPITAL EXPENDITURE AND CAPITAL FINANCING

2020-21 £m		2021-22 £m
75.493	Capital Additions	97.902
15.569	Revenue Expenditure Funded from Capital Under Statute	15.697
91.062	**Capital Expenditure**	**113.599**
14.359	Loans	57.423
0.000	Revenue Contributions	0.363
2.591	Capital Receipts	3.172
74.112	Grants and Contributions	52.641
91.062	**Capital Financing**	**113.599**

2020-21 £m		2021-22 £m
525.169	**Opening Capital Financing Requirement (CFR)**	**525.679**
	Capital Investment	
75.295	Property, Plant and Equipment	97.755
0.198	Intangible Assets	0.147
15.569	Revenue Expenditure Funded from Capital under Statute	15.697
	Sources of Finance	
(2.591)	Capital Receipts	(3.172)
(74.112)	Government Grants and other Contributions	(52.641)
0.000	Direct Revenue Contributions	(0.363)
(13.849)	Statutory Minimum Revenue Provision	(11.805)
525.679	**Closing Capital Financing Requirement (CFR)**	**571.297**
0.510	**Movement in Year**	**45.618**
	Increase/(Decrease) in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	

12. INTANGIBLE ASSETS

Intangible assets relate to the purchase of software licences:

	2020-21 £m	2021-22 £m
COST OR VALUATION		
At 1st April	**8.602**	**8.800**
Additions	0.198	0.147
Disposals	0.000	0.000
At 31st March	**8.800**	**8.947**
DEPRECIATION		
At 1st April	**(7.073)**	**(7.640)**
Charge for year	(0.567)	(0.593)
Disposals	0.000	0.000
At 31st March	**(7.640)**	**(8.233)**
OPENING VALUE	1.529	1.160
CLOSING VALUE	**1.160**	**0.714**

13. ASSETS HELD FOR SALE

2020-21					2021-22			
Carrying Value			RR		Carrying Value			RR
GBV £m	Dpn £m	NBV £m	£m		GBV £m	Dpn £m	NBV £m	£m
2.342	**0.000**	**2.342**	**1.038**	**At 1 April**	**2.896**	**0.000**	**2.896**	**1.645**
0.000	0.000	0.000	0.000	Sales	(0.500)	0.000	(0.500)	(0.211)
0.594	0.000	0.594	0.594	Transfers	0.000	0.000	0.000	0.000
(0.040)	0.000	(0.040)	0.013	Other Movements	0.000	0.000	0.000	0.000
2.896	**0.000**	**2.896**	**1.645**	**At 31 March**	**2.396**	**0.000**	**2.396**	**1.434**

Assets must meet stringent criteria to be classified as Held for Sale rather than Surplus.

14. NON-CURRENT DEBTORS

31 Mar 2021 £m		Note	31 Mar 2022 £m
0.038	Non-Current Transferred Debt	21	0.036
0.204	Other Non-Current Debtors	21	0.195
0.242	**Total Non-Current Debtors**		**0.231**

15. FINANCIAL INSTRUMENTS

Financial Assets comprise loans to other bodies, cash and short-term deposits, investments in equity funds and receivables.

Current Financial Assets

	Carrying Value		Fair Value	
	31 Mar 2021 £m	31 Mar 2022 £m	31 Mar 2021 £m	31 Mar 2022 £m
Current Investments	161.148	251.812	161.148	251.812
Cash and Cash Equivalents	71.657	46.230	71.657	46.230
Trade Debtors	25.538	27.888	25.538	27.888
Current Financial Assets	**258.343**	**325.930**	**258.343**	**325.930**

Non-Current Financial Assets

	Carrying Value		Fair Value	
	31 Mar 2021 £m	31 Mar 2022 £m	31 Mar 2021 £m	31 Mar 2022 £m
Non-Current Transferred Debt	0.038	0.036	0.038	0.036
Pooled Investment Funds	66.264	71.556	66.264	71.556
Loan to Buxton Crescent Ltd	11.093	11.292	12.325	12.547
Loan to Chesterfield FC Community	0.450	0.449	0.500	0.500
Other Non-Current Investments	44.500	14.996	44.853	14.750
Other Non-Current Debtors	0.204	0.195	0.204	0.195
Non-Current Financial Assets	**122.549**	**98.524**	**124.184**	**99.584**

* Fair value disclosure not required

The Non-Current Investments balance includes the Council's holdings in pooled investment funds.

Financial Assets by Measurement Classification

	Carrying Value		Fair Value	
	31 Mar 2021 £m	31 Mar 2022 £m	31 Mar 2021 £m	31 Mar 2022 £m
Amortised Costs	314.628	352.898	316.263	353.958
Fair Value through Profit or Loss	66.264	71.556	66.264	71.556
Total Financial Assets	**380.892**	**424.454**	**382.527**	**425.514**

At 31 March 2022 there was one non-current investment in the balance sheet with a carrying value in excess of £15.000m:

- CCLA Mutual Investment Trust Property Fund, with a carrying value equal to fair value at 31 March 2022 of £27.129m (original investment £25.000m). This investment is open ended but can be realised with 90 days' notice.

Non-Current Transferred Debt and Other Non-Current Debtors are not quoted on active markets meaning that fair value cannot be accurately calculated. As such they have been reported at carrying value.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

The following financial assets are pooled investment funds which the Council has measured at FVPL. The Council's pooled investment funds are traded on active markets, for which the Council can access the measurement data. The fair values of these funds are determined by the closing bid prices at 31 March 2022. The fair values of the Council's deposits and the loans it has made are determined with reference to the principal, term, rate and timing of the interest and the borrower's credit rating. It is the Council's intention to hold these assets for the medium to long term to earn investment income and for capital appreciation.

Financial Assets measured at FVPL	Carrying Value		Fair Value	
	31 Mar 2021 £m	31 Mar 2022 £m	31 Mar 2021 £m	31 Mar 2022 £m
Aegon - Diversified Income Fund	10.127	10.111	10.127	10.111
CCLA - LA Property Fund	23.078	27.129	23.078	27.129
CCLA Diversified Income Fund	4.903	5.130	4.903	5.130
M&G - Optimal Income Fund	4.963	4.791	4.963	4.791
M&G - Global Dividend Fund	5.684	6.518	5.684	6.518
Ninety One* Diversified Income Fund	9.790	9.320	9.790	9.320
Schroder - Income Maximiser Fund	7.719	8.557	7.719	8.557
Total	**66.264**	**71.556**	**66.264**	**71.556**

*Previously Investec

The Council holds 75,000 £1 ordinary shares (17% share) in the Local Authority controlled Scape Group (Ltd). The value of this holding is small and there are conditions on the shares that prevent them from being traded on the open market. The Council does not consider the value to be material and therefore no value is carried on the Council's Balance Sheet.

There have been no financial assets measured at FVPL which have been derecognised in the year ended 31 March 2022.

Dividend Income

Dividend income from the Council's investments in equity instruments and pooled investment funds has been recognised as follows:

	2020-21 £m	2021-22 £m
None	0.000	0.000
From Investments Derecognised	**0.000**	**0.000**
Aegon - Diversified Income Fund	0.431	0.515
CCLA - LA Property Fund	1.008	0.895
CCLA Diversified Income Fund	0.156	0.123
M&G - Global Dividend Fund	0.170	0.179
M&G - Optimal Income Fund	0.112	0.117
Ninety One Diversified Income Fund	0.366	0.351
Schroder - Income Maximiser Fund	0.477	0.550
Scape Group Limited shares	0.000	0.500
From Investments Held at Year End	**2.720**	**3.230**
Total Dividends Received	**2.720**	**3.230**

Financial Instrument Liabilities comprise loans and borrowings, PFI liabilities, finance lease liabilities and other liabilities at contract amounts.

Current Financial Liabilities

	Carrying Value		Fair Value	
	31 Mar 2021 £m	31 Mar 2022 £m	31 Mar 2021 £m	31 Mar 2022 £m
Transferred Debt	(0.006)	(0.007)	(0.006)	(0.007)
Public Works Loan Board	0.000	(7.320)	0.000	(7.320)
Temporary Loans	(88.000)	(127.500)	(88.000)	(127.500)
Accrued Interest	(2.052)	(2.042)	(2.052)	(2.042)
Current Loans and Borrowing	**(90.058)**	**(136.869)**	**(90.058)**	**(136.869)**
Trade Creditors	(86.351)	(114.587)	(86.351)	(114.587)
PFI liability	(4.166)	(4.388)	(7.121)	(7.008)
Finance lease liability	(0.394)	(0.400)	(0.394)	(0.400)
Current Financial Liabilities	**(180.969)**	**(256.244)**	**(183.924)**	**(258.864)**

Non-Current Financial Liabilities

	Note	Fair Value Level	Carrying Value		Fair Value	
			31 Mar 2021 £m	31 Mar 2022 £m	31 Mar 2021 £m	31 Mar 2022 £m
Transferred Debt		2	(0.149)	(0.142)	(0.149)	(0.142)
Public Works Loan Board		2	(228.013)	(221.960)	(346.332)	(300.421)
Other Long Term Loans		2	(15.554)	(28.543)	(22.006)	(32.086)
Non-Current Borrowing			**(243.716)**	**(250.645)**	**(368.487)**	**(332.649)**
PFI liability	27	3	(55.587)	(51.199)	(65.695)	(55.123)
Finance lease liability	27	*	(4.245)	(3.846)	(4.245)	(3.846)
Non-Current Financial Liabilities			**(303.548)**	**(305.690)**	**(438.427)**	**(391.618)**

* Fair value disclosure not required

Financial Liabilities by Measurement Classification

	Carrying Value		Fair Value	
	31 Mar 2021 £m	31 Mar 2022 £m	31 Mar 2021 £m	31 Mar 2022 £m
Amortised Costs	(484.517)	(561.934)	(622.351)	(650.482)
Fair Value through Profit or Loss	0.000	0.000	0.000	0.000
Total Financial Liabilities	**(484.517)**	**(561.934)**	**(622.351)**	**(650.482)**

The Council has 49 loans with the Public Works Loan Board (PWLB) at 31 March 2022. The start date of the earliest of these PWLB loans was June 1997. This loan is for a period of 25 years. The most recent start date was November 2007, for a period of 30 years. During the year, no loans with the PWLB were due for repayment. The average loan rate across the loans is 4.50%. The average discount rate is 2.72%.

At 31 March 2022 the Council held one LOBO loan and two other long-term loans (Barclays waived their LOBO options in June 2016):

- £5.000m Dexia LOBO loan, commencing in August 2004, for 35 years, at a fixed rate of 4.5%. The fair value is £6.460m, using a discount rate of 2.464%.

- £5.000m Barclays loan commencing in October 2003, for 40 years, with an introductory rate of 3.2% for four years, then 4.875% thereafter. The carrying value of the loan at 31 March 2022 is £5.336m and the fair value is £6.682m, using a discount rate of 2.910%.
- £5.000m Barclays loan, commencing in February 2005, for 40 years, with an introductory interest rate of 3.7% for four years, then 4.5% thereafter. A discount of £0.103m applied at the commencement of the loan. The carrying value of the loan at 31 March 2022 is £5.207m and the fair value is £6.353m, using a discount rate of 2.901%.

PFI and Finance Lease Liabilities are not quoted on active markets. The discounted cash flow method has been used to calculate the fair value of PFI liabilities. Refer to Note 46 for further details. The average interest rate across the Council's 17 finance leases is 11.32%. Refer to Note 45 for further details.

Interest Income and Expenditure

The following income and expenditure have been recognised in the CIES in relation to interest on financial instruments:

	Income/(Expense)	
	2020-21 £m	**2021-22 £m**
Interest Income	3.426	2.188
Interest Expense	(17.858)	(17.340)
Net Interest Income/(Expense)	**(14.432)**	**(15.152)**

Financial Instrument Gains/Losses

The following gains and losses have been recognised in the CIES in relation to the carrying value of the Council's financial assets:

Financial Assets	**Net (Losses)/Gains**	
	2020-21 £m	**2021-22 £m**
Amortised Costs	0.062	1.667
Fair Value through Profit or Loss	6.386	5.292
FVOCI - Gains/Losses Recognised in Other Comprehensive Income	0.000	0.000
FVOCI - Accumulated Gains/Losses Reclassified to Surplus Deficit on Provision of Service	0.000	0.000
Total (Losses)/Gains	**6.448**	**6.959**

Losses arising from financial assets measured at amortised cost relate to impairment of these assets, including write-off of irrecoverable trade debt and movement in the allowances for loss due to default on these assets. The loan advances to Buxton Crescent Ltd (formerly Buxton Crescent Hotel and Thermal Spa Company Ltd) meet the definition of capital expenditure under statutory provisions, therefore the movement in the loss allowance for default provided for these advances has been reversed out to the Capital Adjustment Account.

Losses from financial assets measured at Fair Value through Profit or Loss (FVPL) relate to movements in the fair value of the Council's investments in pooled investment funds. These losses have been reversed out to the Financial Instruments Adjustment Account as required by the statutory temporary override MHCLG has issued. The override is effective for financial years 2018-19 to 2022-23.

There are no gains or losses from financial assets measured at Fair Value through Other Comprehensive Income (FVOCI).

The following losses arose on derecognition from Financial Assets measured at amortised cost.

	2020-21		**2021-22**	
	Gains £m	**(Losses) £m**	**Gains £m**	**(Losses) £m**
Loan to Buxton Crescent Ltd	0.000	(0.566)	0.000	(0.162)
Gains/(Losses) on Derecognition	**0.000**	**(0.566)**	**0.000**	**(0.162)**

The Buxton Crescent hotel was scheduled to open in Spring 2020. However, due to the impacts of the Covid-19 pandemic, this opening was delayed until Autumn 2020 and additional closures in line with Government guidance and reduced visitor numbers had a significant negative impact on the hotel's ability to generate any revenues in 2020-21 and early 2021-22. On 19 July 2021 most legal restrictions on social contact were lifted in England and the hotel's operations could start to return to normal.

The Council agreed to write-off £0.566m of interest accruing on the loan to Buxton Crescent Limited, for the year ended 31 March 2021, and £0.162m of interest accruing from 1 April 2021 to 18 July 2021. This is in recognition of the fact that Buxton Crescent Limited's revenues were significantly lower than anticipated because of the Covid-19 pandemic, which has impacted on its ability to afford interest payments on the loan. This has been funded by Covid-19 grant funding.

There have been no gains or losses recognised in the CIES in relation to the carrying value of the Council's financial liabilities.

Fee Income and Expenses

	Income/(Expense)	
	2020-21 £m	2021-22 £m
Fees From Instruments not at FVPL	(0.125)	(0.132)
Fees From Investing Activities on Behalf of Other Parties	0.030	0.030
Net Fee Income/(Expense)	**(0.095)**	**(0.102)**

The Council incurred £0.132m in brokerage fees to execute transactions relating to new loans the Council took out. Two of these loans had a term of less than two years, the remainder had a term of one year or less. £0.030m of income was earned from banking and treasury management services provided to the Derbyshire Pension Fund and Local Enterprise Partnership (LEP) for Derby, Derbyshire, Nottingham and Nottinghamshire.

Financial Instruments – Fair Values

Financial assets which do not give rise to cash flows which are solely payments of principal and interest, or where it is not the Council's intention to hold those assets to collect the contractual cash flows, are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2022, using the following methods and assumptions:

- Certificates of deposit and forward loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2022, 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 value of the LOBO loan has been increased by the value of the embedded options, where a value exists. The lender's options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. The Council's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that the lender will only exercise their option when market rates have risen above the contractual loan rate.
- 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 March.

- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

16. INVENTORIES

	2020-21			2021-22		
	Highways £m	Other £m	Total £m	Highways £m	Other £m	Total £m
1 April	**0.681**	**1.296**	**1.977**	**0.409**	**1.179**	**1.588**
Purchase of new stock	0.696	2.536	3.232	0.973	1.574	2.547
Stock issued	(0.944)	(2.651)	(3.595)	(1.073)	(1.598)	(2.671)
Stock written off	(0.024)	(0.002)	(0.026)	0.000	(0.006)	(0.006)
31 March	**0.409**	**1.179**	**1.588**	**0.309**	**1.149**	**1.458**

17. CURRENT DEBTORS

The current debtor balance can be analysed into the following categories:

31 Mar 2021 £m		31 Mar 2022 £m
17.671	From Other Local Authorities	10.570
4.223	From NHS Bodies	7.464
9.795	From Government Departments	12.260
4.169	From Derbyshire Pension Fund	4.453
44.595	From Other Sundry Debtors	52.835
80.453	**Amounts Owed to the Council**	**87.582**
0.123	To Other Local Authorities	0.024
0.092	To Government Departments	0.020
5.692	To Other Sundry Debtors	4.831
5.907	**Expenditure Paid in Advance by the Council**	**4.875**
86.360	**Total Current Debtors**	**92.457**
(4.196)	Less Allowance for Bad Debts	(2.073)
82.164	**Carrying Value of Current Debtors**	**90.384**

18. CASH AND CASH EQUIVALENTS

31 Mar 2021 £m		31 Mar 2022 £m
21.522	County Fund Bank Account Balance	41.991
21.522	**Cash Book for County Fund Account**	**41.991**
0.300	Schools Cash Income Account Balance	0.208
0.300	**Cash Book for Schools Cash Account**	**0.208**
21.822	**Total Cash Book Balance**	**42.199**
3.139	Amounts held by Bank Account Schools	2.132
0.324	Amounts held in Petty Cash Tins	0.453
0.392	Amounts held in Imprest Bank Accounts	0.452
(0.005)	Amounts held in Other Bank Accounts	(0.004)
25.672	**Total Cash Balance**	**45.232**
1.000	Bank instant-access deposit accounts	1.009
45.004	Short-term deposits	0.000
(0.019)	Cash investment loss allowance	(0.011)
71.657	**Total Cash and Cash Equivalents**	**46.230**

19. CREDITORS

The creditor balance can be analysed into the following categories:

31 Mar 2021 £m		31 Mar 2022 £m
(7.302)	To Other Local Authorities	(11.295)
(3.297)	To NHS Bodies	(1.319)
(13.679)	To Government Departments	(15.364)
(93.825)	To Other Sundry Creditors	(117.244)
(118.103)	**Amounts Owed by the Council**	**(145.222)**
(0.462)	From Other Local Authorities	(0.545)
(4.685)	From NHS Bodies	(15.104)
(23.060)	From Government Departments	(29.064)
(7.313)	From Other Sundry Creditors	(7.721)
(35.520)	**Income Received in Advance by the Council**	**(52.434)**
(153.623)	**Carrying Value of Creditors**	**(197.656)**

20. PROVISIONS

Total Provisions

	Insurance Fund	Exit Packages	Other	Total
	£m	£m	£m	£m
1 April 2020	7.210	1.841	3.181	12.232
New Provisions	4.319	0.037	5.711	10.067
Utilisation of Provision	(2.409)	(0.944)	(3.097)	(6.450)
Reversal of Provision	0.000	(0.309)	(0.020)	(0.329)
1 April 2021	**9.120**	**0.625**	**5.775**	**15.520**
New Provisions	3.766	2.246	3.902	9.914
Utilisation of Provision	(4.524)	(0.628)	(5.559)	(10.711)
Reversal of Provision	0.000	0.000	(0.216)	(0.216)
31 March 2022	**8.362**	**2.243**	**3.902**	**14.507**

Maturity Profile of Provisions

	Insurance Fund	Exit Packages	Other	Total
	£m	£m	£m	£m
Current Provisions	0.000	0.625	5.775	6.400
Non-Current Provisions	9.120	0.000	0.000	9.120
31 March 2021	**9.120**	**0.625**	**5.775**	**15.520**
Current Provisions	0.000	2.243	3.902	6.145
Non-Current Provisions	8.362	0.000	0.000	8.362
31 March 2022	**8.362**	**2.243**	**3.902**	**14.507**

Provision for Exit Packages

Estimated costs associated with future voluntary redundancies include an element for schools. The provision has been created on a global estimation of the cuts required to achieve the savings targets. There is uncertainty around which employees will leave the Council and at what time, which will determine the true cost.

Cash outflows are expected to be £2.295m in 2022-23. There are expected to be no cash outflows in 2023-24 and 2024-25.

Insurance Fund Provision

The Insurance Fund meets the estimated ‘excess’ of the Council’s insurance policies, with amounts held in either the insurance provision or the insurance reserve. The total Insurance Fund balance is £24.401m (31 March 2021: £26.225m). The provision of £8.362m represents obligations as at 31 March as a result of past claims. The reserve balance of £16.039m represents the Council’s self-insurance risk premium.
Cash outflows are expected to average just over £2.000m each year for the next three to four years.

Other Provisions

At 31 March 2022 the other provisions balance of £3.902m is comprised of £2.717m for a refund expected to be payable to the NHS in respect of income recognised relating to Continuing Healthcare and £0.634m expected to be payable for outstanding post-16 payments to colleges and backdated top-up payments for children with additional needs. The timing and amount of payments in respect of these provisions is not yet known. A further £0.551m is expected to be payable for the clawback of grant funding from Derbyshire’s Adult Community Education Service, which will be determined at the end of the academic year.

The timing of the cash outflows is not expected to be later than one year from 31 March 2022.

21. NON-CURRENT LIABILITIES

Pensions Liabilities

Restated 31 Mar 2020 £m	Restated 31 Mar 2021 £m		31 Mar 2022 £m
(601.941)	(966.931)	Pensions Liability - LGPS	(688.216)
(55.041)	(57.592)	Pensions Liability - Teachers	(52.653)
(656.982)	**(1,024.523)**		**(740.869)**

The prior year restatements are explained at Note 4.

Other Non-Current Liabilities

31 Mar 2021 £m		31 Mar 2022 £m
(13.356)	PFI Phase 1	(11.831)
(18.241)	PFI Phase 2	(16.858)
(23.990)	PFI - BSF	(22.510)
(2.822)	Finance Lease - Joint Service Centre	(2.746)
(1.423)	Finance Lease - Other Leases	(1.100)
(59.832)		**(55.045)**

Further information about the leases, PFI scheme and pension liabilities can be found in Notes 45 to 48.

22. USABLE RESERVES

Usable reserves relate to cash backed reserves that are available to finance future services or capital expenditure. Below are details of the Council's usable reserves and their purpose:

- **General Reserve** – revenue reserves available for future service delivery.
- **Revenue Earmarked Reserves** – revenue reserves available for future service delivery, however future spending pressures have been identified for which they will be used.
- **Usable Capital Receipts** – proceeds from the sale of Property, Plant and Equipment assets which are available to finance future capital developments.
- **Capital Grants Unapplied** – unused grant receipts for capital developments.

Details of the Council's usable reserves can be found in the Movement in Reserves Statement and Notes 13 and 29.

TRANSFERS TO / FROM EARMARKED RESERVES

	1 Apr 2020 £m	Transfers In £m	Transfers Out £m	31 Mar 2021 £m	Transfers In £m	Transfers Out £m	31 Mar 2022 £m
Adult Care							
Older People's Housing Strategy	(30.000)	0.000	13.897	(16.103)	0.000	0.000	(16.103)
Telecare	0.000	(1.500)	0.000	(1.500)	0.000	1.500	0.000
Pump Priming	(3.807)	0.000	3.807	0.000	0.000	0.000	0.000
Other reserves	(0.046)	(0.158)	0.165	(0.039)	(0.093)	0.113	(0.019)
Sub Total	**(33.853)**	**(1.658)**	**17.869**	**(17.642)**	**(0.093)**	**1.613**	**(16.122)**
Clean Growth and Regeneration							
Regeneration Kick-Start Feasibility Fund	0.000	0.000	0.000	0.000	(2.000)	0.638	(1.362)
Vision Derbyshire Economic Development Pilot	0.000	0.000	0.000	0.000	(1.000)	0.113	(0.887)
Markham Environment Centre	(0.114)	0.000	0.000	(0.114)	0.000	0.000	(0.114)
Other reserves	(0.582)	(0.063)	0.139	(0.506)	(0.006)	0.104	(0.408)
Sub Total	**(0.696)**	**(0.063)**	**0.139**	**(0.620)**	**(3.006)**	**0.855**	**(2.771)**
Corporate Services and Budget							
Revenue Contributions to Capital	(28.295)	(18.901)	2.612	(44.584)	(20.478)	14.228	(50.834)
Loan Modification Gains	(26.124)	0.000	0.870	(25.254)	0.000	1.024	(24.230)
Insurance and Risk Management	(20.084)	(0.026)	3.006	(17.104)	(0.047)	1.114	(16.037)
Budget Management	(16.431)	(9.302)	13.816	(11.917)	(20.854)	17.137	(15.634)
Covid Emergency and SFC Losses Grants	0.000	(47.387)	36.139	(11.248)	(16.810)	12.688	(15.370)
Post-Covid Funding Risks	0.000	0.000	0.000	0.000	(14.000)	0.000	(14.000)
Covid-19 Recovery Fund	0.000	(15.000)	0.000	(15.000)	0.000	3.938	(11.062)
Business Rates Pool	(4.672)	(1.629)	0.000	(6.301)	(2.248)	0.155	(8.394)
Planned Building Maintenance	(5.275)	(2.148)	0.870	(6.553)	(0.279)	1.210	(5.622)
Computer Purchasing	(2.828)	(0.056)	0.034	(2.850)	(0.813)	0.393	(3.270)
Property Insurance Maintenance Pool	(2.713)	(1.509)	1.225	(2.997)	(1.481)	1.723	(2.755)
Prior Year Underspends	(3.986)	(2.009)	3.117	(2.878)	(1.326)	1.642	(2.562)
Investment Losses Contingency	0.000	(2.500)	0.000	(2.500)	0.000	0.000	(2.500)
PFI Reserves	(2.341)	(0.146)	0.507	(1.980)	(0.335)	0.693	(1.622)
Exchequer Traded Services Risks	(0.850)	0.000	0.000	(0.850)	(0.234)	0.015	(1.069)
Business Rates Strategic Investment Fund	(1.013)	(0.975)	0.000	(1.988)	0.000	1.056	(0.932)
Change Management	(1.807)	0.000	0.644	(1.163)	0.000	0.629	(0.534)
Property DLO	(2.110)	(0.358)	1.044	(1.424)	(0.134)	1.221	(0.337)
Covid-19 Tax Income Guarantee Grant	0.000	(1.267)	0.000	(1.267)	0.000	1.267	0.000
Business Rates Relief Grant	(5.000)	0.000	5.000	0.000	0.000	0.000	0.000
Uninsured Financial Losses	(3.500)	0.000	3.500	0.000	0.000	0.000	0.000
Other reserves	(4.843)	(2.903)	2.780	(4.966)	(2.233)	3.921	(3.278)
Sub Total	**(131.872)**	**(106.116)**	**75.164**	**(162.824)**	**(81.272)**	**64.054**	**(180.042)**

	1 Apr 2020 £m	Transfers In £m	Transfers Out £m	31 Mar 2021 £m	Transfers In £m	Transfers Out £m	31 Mar 2022 £m
Childrens Services and Safeguarding and Education							
Schools Balances	(23.897)	(12.781)	1.753	(34.925)	(7.268)	3.849	(38.344)
Tackling Troubled Families	(3.894)	(1.755)	1.831	(3.818)	(1.781)	1.533	(4.066)
Childrens Services IT Systems	(0.706)	0.000	0.049	(0.657)	0.000	0.213	(0.444)
Primary Teacher Pooled Premiums	(0.465)	(0.652)	0.464	(0.653)	(0.267)	0.653	(0.267)
High Needs Strategic Funding	(0.229)	0.000	0.010	(0.219)	0.000	0.029	(0.190)
Foster Carer Adaptations	(0.295)	0.000	0.241	(0.054)	(0.123)	0.000	(0.177)
Prior Year Underspends	0.000	(0.302)	0.067	(0.235)	0.000	0.069	(0.166)
Dedicated Schools Grant (DSG)	(0.187)	(0.075)	0.262	0.000	(1.023)	1.023	0.000
Other reserves	(2.378)	(1.017)	2.119	(1.276)	(0.278)	1.054	(0.500)
Sub Total	**(32.051)**	**(16.582)**	**6.796**	**(41.837)**	**(10.740)**	**8.423**	**(44.154)**
Highways Assets and Transport							
Prior Year Underspends	(9.809)	(1.756)	0.264	(11.301)	(0.706)	1.679	(10.328)
Commuted Highways Maintenance	(1.137)	(0.573)	0.000	(1.710)	0.000	0.000	(1.710)
Highway Development Control Interface	0.000	0.000	0.000	0.000	(1.500)	0.000	(1.500)
Winter Maintenance	(2.000)	0.000	0.000	(2.000)	0.000	0.765	(1.235)
Derby and Derbyshire Road Safety Partnership Reserve	(0.632)	(0.003)	0.018	(0.617)	(0.044)	0.128	(0.533)
Road Safety Public Service Agreement (PSA)	(1.079)	0.000	0.227	(0.852)	0.000	0.489	(0.363)
Other reserves	(1.419)	(0.165)	0.347	(1.237)	0.000	0.130	(1.107)
Sub Total	**(16.076)**	**(2.497)**	**0.856**	**(17.717)**	**(2.250)**	**3.191**	**(16.776)**
Health and Communities							
Public Health Grant	(7.424)	(1.108)	0.000	(8.532)	0.000	0.440	(8.092)
Covid Test and Trace Grant	0.000	(3.385)	0.000	(3.385)	0.000	0.160	(3.225)
Covid Practical Support Funding	0.000	0.000	0.000	0.000	(1.314)	0.000	(1.314)
Domestic Abuse	(2.142)	0.000	0.520	(1.622)	(0.003)	0.521	(1.104)
Prior Year Underspends	0.000	0.000	0.000	0.000	(0.807)	0.000	(0.807)
Other reserves	(0.719)	(1.522)	0.010	(2.231)	(0.165)	1.610	(0.786)
Sub total	**(10.285)**	**(6.015)**	**0.530**	**(15.770)**	**(2.289)**	**2.731**	**(15.328)**
Infrastructure and Environment							
Digital Growth	0.000	0.000	0.000	0.000	(2.340)	0.000	(2.340)
Waste Recycling Initiatives	(0.598)	0.000	0.000	(0.598)	(0.100)	0.000	(0.698)
Elvaston Maintenance	(0.059)	(0.139)	0.000	(0.198)	(0.073)	0.000	(0.271)
Other reserves	(0.505)	(0.023)	0.146	(0.382)	(0.012)	0.135	(0.259)
Sub Total	**(1.162)**	**(0.162)**	**0.146**	**(1.178)**	**(2.525)**	**0.135**	**(3.568)**
Strategic Leadership, Culture and Tourism							
Green Entrepreneurs	0.000	0.000	0.000	0.000	(2.000)	0.096	(1.904)
Community Managed Libraries	(0.742)	0.000	0.000	(0.742)	0.000	0.000	(0.742)
Policy and Research	(0.715)	0.000	0.055	(0.660)	0.000	0.000	(0.660)
Library Restructure	(0.429)	0.000	0.000	(0.429)	0.000	0.000	(0.429)
County Records	(0.049)	0.000	0.000	(0.049)	(0.238)	0.000	(0.287)
Derwent Valley Mills World Heritage Site	(0.176)	(0.035)	0.022	(0.189)	(0.038)	0.000	(0.227)
Other reserves	(1.031)	(0.246)	0.429	(0.848)	(0.044)	0.567	(0.325)
Sub Total	**(3.142)**	**(0.281)**	**0.506**	**(2.917)**	**(2.320)**	**0.663**	**(4.574)**
Overall Totals	**(229.137)**	**(133.374)**	**102.006**	**(260.505)**	**(104.495)**	**81.665**	**(283.335)**

23. UNUSABLE RESERVES

The balance of unusable reserves is made up of a number of adjustment accounts, none of which are available to finance future spending. The reserves that make up the balance are detailed below.

Restated 31 Mar 2020 £m	Restated 31 Mar 2021 £m		31 Mar 2022 £m
767.817	712.056	Revaluation Reserve	787.970
521.130	445.055	Capital Adjustment Account	411.876
(5.107)	(4.840)	Financial Instruments Adjustment Account	(4.562)
(10.108)	(3.736)	Pooled Investments Adjustment Account	1.556
0.824	1.087	Deferred Capital Receipts Reserve	0.579
(656.982)	(1,024.523)	Pensions Reserve	(740.869)
5.822	(9.142)	Collection Fund Adjustment Account	(0.076)
0.000	(1.157)	DSG Adjustment Account	(5.050)
(6.452)	(8.313)	Accumulated Absences Account	(7.521)
616.944	**106.487**	**Balance at 31 March**	**443.903**

The prior year restatements are explained at Note 4.

The movements in unusable reserves in 2021-22 are detailed below.

		Restated Unusable reserves									
Narrative	**Note**	**Deferred Capital Receipts £m**	**Revaluation Reserve £m**	**Capital Adjustment Account £m**	**Pooled Investments Adjustment Account £m**	**Financial Instruments Adjustment Account £m**	**Accumulated Absences Account £m**	**Collection Fund Adjustment Account £m**	**DSG Adjustment Account £m**	**Restated Pensions Reserve £m**	**Restated Total Unusable Reserves £m**
RESTATED BALANCE AT 31 MARCH 2021		**(1.087)**	**(712.056)**	**(445.056)**	**3.735**	**4.840**	**8.315**	**9.142**	**1.157**	**1,024.523**	**(106.487)**
Comprehensive Income & Expenditure		**0.000**	**(122.772)**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**(375.967)**	**(498.739)**
Adjustments between accounting basis and funding basis											
Depreciation of Non-Current Assets	14	0.000	13.916	27.217	0.000	0.000	0.000	0.000	0.000	0.000	41.133
Impairment of Non-Current Assets	14	0.000	0.000	24.085	0.000	0.000	0.000	0.000	0.000	0.000	24.085
Application of Capital Grants credited to the CIES	39	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Disposal of Non-Current Assets	14	(0.375)	32.942	34.167	0.000	0.000	0.000	0.000	0.000	0.000	66.734
Revenue Expenditure Funded from Capital Under Statute		0.000	0.000	15.697	0.000	0.000	0.000	0.000	0.000	0.000	15.697
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	(0.792)	0.000	0.000	0.000	(0.792)
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	0.000	(9.065)	0.000	0.000	(9.065)

Reversal of items relating to retirement benefits debited or credited to the CIES	48	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	156.729	156.729
Statutory provision for the financing of capital investment		0.000	0.000	(11.805)	0.000	0.000	0.000	0.000	0.000	0.000	(11.805)
Principal repayments of transferred debt		0.000	0.000	(0.006)	0.000	0.000	0.000	0.000	0.000	0.000	(0.006)
Capital expenditure charged in the year to the General Reserve		0.000	0.000	(0.363)	0.000	0.000	0.000	0.000	0.000	0.000	(0.363)
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	21	0.000	0.000	0.000	(5.292)	0.000	0.000	0.000	0.000	0.000	(5.292)
Amount by which finance costs (proportion of previous years' premiums) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	0.000	0.000	(0.278)	0.000	0.000	0.000	0.000	(0.278)
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Employer's pension contributions and direct payments to pensioners payable in the year	48	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(64.416)	(64.416)
Deferred Capital Receipts becoming usable		0.883	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.883
Dedicated Schools Grant (DSG) closing deficit balance	38	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.893	0.000	3.893
Financing of capital expenditure	17	0.000	0.000	(55.813)	0.000	0.000	0.000	0.000	0.000	0.000	(55.813)
Adjustments between accounting basis and funding basis		**0.508**	**46.858**	**33.179**	**(5.292)**	**(0.278)**	**(0.792)**	**(9.065)**	**3.893**	**92.313**	**161.324**
Reserves movements											
Transfer to Earmarked Reserves	29	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	29	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total movements		**0.508**	**46.858**	**33.179**	**(5.292)**	**(0.278)**	**(0.792)**	**(9.065)**	**3.893**	**92.313**	**161.324**
BALANCE AT 31 MARCH 2022		**(0.579)**	**(787.970)**	**(411.877)**	**(1.557)**	**4.562**	**7.523**	**0.077**	**5.050**	**740.869**	**(443.902)**

The restated movements in unusable reserves in 2020-21 are detailed below.

		Restated Unusable reserves									
Narrative	**Note**	**Deferred Capital Receipts**	**Revaluation Reserve**	**Capital Adjustment Account**	**Pooled Investments Adjustment Account**	**Financial Instruments Adjustment Account**	**Accumulated Absences Account**	**Collection Fund Adjustment Account**	**DSG Adjustment Account**	**Restated Pensions Reserve**	**Restated Total Unusable Reserves**
		£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
RESTATED BALANCE AT 31 MARCH 2020		**(0.824)**	**(767.817)**	**(521.132)**	**10.108**	**5.107**	**6.454**	**(5.821)**	**0.000**	**656.982**	**(616.943)**
Restated Comprehensive Income & Expenditure		**0.000**	**(9.589)**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**336.554**	**326.965**
Restated Adjustments between accounting basis and funding basis											
Depreciation of Non-Current Assets	14	0.000	13.701	27.236	0.000	0.000	0.000	0.000	0.000	0.000	40.937
Impairment of Non-Current Assets	14	0.000	0.000	24.091	0.000	0.000	0.000	0.000	0.000	0.000	24.091
Application of Capital Grants credited to the CIES	39	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Disposal of Non-Current Assets	14	(0.269)	51.649	99.932	0.000	0.000	0.000	0.000	0.000	0.000	151.312
Revenue Expenditure Funded from Capital Under Statute		0.000	0.000	15.569	0.000	0.000	0.000	0.000	0.000	0.000	15.569
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	1.861	0.000	0.000	0.000	1.861
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	0.000	14.963	0.000	0.000	14.963

Restated Reversal of items relating to retirement benefits debited or credited to the CIES	48	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	94.573	94.573
Statutory provision for the financing of capital investment		0.000	0.000	(13.849)	0.000	0.000	0.000	0.000	0.000	0.000	(13.849)
Principal repayments of transferred debt		0.000	0.000	(0.006)	0.000	0.000	0.000	0.000	0.000	0.000	(0.006)
Capital expenditure charged in the year to the General Reserve		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	21	0.000	0.000	0.000	(6.373)	0.000	0.000	0.000	0.000	0.000	(6.373)
Amount by which finance costs (proportion of previous years' premiums) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	0.000	0.000	(0.267)	0.000	0.000	0.000	0.000	(0.267)
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Employer's pension contributions and direct payments to pensioners payable in the year	48	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(63.586)	(63.586)
Capital receipts from Finance Lease Debtors	45	0.006	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.006
Dedicated Schools Grant (DSG) closing deficit balance	38	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.157	0.000	1.157
Financing of capital expenditure	17	0.000	0.000	(76.897)	0.000	0.000	0.000	0.000	0.000	0.000	(76.897)
Restated Adjustments between accounting basis and funding basis		**(0.263)**	**65.350**	**76.076**	**(6.373)**	**(0.267)**	**1.861**	**14.963**	**1.157**	**30.987**	**183.491**
Reserves movements											
Transfer to Earmarked Reserves	29	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	29	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total movements		**(0.263)**	**65.350**	**76.076**	**(6.373)**	**(0.267)**	**1.861**	**14.963**	**1.157**	**30.987**	**183.491**
RESTATED BALANCE AT 31 MARCH 2021		**(1.087)**	**(712.056)**	**(445.056)**	**3.735**	**4.840**	**8.315**	**9.142**	**1.157**	**1,024.523**	**(106.487)**

The restated movements in unusable reserves in 2019-20 are detailed below.

		Restated Unusable reserves									
Narrative	**Note**	**Deferred Capital Receipts**	**Revaluation Reserve**	**Capital Adjustment Account**	**Pooled Investments Adjustment Account**	**Financial Instruments Adjustment Account**	**Accumulated Absences Account**	**Collection Fund Adjustment Account**	**DSG Adjustment Account**	**Restated Pensions Reserve**	**Restated Total Unusable Reserves**
		£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
BALANCE AT 31 MARCH 2019		**(0.655)**	**(826.988)**	**(605.363)**	**1.756**	**5.351**	**7.952**	**(2.740)**	**0.000**	**935.258**	**(485.429)**
Restated Comprehensive Income & Expenditure		**0.000**	**(48.786)**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**(350.276)**	**(399.062)**
Adjustments between accounting basis and funding basis											
Depreciation of Non-Current Assets	14	0.000	15.735	26.867	0.000	0.000	0.000	0.000	0.000	0.000	42.602
Impairment of Non-Current Assets	14	0.000	0.000	12.055	0.000	0.000	0.000	0.000	0.000	0.000	12.055
Application of Capital Grants credited to the CIES	39	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Disposal of Non-Current Assets	14	(0.176)	92.222	86.146	0.000	0.000	0.000	0.000	0.000	0.000	178.192
Revenue Expenditure Funded from Capital Under Statute		0.000	0.000	23.254	0.000	0.000	0.000	0.000	0.000	0.000	23.254
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	(1.498)	0.000	0.000	0.000	(1.498)
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	0.000	(3.081)	0.000	0.000	(3.081)

Reversal of items relating to retirement benefits debited or credited to the CIES	48	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	132.696	132.696
Statutory provision for the financing of capital investment		0.000	0.000	(10.948)	0.000	0.000	0.000	0.000	0.000	0.000	(10.948)
Principal repayments of transferred debt		0.000	0.000	0.068	0.000	0.000	0.000	0.000	0.000	0.000	0.068
Capital expenditure charged in the year to the General Reserve		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	21	0.000	0.000	0.000	8.352	0.000	0.000	0.000	0.000	0.000	8.352
Amount by which finance costs (proportion of previous years' premiums) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	0.000	0.000	(0.244)	0.000	0.000	0.000	0.000	(0.244)
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	21	0.000	0.000	1.139	0.000	0.000	0.000	0.000	0.000	0.000	1.139
Employer's pension contributions and direct payments to pensioners payable in the year	48	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(60.696)	(60.696)
Capital receipts from Finance Lease Debtors	45	0.007	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.007
Financing of capital expenditure	17	0.000	0.000	(54.350)	0.000	0.000	0.000	0.000	0.000	0.000	(54.350)
Adjustments between accounting basis and funding basis		**(0.169)**	**107.957**	**84.231**	**8.352**	**(0.244)**	**(1.498)**	**(3.081)**	**0.000**	**72.000**	**267.548**
Reserves movements											
Transfer to Earmarked Reserves	29	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	29	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total movements		**(0.169)**	**107.957**	**84.231**	**8.352**	**(0.244)**	**(1.498)**	**(3.081)**	**0.000**	**72.000**	**267.548**
RESTATED BALANCE AT 31 MARCH 2020		**(0.824)**	**(767.817)**	**(521.132)**	**10.108**	**5.107**	**6.454**	**(5.821)**	**0.000**	**656.982**	**(616.943)**

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

	Note	Carrying Value £m	Revaluation Reserve £m
31 March 2022			
Property, Plant and Equipment	14	1,696.787	727.917
Heritage Assets	15	63.423	58.619
Assets Held for Sale	19	2.396	1.434
		1,762.606	**787.970**
31 March 2021			
Property, Plant and Equipment	14	1,623.077	667.114
Heritage Assets	15	47.872	43.297
Assets Held for Sale	19	2.896	1.645
		1,673.845	**712.056**

Capital Adjustment Account
This reserve includes timing differences arising between the financing of purchasing new, or enhancing, Council assets and the utilising of those assets in the Council's accounts (known as depreciation). It is not available for future spending.

Financial Instruments Adjustment Account
The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the account to manage premiums paid and discounts received on early redemption of loans. Premiums are debited and discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of General Reserve to the account in the Movement in Reserves Statement. Over time, the expense is posted back to General Reserve in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, the balance on the Account at 31 March will be charged to the General Reserves over the next 40 years.

Pooled Investments Adjustment Account
The Pooled Investments Adjustment Account contains the cumulative gains and losses relating to the valuation of financial assets held at Fair Value through Profit or Loss in accordance with the temporary statutory override MHCLG has issued, effective for financial years 2018-19 to 2022-23.

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.

Pensions Reserve
The Pensions Reserve absorbs the timing differences from the different arrangements for accounting for post-employment benefits and funding benefits in accordance with statute. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees, updating the liabilities to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require a benefit earned to be financed as the Council makes employer's contributions or pays any pensions for which it is directly responsible. The debit balance on the Reserve therefore shows a shortfall in the benefits earned by 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.

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 they fall due from Council Tax and Business Rates payers, compared with the statutory arrangements for paying across amounts to the General Reserve from the Collection Funds.

Dedicated Schools Grant (DSG) Adjustment Account
The Dedicated Schools Grant (DSG) Adjustment Account separates schools' budget deficits from the General Reserve Balance for a period of three financial years from 2020-21. Deficits arise where schools' budget expenditure exceeds that of available funding provided through the DSG. Where a local authority has a closing deficit balance on its schools' budget at 31 March 2021, 31 March 2022 or 31 March 2023, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its schools' budget. The DSG Adjustment Account carries forward the deficit to be funded from future DSG income.

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

24. EXTERNAL AUDIT COSTS

2020-21 £m		2021-22 £m
	Audit Fees	
0.097	External Audit Fees	0.097
0.018	External Audit Fees - Additional Fees for Prior Year	0.032
0.000	Public Sector Audit Appointments Rebate	(0.019)
0.004	External Audit Fees - Teachers' Pension Scheme	0.004
0.119		**0.114**

25. MEMBERS' ALLOWANCES

Payments made to the Council's elected Members during the year were:

2020-21 £m		2021-22 £m
1.074	Allowances	1.143
0.002	Expenses	0.012
1.076		**1.155**

26. OFFICERS' REMUNERATION

The definition of senior officer is:

- An officer whose salary is £150,000 or more.
- A statutory chief officer as per section 2(6) of the Local Government and Housing Act 1989.
- A non-statutory chief officer as per section 2(7) of the Local Government and Housing Act 1989.
- An officer reporting to the Head of Paid Service.

The following changes in respect of the Council's Senior Officers occurred during 2020-21 and 2021-22 and are relevant to the table of remuneration paid to the Council's Senior Officers below:

- [1]The Executive Director of Childrens' Services left the Council on 4 October 2021.
- [2]The new Executive Director of Childrens' Services commenced this employment on 6 December 2021.
- [3]The Executive Director of Commissioning, Communities and Policy became the Managing Executive Director, Commissioning, Communities and Policy on 1 January 2021, and then became the Managing Director on 6 December 2021.
- [4]The former Executive Director of Economy, Transport & Environment left the Council on 31 August 2020.
- [5]The Interim Director of Economy, Transport & Environment commenced this employment on 3 August 2020 and left the Council on 31 May 2021.

- [6]The Executive Director of Place commenced this employment on 17 May 2021.
- [7]The Director of Finance and ICT became the Interim Executive Director of Corporate Services & Transformation (Section 151 Officer) on 10 January 2022.
- [8]The Director of Community Services left the Council on 6 April 2021.
- [9]The Director of Legal and Democratic Services commenced this employment on 7 December 2020.
- [10]The Acting Director of Legal and Democratic Services left the Council on 31 December 2020.
- [11]The Director of Organisation, Development and Policy and the Director of Property no longer reported directly to the Head of Paid Service from 10 January 2022, and as a result their 2021-22 remuneration disclosed in the table only reflects the period up to that date.

2020-21					2021-22			
Salary	Restated Employer's Pension Contributions	Compensation for Loss of Employment	**Restated Total Remuneration 2020-21**		Salary	Employer's Pension Contributions	Compensation for Loss of Employment	**Total Remuneration 2021-22**
£	£	£	**£**		£	£	£	**£**
122,574	18,999	0	**141,572**	Executive Director of Adult Social Care and Health	127,403	19,747	0	**147,151**
129,655	20,097	0	**149,751**	Executive Director of Children's Services[1]	66,861	10,364	0	**77,225**
0	0	0	**0**	Executive Director of Children's Services[2]	41,141	6,377	0	**47,518**
134,880	20,906	0	**155,786**	Managing Executive Director, Commissioning, Communities and Policy[3]	102,511	15,889	0	**118,400**
0	0	0	**0**	Managing Director[3]	53,693	8,322	0	**62,016**
54,147	0	0	**54,147**	Executive Director of Economy, Transport & Environment[4]	0	0	0	**0**
82,903	0	0	**82,903**	Interim Director of Economy, Transport & Environment[5]	19,040	0	0	**19,040**
0	0	0	**0**	Executive Director of Place[6]	114,973	17,821	0	**132,794**
101,644	15,755	0	**117,399**	Director of Finance and ICT[7]	78,971	12,240	0	**91,211**
0	0	0	**0**	Interim Executive Director of Corporate Services & Transformation (Section 151 Officer)[7]	27,917	4,327	0	**32,244**
100,874	20,861	0	**121,735**	Director of Public Health	103,169	21,335	0	**124,504**
88,711	13,750	0	**102,461**	Director of Community Services[8]	1,232	191	0	**1,423**
29,310	4,543	0	**33,853**	Director of Legal and Democratic Services[9]	94,532	14,652	0	**109,185**
69,520	10,776	0	**80,295**	Acting Director of Legal and Democratic Services[10]	0	0	0	**0**
97,515	15,115	0	**112,630**	Director of Organisation, Development and Policy[11]	76,934	11,925	0	**88,859**
99,186	15,374	0	**114,560**	Director of Property[11]	78,545	12,174	0	**90,719**

The 2020-21 Employer's Pension Contributions in the Council's Senior Officers' Remuneration table above have been restated to only include the future service cost, which is the primary employer's pension contribution rate multiplied by the Senior Officer's pensionable pay. Previously these amounts had been disclosed at an equated rate designed to be inclusive of both future service and past service deficit costs. The 2021-22 Employer's Pension Contributions are stated at future service cost only.

The Council's employees earning above £50,000 during the year have been paid the following amounts:

2020-21 No of Employees					2021-22 No of Employees			
School Staff	**Restated Senior Officers**	**Other**	**Restated Total**	**Remuneration Between:**	**School Staff**	**Senior Officers**	**Other**	**Total**
152	1	93	**246**	£50,000 and £54,999	127	0	94	**221**
95	0	71	**166**	£55,000 and £59,999	105	0	58	**163**
77	0	19	**96**	£60,000 and £64,999	76	0	56	**132**
54	1	23	**78**	£65,000 and £69,999	63	1	17	**81**
23	0	4	**27**	£70,000 and £74,999	31	0	7	**38**
6	0	1	**7**	£75,000 and £79,999	7	0	1	**8**
6	0	2	**8**	£80,000 and £84,999	5	0	4	**9**
5	1	7	**13**	£85,000 and £89,999	2	0	1	**3**
2	0	2	**4**	£90,000 and £94,999	4	1	6	**11**
2	2	1	**5**	£95,000 and £99,999	2	0	2	**4**
0	2	1	**3**	£100,000 and £104,999	1	3	0	**4**
1	0	0	**1**	£105,000 and £109,999	1	1	1	**3**
0	0	0	**0**	£110,000 and £114,999	0	1	0	**1**
1	0	0	**1**	£115,000 and £119,999	1	0	0	**1**
0	1	0	**1**	£120,000 and £124,999	0	0	0	**0**
0	1	0	**1**	£125,000 and £129,999	0	1	0	**1**
0	1	0	**1**	£130,000 and £134,999	0	0	0	**0**
0	0	0	**0**	£155,000 and £159,999	0	1	0	**1**
424	**10**	**224**	**658**		**425**	**9**	**247**	**681**

Where the total annual salary received by employees that have held Senior Officers' roles at any point during the year exceeds £50,000, they have also been included in the table above, in addition to the Senior Officers' Remuneration table. The 2020-21 number of employees has been restated to include Senior Officers.

Remuneration includes gross income and compensation for loss of employment.

27. TERMINATION BENEFITS

The Council has terminated the contracts of a number of employees in 2021-22, incurring liabilities of £1.358m (2020-21: £0.944m). The termination benefits are split by banding below:

	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020-21 actual	2021-22 actual	2020-21 actual	2021-22 actual	2020-21 actual	2021-22 actual	2020-21 actual	2021-22 actual
							£m	£m
£0-£20k	33	31	27	19	60	50	0.257	0.335
£20k-£40k	0	4	4	8	4	12	0.108	0.351
£40k-£60k	3	0	1	3	4	3	0.227	0.170
£60k-£80k	0	1	0	3	0	4	0.000	0.277
£80k - £100k	0	0	1	1	1	1	0.090	0.098
£100k-£150k	0	1	2	0	2	1	0.262	0.127
	36	**37**	**35**	**34**	**71**	**71**	**0.944**	**1.358**

28. POOLED BUDGETS

The Council has two pooled budget arrangements, details of which are set out below.

Better Care Fund

On 1 April 2015 the Derbyshire Better Care Fund (BCF) became operational.

Until 2019-20 the Council was partner to the fund along with NHS Northern Derbyshire Clinical Commissioning Group, NHS Southern Derbyshire Clinical Commissioning Group, NHS Hardwick Clinical Commissioning Group, NHS Erewash Clinical Commissioning Group and NHS Tameside and Glossop Clinical Commissioning Group.

From 2019-20 NHS Northern Derbyshire Clinical Commissioning Group, NHS Southern Derbyshire Clinical Commissioning Group, NHS Hardwick Clinical Commissioning Group and NHS Erewash Clinical Commissioning Group combined to become NHS Derby and Derbyshire Clinical Commissioning Group. The Council is now partner to the fund with NHS Derby and Derbyshire Clinical Commissioning Group and NHS Tameside and Glossop Clinical Commissioning Group.

The operation of the pool is ultimately managed by the Derbyshire Health and Wellbeing Board represented by members from each of the partners. The Fund operates as a Section 75 pooled budget and total agreed contributions to the pool are £108.604m (2020-21, £103.917m). Derbyshire County Council's contribution towards the pool is £44.838m, which represents 41.29% of the total contributions (2020-21, £44.227m, 42.56%).

The BCF aims to improve the provision of health and social care. All partners contribute to a pooled fund and the overarching objective of the fund is to support the integration of health and social care and align commissioning as agreed between the partners.

Under the agreement, the BCF Plan for Derbyshire is split into two areas:

- Contributions to a pooled fund by all partners and commissioned by Derbyshire County Council who are host and lead commissioner
- Commissioning of existing funded schemes directly by each partner.

2020-21 £m	Pool Share %	Income	2021-22 £m	Pool Share %
44.227	42.56	Derbyshire County Council	44.838	41.29
57.189	55.03	Derby and Derbyshire CCG	61.139	56.29
2.501	2.41	NHS Tameside and Glossop CCG	2.627	2.42
103.917	**100.00**		**108.604**	**100.00**

2020-21 £m	Expenditure	2021-22 £m
22.611	CCG schemes for community health services	23.759
7.898	Disabled Facilities Grant	7.898
6.380	Equipment	7.234
4.859	Reablement	9.861
8.465	Joint working	3.209
0.428	Administration	0.439
2.259	Care Bill	2.304
2.154	Carers	2.207
1.062	Mental health	1.089
13.104	Support for people to remain out of hospital	15.724
31.055	Improved Better Care Fund	31.055
3.627	Winter Pressures	3.627
103.902	**Total Expenditure**	**108.406**
0.015	**Net position for Pool**	**0.198**

Children with Complex Needs pooled budget arrangement

The Children with Complex Needs pooled budget arrangement is jointly operated with Derby and Derbyshire CCG. The CCG contributes 33% and the remainder is funded by the Council. Any surplus or deficit carries forward to offset the following year's contributions, as required by the partnership agreement. Any unspent amounts are transferred to an Earmarked Reserve set up for this purpose.

31 Mar 2021 £m		31 Mar 2022 £m
	Funding provided to the pooled budget:	
(4.740)	The Council	(4.824)
(2.335)	Derby and Derbyshire CCG	(2.376)
	Expenditure met by the pooled budget	
4.740	The Council	7.200
2.335	Derby and Derbyshire CCG	0.000
0.000	**(Surplus)/Deficit**	**(0.000)**
0.000	The Council's share of the (Surplus)/Deficit	(0.000)

36. TRUST FUNDS

Trust Funds are made up of donations or bequests made to the Council. These funds are not part of the Council's Accounts. Other funds include monies held for residents in the Council's residential care homes.

2020-21				2021-22		
Trust Funds £m	**Other Funds £m**	**Total £m**		**Trust Funds £m**	**Other Funds £m**	**Total £m**
1.471	3.868	5.339	Opening Balance	1.211	4.662	5.873
0.038	0.926	0.964	Add Income	0.031	1.423	1.454
(0.298)	(0.132)	(0.430)	Less Expenditure	(1.027)	(0.095)	(1.122)
1.211	**4.662**	**5.873**	**Closing Balance**	**0.215**	**5.990**	**6.205**
			The funds are represented by:			
0.023	0.000	0.023	Investments	0.025	0.000	0.025
1.188	4.662	5.850	Cash & temporary loans	0.190	5.990	6.180
1.211	**4.662**	**5.873**	**Total Assets**	**0.215**	**5.990**	**6.205**
11	8	19	No of Funds (actual not £m)	9	10	19

Cabinet approved the transfer of 47 educational charitable Trust Funds, for which the Council is the sole Trustee, to Foundation Derbyshire on 23 April 2020. 44 of these funds were completely transferred in 2020-21. The value of the funds transferred in 2020-21 was £0.295m, with a further £1.004m transferred in 2021-22. At 31 March 2022 the total value of the remaining funds to be transferred was £0.076m (31 March 2021: £1.062m).

37. INCOME FROM CONTRACTS WITH SERVICE RECIPIENTS

A service recipient is a party that has contracted with the Council to obtain goods or services which are the output of the Council's normal operating activities. Such a contract may be in writing, be made orally or be in accordance with customary business practice. The table below identifies income amounts in the CIES arising from contracts with service recipients.

	Income	
Type of Goods/Service	2020-21 £m	2021-22 £m
Adult Care		
Residential Care Homes	27.884	30.609
Co-funding Charge	8.648	8.607
Nursing Homes	9.348	8.231
Shared Lives	0.538	0.578
Direct Care Trading	0.285	0.223
Other	0.199	0.191
Sub Total	**46.902**	**48.439**
Corporate Services and Budget		
PFI Services to Academies	4.893	5.451
Pension Fund Administration	2.837	2.802
Registrar Services	0.858	1.966
Property Repairs, Maintenance, Cleaning and Facilities Management	2.478	1.533
Legal Services	0.221	1.241
Human Resource Services	0.585	0.467
Recruitment and Payroll Services	0.317	0.436
Financial Management	0.000	0.369
ICT Support	0.196	0.293
Other	0.431	0.180
Sub Total	**12.816**	**14.738**
Clean Growth and Regeneration		
Other	0.156	0.199
Sub Total	**0.156**	**0.199**
Health and Communities		
Other	0.051	0.118
Sub Total	**0.051**	**0.118**

	Income	
Type of Goods/Service	2020-21 £m	2021-22 £m
Highways and Transport		
Inspection Fees (S38/S278 Highways Act)	2.977	3.448
Vehicle Maintenance	1.710	1.730
New Roads and Street Works Act Fees	0.943	1.384
Pay and Display Parking	0.901	0.929
Licence Fees (e.g. skip/scaffold permits)	0.598	0.805
Cross Boundary Bus Services	0.303	0.237
Highways & Lighting Works	0.115	0.250
Sale of Obsolete Vehicles	0.087	0.195
Highways Maintenance and Design	0.066	0.056
Other	0.213	0.455
Sub Total	**7.913**	**9.489**
Infrastructure and Environment		
Commercial Waste Disposal	1.760	2.178
Countryside Shop Merchandise	0.766	1.000
Land Searches	0.197	0.169
Other	0.219	0.206
Sub Total	**2.942**	**3.553**
Strategic Leadership, Culture, Tourism and Climate Change		
Other	(0.015)	0.172
Sub Total	**(0.015)**	**0.172**
Childrens Services and Safeguarding and Education		
Catering	6.453	8.483
School Food and Meals	2.429	4.471
Extended School Services	0.773	1.422
Sport/Outdoor Education	0.129	0.923
Other	2.070	2.586
Sub Total	**11.854**	**17.885**
Overall Total	**82.619**	**91.040**

Amounts included in the Balance Sheet for contracts with service recipients:

31 Mar 2021 £m		31 Mar 2022 £m
8.530	Receivables	9.211
0.271	Contract Assets	0.647
(2.461)	Contract Liabilities	(1.624)
6.340	**Total Included in Net Assets**	**8.234**

Receivables and Contract Assets are included within Amounts Owed to the Council in the Debtors analysis (Note 23).

Contract Liabilities are included within Income in Advance to the Council in the Creditors analysis (Note 25).

Changes in the Contract Assets and Contract Liabilities balances during the year are as follows:

2020-21			2021-22	
Contract Assets £m	Contract Liabilities £m		Contract Assets £m	Contract Liabilities £m
0.000	(2.461)	Cash received before obligations fulfilled	0.000	(1.624)
0.000	1.629	Obligations relating to contract liabilities at the start of the year fulfilled	0.000	2.461
0.271	0.000	Obligations fulfilled before payment is due	0.647	0.000
(0.298)	0.000	Transfers from Contract Assets to Receivables as payment became due	(0.271)	0.000
(0.027)	**(0.832)**	**Movement in Contract Assets and Liabilities**	**0.376**	**0.837**
0.298	(1.629)	Contract Assets and Liabilities at the start of the year	0.271	(2.461)
0.271	**(2.461)**	**Contract Assets and Liabilities at the end of the year**	**0.647**	**(1.624)**

The value of the Contract Liabilities presented at the end of the year represents the value of income that is expected to be recognised in the future, relating to obligations that are unsatisfied (or partially unsatisfied) at the end of the year. All amounts are expected to be realised no later than one year from the year ended 31 March 2022.

The Council only recognises income at an amount that corresponds directly with the value to the service recipients of the Council's performance to the end of the year.

Performance obligations are deemed to be satisfied over time, as opposed to at a point in time, in respect of the following significant income streams:

- Residential Care, Nursing Home and Co-funding charges
- PFI Services to Academies
- Pension Fund Administration

This is a faithful depiction as these services are delivered to and the benefits consumed by the service recipients simultaneously. The Council has a right to receive fixed payments from service users for each day of service provided, therefore it recognises income to the amount that it has the right to invoice according to the duration of the service provision.

Performance obligations are also deemed to be satisfied over time, as opposed to at a point in time, in respect of the following significant income streams:

- Property Repairs, Maintenance, Cleaning and Facilities Management

This is a faithful depiction as the Council has an enforceable right to receive income for performance completed to date. The Council recognises income based on the costs incurred to satisfy the performance obligations.

Performance obligations are also deemed to be satisfied over time, as opposed to at a point in time, in respect of the following significant income stream:

- Commercial Waste Disposal

This is a faithful depiction as the Council has an enforceable right to receive income for performance completed to date. The Council recognises income based on the volume of waste processed which fulfils the terms of these contracts.

Performance obligations are deemed to be satisfied at a point in time, in respect of the following significant income streams:

- Inspections under Section 38 and 278 of the Highways Act
- Catering and School Food and Meals
- Registrar Services

In respect of these services, income is only recognised when the contracted work has been completed.

38. DEDICATED SCHOOLS GRANT (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). The grant is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget as defined in The School and Early Years Finance (England) Regulations 2020.

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 local authority school. An in-year adjustment has been made comprising an addition to the 2021-22 grant receipts for Early Years provision which is due to be received in 2022-23, following final calculation of the amount due from the Department for Education.

Actual central expenditure includes commitments that remain unspent as at the end of the financial year. These commitments have been transferred to an earmarked reserve and form part of the DSG balance. Details of the deployment of the DSG receivable for 2021-22 are as follows:

	2021-22		
	Central Expenditure £m	Individual Schools Budget £m	Total £m
Final DSG for 2021-22 before Academy and High Needs Recoupment			641.960
Academy and High Needs Recoupement for 2021-22			(268.528)
Total DSG after Academy and High Needs Recoupment for 2021-22			**373.432**
Less: Carry Forward to 2022-23 agreed in advance			0.193
Agreed initial budgeted distribution in 2021-22	**80.553**	**293.072**	**373.625**
In-year adjustments	0.205	0.000	0.205
Final budgeted distribution for 2021-22	**80.758**	**293.072**	**373.830**
Less: Actual Central Expenditure	(84.643)		(84.643)
Less: Actual ISB Deployed to Schools		(292.887)	(292.887)
In-year Carry Forward to 2022-23	**(3.885)**	**0.185**	**(3.700)**
Carry Forward to 2022-23 agreed in advance			(0.193)
In-year Carry Forward to 2022-23			(3.700)
Addition to DSG Unusable Reserve at 31 March 2022			**(3.893)**
DSG Unusable Reserve at 1 April 2021			(1.157)
Total DSG Unusable Reserve at 31 March 2022*			**(5.050)**
Net DSG Position at 31 March 2022			**(5.050)**

*The School and Early Years Finance (England) Regulations 2020 and Regulation 30L of The Local Authorities (Capital Finance and Accounting) require that the Council's closing deficit balance of DSG Reserves at 31 March 2022 is held within a statutorily ring-fenced unusable reserve – the DSG Adjustment Account. For further details refer to Note 30.

DSG grant income in Note 39 below is the sum of 'Total DSG after Academy and High Needs Recoupment for 2021-22 and the £0.205m 'In-year adjustment' in the table above.

39. GRANT INCOME

Revenue Grants		Income	
		Restated* 2020-21	2021-22
		£m	£m
Dedicated Schools Grant (DSG)	ESFA	361.811	373.637
Public Health Grant	DHSC	42.175	42.607
Pupil Premium Grant	ESFA	18.812	18.676
Disabled Facilities Grant	DLUHC	7.898	7.898
Covid-19 Infection Control Fund Round 3	DHSC	0.000	5.990
EFA Post 16	ESFA	6.174	5.721
Public Health Contain Outbreak Management Fund	DHSC	1.124	5.539
Household Support Fund	DWP	0.000	5.404
Universal Free School Meals for Infant Pupils	ESFA	5.713	5.320
Covid-19 Infection Control Fund Round 1	DHSC	9.517	5.293
DACES SFA	ESFA	4.878	4.636
Workforce Recruit & Retention 2	DHSC	0.000	4.534
PE and Sport Premium Grant	ESFA	4.627	4.482
Covid-19 Infection Control Fund Round 2	DHSC	8.774	3.935
Covid Local Support Grant	DWP	0.000	2.566
Workforce Recruit & Retention 1	DHSC	0.000	2.456
Holiday Activities and Food Programme Grant	DfE	0.000	2.143
Covid-19 Bus Services Support Grant*	DfT	1.586	2.087
Asylum Seeker Grant	HO	1.526	1.896
Covid-19 Catch Up	ESFA	2.520	1.794
Supporting Families	DLUHC	1.756	1.781
Music Education Hub	Arts Council	1.419	1.417
Public Health Community Testing	DHSC	2.467	1.196
School Improvement Grant	ESFA	0.000	0.926
Bus Subsidy Grant*	DfT	0.897	0.897
Teachers Pension Grant	ESFA	10.645	0.648
Teachers Pay Grant	ESFA	3.440	0.230
Covid-19 Test & Trace	DHSC	3.859	0.000
Covid-19 Rapid Testing	DHSC	2.427	0.000
Covid-19 Worforce Capacity	DHSC	1.814	0.000
Covid-19 Winter Grant	DWP	2.939	(0.098)
Other Grants	Various	8.887	12.794
Total Departmental Income		**517.686**	**526.404**

Revenue Grants		Income	
		Restated* 2020-21	2021-22
		£m	£m
Covid-19 LA Support Grant	DLUHC	45.038	15.337
Improved Better Care Fund	DLUHC	34.682	34.682
Adult Social Care Grant	DHSC	21.941	27.617
Business Rates Relief Grant	DLUHC	7.185	15.365
Revenue Support Grant	DLUHC	13.738	13.813
Private Finance Initiative	ESFA	10.504	10.504
Local Council Tax Support Scheme	DLUHC	0.000	6.000
Independent Living Fund	DLUHC	2.534	2.534
New Homes Bonus	DLUHC	2.326	1.548
Covid-19 Sales, Fees and Charges	DLUHC	2.349	1.473
Other Grants	Various	7.305	3.868
Total Corporate Income		**147.602**	**132.741**
Total Revenue Grants		**665.288**	**659.145**

*Restated 2020-21 to disclose the Covid-19 Bus Services Support Grant separately from the Bus Subsidy Grant.

Capital Grants		Income/(Expenditure)	
		Restated* 2020-21	2021-22
		£m	£m
Getting Building Fund**	DLUHC	16.241	(15.988)
Pothole Action Fund	DfT	16.066	7.373
School Condition Allowance	EFA	10.476	10.636
Highways Maintenance Incentive Fund	DfT	3.181	10.533
Integrated Transport	DfT	3.644	3.672
Highways Capital Maintenance	DfT	15.273	2.633
Special Provision Capital Fund*	DfT	0.428	2.490
Devolved Formula Capital	DfE	1.547	1.601
Buxton Crescent & Thermal Spa Project	HLF	1.855	0.596
Woodville Swadlincote Regeneration Route	D2N2	6.400	0.000
Safer Roads Fund	DfT	5.619	0.000
A61 Corridor	Various	4.683	0.000
Ashbourne Airfield	Various	4.174	0.000
Public Sector Decarbonisation Grant***	BEIS	1.891	(1.530)
Active Travel Fund Tranche 2	DfT	1.347	0.000
Basic Need	EFA	1.099	0.000
Other Capital Grants	Various	12.169	15.773
Total Capital Grants		**106.093**	**37.789**

*Restated 2020-21 to disclose the Special Provision Capital Fund separately from Other Capital Grants.

**Using the freedom and flexibilities given to LEP Accountable Bodies, during 2020-21 the Council utilised Getting Building Fund underspends of £16.241m to fund its capital programme. In 2021-22 the Council repaid £15.988m of this funding to the LEP.

*** Underspent Public Sector Decarbonisation Grant of £1.530m, in respect of projects not completed by 31 March 2022, repayable to the Department for Business, Energy and Industrial Strategy (BEIS).

40. CASH FLOW – INVESTING ACTIVITIES

2020-21 £m		2021-22 £m
(89.650)	Purchase of Non-Current Assets	(113.201)
(996.800)	Purchase of New Investments	(618.969)
3.480	Proceeds from Sale of Non-Current Assets	10.039
106.096	Capital Grants Received	40.154
888.447	Investments Redeemed	557.566
(88.427)		**(124.412)**

41. CASH FLOW – FINANCING ACTIVITIES

2020-21 £m		2021-22 £m
(459.075)	Repay Amounts Borrowed	(156.506)
(4.327)	Principal Repayment on PFI and Leases	(4.560)
490.000	New Short Term Loans	209.000
26.598		**47.934**

42. CASH FLOW – OPERATING ACTIVITIES

2020-21 £m		2021-22 £m
(531.136)	Payments to and on behalf of employees	(533.911)
(687.973)	Other Operating Payments	(731.720)
345.793	Council Tax	348.821
20.575	Business Rates	14.570
13.738	Revenue Support Grant	13.813
633.546	Other Revenue Grants	629.458
276.807	Other Income	320.802
71.350	**Operating Costs of Providing Services**	**61.832**
(12.853)	External Interest Paid	(12.599)
(3.733)	Interest on PFI and Finance Leases	(3.495)
1.753	Interest Received	2.102
2.811	Dividends Received	3.208
59.327		**51.048**

43. RECONCILIATION OF NET SURPLUS/(DEFICIT) ON THE CIES TO THE OPERATING ACTIVITIES NET CASH FLOW

Restated 2020-21 £m		Note	2021-22 £m
(94.788)	**Surplus/(Deficit) on the Provision of Services**		**(169.443)**
	Non Cash Transactions:		
40.937	Depreciation	14	41.734
24.091	Impairment	14	23.484
30.989	Movement in Pension Liability	50	92.313
14.963	Adjustment for Collection Fund		(9.065)
(6.373)	Investments Fair Value Movements		(5.292)
(7.902)	Movement in Revenue Debtors		(2.128)
(0.375)	Movement in Loss Allowances		(1.966)
(2.661)	Movement in Revenue Creditors		41.002
0.389	Movement in Inventories	23	0.130
3.288	Movement in Provisions	27	(1.012)
97.346	**Total Non Cash Transactions**		**179.200**
	Items Classified Elsewhere		
147.295	Net charge for Disposal of Non-Current Assets	6	63.382
15.569	Revenue Expenditure Funded from Capital Under Statute	14	15.697
(106.093)	Capital Grants	40	(37.789)
59.329			**51.047**

The prior year restatement is explained at Note 4.

44. RECONCILIATION OF CASH FLOWS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

	31 Mar 2021 £m	Cash Flows £m	Non-Cash Changes £m	31 Mar 2022 £m
Current Borrowing	90.058	39.484	7.326	136.868
Non Current Borrowing	243.715	13.010	(6.080)	250.645
PFI and Finance Lease Liabilities	59.832	(4.560)	(0.227)	55.045
	393.605	**47.934**	**1.019**	**442.558**

Non-cash changes to the Council's liabilities include an increase of £7.327m in the carrying value of current borrowing and an equal decrease in the carrying value of non-current borrowing to recognise amounts falling due within 12 months of the balance sheet date. Interest of £1.247m was accrued in the year which increased the carrying value of liabilities. The remaining non-cash transactions represent a reduction in carrying value of £0.228m because of a movement between these liabilities and short-term creditors and debtors.

	31 Mar 2020 £m	Cash Flows £m	Non-Cash Changes £m	31 Mar 2021 £m
Current Borrowing	59.007	31.045	0.006	90.058
Non Current Borrowing	242.566	(0.122)	1.271	243.715
PFI and Finance Lease Liabilities	64.394	(4.327)	(0.235)	59.832
	365.967	**26.596**	**1.042**	**393.605**

45. LEASE TYPE ARRANGEMENTS

FINANCE LEASES – COUNCIL AS LESSEE

The Council has a number of property assets that were acquired under finance leases. All assets are carried as Property, Plant and Equipment on the Balance Sheet. Note 14 shows the net value of assets held under Finance Leases.

The Minimum Lease Payments (MLP) are made up of the following:

2020-21 £m				2021-22 £m		
Interest	Liability	MLP		Interest	Liability	MLP
0.518	**0.394**	**0.912**	**Within 1 year**	**0.488**	**0.400**	**0.888**
1.758	1.474	3.232	1 to 5 years	1.637	1.281	2.918
2.807	2.771	5.578	More than 5 years	2.439	2.565	5.004
4.565	**4.245**	**8.810**	**Total Non-Current**	**4.076**	**3.846**	**7.922**
5.083	**4.639**	**9.722**		**4.564**	**4.246**	**8.810**

The MLP does not contain rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. Contingent rents on these assets are insignificant.

OPERATING LEASES – COUNCIL AS LESSEE

The Council has a number of property assets (within PPE) under operating leases for:

- Delivery of local education.
- Youth information and clubs.
- Community and environmental purposes.
- Miscellaneous use, including office accommodation.

The Council also has the following vehicles, plant or equipment under operating leases:

- Four minibuses (2020-21: none).

The MLP due under non-cancellable leases in future years in respect of these properties and vehicles will be payable over the following periods:

2020-21 £m				2021-22 £m		
PPE	**PVE**	**Total**		**PPE**	**PVE**	**Total**
0.942	0.000	0.942	Within 1 year	1.032	0.067	1.099
3.194	0.000	3.194	1 to 5 years	3.165	0.000	3.165
3.579	0.000	3.579	More than 5 years	4.391	0.000	4.391
7.715	**0.000**	**7.715**		**8.588**	**0.067**	**8.655**

A small number of properties were sub-let in 2021-22. The rental expenditure that was charged to the Net Cost of Services in relation to these assets was:

2020-21 £m		2021-22 £m
0.007	Minimum Lease Payment	0.016
(0.006)	Less: sub-lease income	(0.005)
0.001		**0.011**

FINANCE LEASES – COUNCIL AS LESSOR

The Council has three properties that have been leased out upon receipt of a premium. With respect to these leases, there is no further lease income to be received and therefore there is no debtor held in the accounts. Details of the properties currently leased out are:

- Grassmoor Golf Centre to Grassmoor Golf Ltd on a 1,000-year lease, which commenced in 2002 for a one-off payment of £230,000.
- Land at Welbeck Road to Old Bolsover Town Council on a 99-year lease, which commenced in 2020 for a one-off payment of £10,000.
- Unit C1 Holmewood Business Park to SBK Property Limited on a 99-year lease, which commenced in 2015 for a one-off payment of £300,000.

The Council also leases out the first-floor offices of Ripley Library to Derbyshire Healthcare NHS Foundation Trust for £14,000 each year and the Nursery School on Windermere Road, Newbold to Kidz Planet Limited for £12,000 each year. The rental income and the unguaranteed residual value of the asset, which relates to the estimated value of the property at the end of the lease (i.e. an estimated sale value), will be received over the following periods:

2020-21 £m					2021-22 £m			
Minimum Lease Payments	Unguaranteed Residual Value of Property	Gross Investment in the Lease	Unearned Finance Income		Minimum Lease Payments	Unguaranteed Residual Value of Property	Gross Investment in the Lease	Unearned Finance Income
0.022	0.000	**0.022**	0.014	Within 1 year	0.022	0.000	**0.022**	0.013
0.090	0.000	**0.090**	0.049	1 to 5 years	0.090	0.000	**0.090**	0.046
0.084	0.119	**0.203**	0.039	More than 5 years	0.061	0.119	**0.180**	0.029
0.196	**0.119**	**0.315**	**0.102**		**0.173**	**0.119**	**0.292**	**0.088**

The Council has no provisions for unrealised finance lease investments. The minimum lease payments do not contain rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

OPERATING LEASE – COUNCIL AS LESSOR

The Council leases out a number of property assets (PPE) under operating leases, including leases for:

- Economic development to provide suitable affordable accommodation for local businesses.
- Youth information and clubs.
- Community and environmental purposes.
- Siting electricity substations.

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

2020-21 £m				2021-22 £m		
Vehicles	Land & Building	Total		Vehicles	Land & Building	Total
0.000	0.717	0.717	Within 1 year	0.000	0.735	0.735
0.000	1.705	1.705	1 to 5 years	0.000	1.875	1.875
0.000	4.505	4.505	More than 5 years	0.000	4.487	4.487
0.000	**6.927**	**6.927**		**0.000**	**7.097**	**7.097**

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

46. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

There are three PFI schemes in which private sector providers build and maintain accommodation for use by the Council:

- Phase 1 – in 2001 the Council signed a contract for two secondary schools at Tupton and Chapel-en-le Frith. They were completed and occupied in April 2003 under a 26-year contract. Tupton Hall School became an Academy on 1 October 2019.
- Phase 2 – during 2004-05 the Council signed a contract for two further secondary schools at Newbold and Long Eaton which became operational in February 2006 under a 26-year contract. Long Eaton School became an Academy on 1 April 2011. Newbold School became an Academy, known as Outwood Academy Newbold, on 1 January 2015.
- Phase 3 – Schools provided under the Building Schools for the Future (BSF) programme opened in November 2010 at Bolsover and Springwell (Staveley). These were designed and built as PFI schools and will be operated on a 25-year contract. Bolsover School became an Academy on 1 October 2012. Springwell Community School became an Academy on 1 March 2020.

Payments

The Council makes an agreed payment each year (the unitary charge) which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards.

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

During 2017-18, the Council undertook a refinancing exercise of the BSF PFI debt, which reduced the interest charge on the long-term debt. This resulted in a one-off financial benefit of approximately £2.100m for the Council. The term of the loan and service level elements of the agreement all remain the same.

The liability outstanding to pay the contractor for capital expenditure incurred is shown below.

	2020-21			2021-22		
	Ph 1	Ph 2	BSF	Ph 1	Ph 2	BSF
	£m	£m	£m	£m	£m	£m
Unitary Charge Paid						
Delivery of services	2.794	2.891	4.117	3.246	2.983	4.121
Interest Payment	1.121	1.325	0.741	1.028	1.247	0.702
Reduction to Liability	1.333	1.222	1.401	1.426	1.300	1.440
Unitary Charge Paid	**5.248**	**5.439**	**6.258**	**5.700**	**5.530**	**6.263**
Loan Liability B Fwd	(16.114)	(20.764)	(26.830)	(14.781)	(19.542)	(25.428)
Reduction to Liability	1.333	1.222	1.401	1.426	1.300	1.440
Loan Liability C Fwd	**(14.781)**	**(19.542)**	**(25.428)**	**(13.355)**	**(18.242)**	**(23.988)**
Liability in Creditors	(1.426)	(1.300)	(1.440)	(1.525)	(1.383)	(1.479)
Non Current Liabilities	(13.355)	(18.241)	(23.988)	(11.830)	(16.859)	(22.509)
Loan Liability C Fwd	**(14.781)**	**(19.542)**	**(25.428)**	**(13.355)**	**(18.242)**	**(23.988)**

Payments remaining to be made under the PFI contract at 31 March are as follows:

	2020-21			2021-22		
	Ph 1	Ph 2	BSF	Ph 1	Ph 2	BSF
	£m	£m	£m	£m	£m	£m
Within one year:						
Service charge	2.437	2.233	3.317	2.437	2.233	3.317
Interest element	1.028	1.247	0.702	0.929	1.164	0.662
Repayment of liability	1.426	1.300	1.440	1.525	1.383	1.479
Two to five years:						
Service charge	9.747	8.930	13.266	9.747	8.930	13.266
Interest element	3.050	4.104	2.399	2.579	3.716	2.229
Repayment of liability	6.767	6.085	6.168	7.237	6.474	6.338
Six to ten years:						
Service charge	7.508	11.163	16.583	5.071	10.898	16.583
Interest element	0.950	2.674	1.991	0.492	2.015	1.750
Repayment of liability	6.589	10.063	8.718	4.593	10.385	8.958
Eleven to fifteen years:						
Service charge	0.000	1.968	15.224	0.000	0.000	11.907
Interest element	0.000	0.117	0.706	0.000	0.000	0.455
Repayment of liability	0.000	2.093	9.104	0.000	0.000	7.213

All of the PFI schools will be handed back to the Council (or the Governors of the School for Academies) when the relevant contract expires. In the case of the Phase 1 schools this will be on 28 April 2029, for the Phase 2 schools it will be 12 February 2032 and for the BSF schools on 31 October 2035.

Under the terms of the agreements, the Council is able to terminate the agreements at any time. If this were due to a contractor default the Council is entitled to re-tender the contract, otherwise the contractors would be entitled to compensation. The Council has step in rights, if action needs to be taken in connection with the services provided by any of the contractors because of a serious risk to the health or safety of persons or to discharge a statutory duty; and/or because an emergency has arisen.

Property, Plant and Equipment
The schools are recognised on the Council's Balance Sheet, except those which are Academies. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 14.

47. DEFINED CONTRIBUTION PENSION SCHEMES

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

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

In 2021-22 the Council paid £42.552m to Teachers' Pensions (2020-21: £43.393m) in respect of teachers' retirement benefits. During 2021-22 the Employer's Contribution rate for the Teachers' Pension Scheme was 23.68% (2020-21: 23.68%).

NHS Pension Scheme
Former NHS employees working in the Surestart and Public Health fields that moved to the Council in 2008 and 2013, respectively, and some Public Health staff employed since then, are members of the NHS Pension Scheme, administered by the Department of Health. The Scheme provides these employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

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

In 2021-22 the Council paid £0.568m to the NHS Pension Scheme (2020-21: £0.625m) in respect of the retirement benefits of these Council employees. The Employer's Contribution rate during 2021-22 for the NHS Pension Scheme was 20.68%, with 14.38% continuing to be collected through the Council's payroll, an additional 2.5% collected from the Council through invoicing and the remaining 3.8% being funded by the Department of Health and Social Care (2020-21: 20.68%, with 14.38% continuing to be collected through the Council's payroll, an additional 2.5% collected from the Council through invoicing and the remaining 3.8% being funded by the Department of Health and Social Care). No further disclosures are required because of the immateriality of the information.

48. DEFINED BENEFIT SCHEME

The Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered by Derbyshire County Council – this is a funded defined benefit final salary scheme, meaning the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Reserve via the Movement in Reserves Statement.

Prior Period Adjustments

During 2021-22, the Actuary for the Derbyshire Pension Fund (Fund) advised the Council that it had identified an error in its allocation of Fund assets in the 2019 actuarial valuation of the Fund, affecting the Council and Derby City Council (Derby City).

The Actuary has identified that in its 2019 Fund actuarial valuation it had not applied all the required adjustments to reflect the agreed split of responsibility for the councils' deferred and pensioner members' benefits following the 1997 Local Government Reorganisation.

Overall Fund assets in the 2019 Fund actuarial valuation are as the Actuary intended but the split of assets is incorrect between the Council and Derby City, with the assets of the Council being understated, and the assets of Derby City being overstated by the same amount. In monetary terms, the amount that the Council's assets are understated in the 2019 Fund actuarial valuation is £52m, equivalent to 2.5% of the Council's overall asset value in the Fund at the 2019 valuation.

The misstatements have a material impact on the Council's CIES, Balance Sheet and Movement in Reserves Statement for 2019-20 and 2020-21 and on the Cash Flow Statement for 2020-21. The Council has therefore, in line with the CIPFA Code of Accounting Practice requirements, presented a CIES and Balance Sheet which reflect the required material retrospective restatements and this Note is restated accordingly. Full details of the impact of these restatements are given in Note 4.

Defined Benefit Transactions

The following defined benefit scheme transactions have occurred during the year:

	Notes/ Statement	LGPS			Teachers Pensions		
		Restated 2019-20 £m	Restated 2020-21 £m	2021-22 £m	2019-20 £m	2020-21 £m	2021-22 £m
Current service cost		117.012	88.511	139.209	0.000	0.000	0.000
Net interest cost	7	21.542	14.085	20.061	1.500	1.217	1.111
Past service costs & curtailments		1.057	0.400	0.816	0.000	0.000	0.000
Settlements		(8.415)	(9.640)	(4.468)	0.000	0.000	0.000
Benefits charged to the CIES		**131.196**	**93.356**	**155.618**	**1.500**	**1.217**	**1.111**
Remeasurement (gain)/loss		(343.532)	330.948	(374.034)	(6.744)	5.606	(1.933)
Total (Gain)/Loss		**(212.336)**	**424.304**	**(218.416)**	**(5.244)**	**6.823**	**(0.822)**
Movements in Reserves Statement:							
Reversal of charges made	30	(131.196)	(93.356)	(155.618)	(1.500)	(1.217)	(1.111)
Contributions - unfunded benefits	30	2.446	2.358	2.286	0.000	0.000	0.000
Employer's contributions payable	30	53.823	56.956	58.013	4.427	4.272	4.117

Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of the present value of defined benefit plan liabilities (the defined benefit obligation) of the Council, from the start to the end of the year:

	Funded liabilities: LGPS			Unfunded liabilities: Discretionary Benefits		
	2019-20 £m	2020-21 £m	2021-22 £m	2019-20 £m	2020-21 £m	2021-22 £m
Opening balance at 1 April	**3,014.575**	**2,600.059**	**3,360.078**	**64.712**	**55.041**	**57.592**
Current service cost	117.012	88.511	139.209	0.000	0.000	0.000
Interest cost	72.817	59.378	67.742	1.500	1.217	1.111
Contributions by participants	17.853	15.844	16.630	0.000	0.000	0.000
Remeasurement (gains)/losses	(520.996)	700.108	(241.598)	(6.744)	5.606	(1.933)
Benefits paid	(78.168)	(76.466)	(79.688)	0.000	0.000	0.000
Unfunded benefits paid	(2.446)	(2.358)	(2.286)	(4.427)	(4.272)	(4.117)
Effect of settlements	(21.645)	(25.398)	(12.339)	0.000	0.000	0.000
Past service costs	1.057	0.400	0.816	0.000	0.000	0.000
Closing balance at 31 March	**2,600.059**	**3,360.078**	**3,248.564**	**55.041**	**57.592**	**52.653**

The expected return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Reconciliation of the fair value of defined benefit plan Fund assets of the Council, from the start to the end of the year:

	LGPS		
	Restated 2019-20 £m	Restated 2020-21 £m	2021-22 £m
Opening balance at 1 April	**(2,144.029)**	**(1,998.118)**	**(2,393.147)**
Interest income	(51.275)	(45.293)	(47.681)
Other remeasurement loss/(gain)	177.464	(369.160)	(132.436)
Employer contributions	(53.823)	(56.956)	(58.013)
Contributions by participants	(17.853)	(15.844)	(16.630)
Benefits paid	78.168	76.466	79.688
Effect of settlements	13.230	15.758	7.871
Closing balance at 31 March	**(1,998.118)**	**(2,393.147)**	**(2,560.348)**

Scheme History

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) plan benefits. The total net liability of the LGPS of £688.216m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the LGPS will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the Fund Actuary;
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

	Present Value of Liabilities:		Restated Present Value of Assets:	Restated (Surplus)/Deficit in the Scheme:		
	LGPS £m	Discretionary Benefits £m	LGPS £m	LGPS £m	Discretionary Benefits £m	Restated Total £m
2017-18	2,680.619	65.091	(2,046.874)	633.745	65.091	**698.836**
2018-19	3,014.575	64.712	(2,144.029)	870.546	64.712	**935.258**
Restated 2019-20	2,600.059	55.041	(1,998.118)	601.941	55.041	**656.982**
Restated 2020-21	3,360.078	57.592	(2,393.147)	966.931	57.592	**1,024.523**
2021-22	3,248.564	52.653	(2,560.348)	688.216	52.653	**740.869**

The total contributions expected to be made to the LGPS by the Council in the year to 31 March 2023 is £57.191m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, and an estimate of the pensions that will be payable in future years, dependant on assumptions including mortality rates and salary levels. Both the LGPS and Discretionary Benefits liabilities have been assessed by the Fund Actuary, with estimates for the Council's share of the Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the Fund Actuary have been:

	2019-20	2020-21	2021-22
Mortality Assumptions:			
Longevity at 65 (current pensioners):			
-Men	21.6	21.3	21.1
-Women	23.7	23.9	23.8
Longevity at 65 (future pensioners):			
-Men	22.6	22.5	22.2
-Women	25.1	25.8	25.6
Inflation Rates:			
Increase in salaries (LGPS only)	2.6%	3.6%	3.9%
Increase in pensions	1.9%	2.9%	3.2%
Discounting scheme liabilities	2.3%	2.0%	2.7%

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below, showing the impact of a change:

At 31 March 2022:

	LGPS	
	Approximate Increase to Employer Liability %	Approximate Monetary Amount £m
0.1% decrease in real discount rate	2	62.600
1 year increase in Member life expectancy	4	129.943
0.1% increase in salary increase rate	0	5.662
0.1% increase in pension increase rate (CPI)	2	56.456

Restated at 31 March 2021:

	LGPS	
	Approximate Increase to Employer Liability %	Approximate Monetary Amount £m
0.1% decrease in real discount rate	2	63.937
1 year increase in Member life expectancy	4	134.403
0.1% increase in salary increase rate	0	6.136
0.1% increase in pension increase rate (CPI)	2	57.080

Restated at 31 March 2020:

	LGPS	
	Approximate Increase to Employer Liability %	Approximate Monetary Amount £m
0.1% decrease in real discount rate	2	46.861
1 year increase in Member life expectancy	4	104.002
0.1% increase in salary increase rate	0	4.386
0.1% increase in pension increase rate (CPI)	2	42.064

The Fund Actuary has noted that in order to quantify the impact of a change in the financial assumptions used, the value of the scheme liabilities at 31 March 2022 has been calculated and compared on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided by the Fund Actuary for the accounts.

To quantify the uncertainty around life expectancy, the Fund Actuary has calculated the difference in cost to the Council, as a Fund employer, of a one-year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

These figures have been derived based on the membership profile of the Council, as a Fund Employer, as at the date of the most recent actuarial valuation.

The return on the Fund in market value terms for the period to 31 March 2022 is based on actual Fund returns as provided by the Administering Authority. The actual total return for the period from 1 April 2021 to 31 March 2022 is a gain of 7.5% (2020-21: 20.9% gain).

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	2019-20 %	**2020-21 %**	**2021-22 %**
Equity investments	56.0	59.0	59.6
Debt instruments:			
Government bonds	10.0	8.0	8.4
Other bonds	16.0	15.0	14.8
Property	9.0	8.0	7.9
Cash and cash equivalents	6.0	6.0	4.5
Other assets	3.0	4.0	4.8
	100.0	**100.0**	**100.0**

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities at the balance sheet date:

	LGPS		Teachers Pensions
	Restated Actuarial gain / (loss) on assets over total assets	Actuarial (gain) / loss on liabilities over total liabilities	Actuarial (gain) / loss on liabilities over total liabilities
2017-18	0.85%	(1.93%)	(0.94%)
2018-19	2.84%	7.55%	3.76%
Restated 2019-20	(8.88%)	(20.04%)	(12.25%)
2020-21	15.43%	20.84%	9.73%
2021-22	5.17%	(7.44%)	(3.67%)

Forecast for next year
At 31 March 2022 for 2022-23:

	Local Government Pension Scheme		Teachers Pensions	
	£m	**£m**	**£m**	**£m**
Projected service cost				
Estimated pay:	268.743		0.000	
Service cost (% of pay)	46.1%		n/a	
Implied service cost next year:		122.896		0.000
Net interest cost		19.446		1.365
Administration expenses		1.075		0.000
Total pension cost recognised		**143.417**		**1.365**
Projected employer contributions				
Normal contributions	(57.191)		(4.244)	
Total employer contributions next year		**(57.191)**		**(4.244)**
Current deficit		688.216		52.653
Projected deficit next year		**774.442**		**49.774**

Restated at 31 March 2021 for 2021-22:

	Restated Local Government Pension Scheme		Teachers Pensions	
	£m	£m	£m	£m
Projected service cost				
Estimated pay:	257.298		0.000	
Service cost (% of pay)	51.8%		n/a	
Implied service cost next year:		132.173		0.000
Net interest cost		20.089		1.109
Administration expenses		1.029		0.000
Total pension cost recognised		**153.291**		**1.109**
Projected employer contributions				
Normal contributions	(55.417)		(4.272)	
Total employer contributions next year		**(55.417)**		**(4.272)**
Current deficit		966.931		57.592
Projected deficit next year		**1,064.805**		**54.429**

Restated at 31 March 2020 for 2020-21:

	Restated Local Government Pension Scheme		Teachers Pensions	
	£m	£m	£m	£m
Projected service cost				
Estimated pay:	260.605		0.000	
Service cost (% of pay)	34.4%		n/a	
Implied service cost next year:		88.732		0.000
Net interest cost		14.203		1.215
Administration expenses		1.042		0.000
Total pension cost recognised		**103.977**		**1.215**
Projected employer contributions				
Normal contributions	(55.930)		(4.427)	
Total employer contributions next year		**(55.930)**		**(4.427)**
Current deficit		601.941		55.041
Projected deficit next year		**649.988**		**51.829**

49. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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 annual Treasury Management Strategy outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

Detailed information can be found in the annual Capital Programme Approvals, Treasury Management and Capital Strategies for 2022-23 which is available on the Council's Derbyshire Democracy website under the Council meeting on 2 February 2022:
Agenda for Council on 2 February 2022 (democracy.derbyshire.gov.uk)

Credit risk

Credit risk is the potential for the Council to suffer loss due to another party defaulting on its financial obligations.

The Council's maximum exposure to credit risk is deemed to be the gross carrying amount of the financial assets held.

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

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The financial institutions' credit ratings are monitored throughout the year and significant changes are reported to Cabinet. The Annual Investment Strategy also imposes a maximum sum to be invested and a maximum duration of each loan for counterparties.

It is the Council's policy to write-off any debt where all reasonable measures have been taken to recover the debt or after the Chief Financial Officer and the Director of Legal Services have established that the debt is irrecoverable due to bankruptcy or insolvency.

The Council's maximum exposure to credit risk in relation to its cash deposits, investments in banks and building societies and money market funds is £397.671m, all of which is deposited in the UK, except for £35.870m in global pooled funds. A risk of non-recovery applies to all of the Council's deposits, but there was no evidence at 31 March 2022 that this was likely to crystallise.

The Council's potential maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions is £30.192m. These financial assets include trade debtors (£29.305m), transferred debt (£0.036m), contract assets (£0.647m) and lease receivables (£0.204m). The Council recognised an allowance for credit losses which reduced the carrying amount of these financial assets by £2.073m. Customers for goods and services are vetted, taking into account their financial position, past experience and other factors. The Council does not generally allow credit for its trade debtors.

To determine whether there has been a significant increase in the credit risk of an investment, cash or cash equivalent the Council considers a range of factors including whether its credit rating has fallen below investment grade (BBB-), declining financial performance, a fall in the value of collateral or the quality of guarantees given and any adverse business or economic conditions impacting on the investment.

The profile of these assets by credit rating (AAA is the strongest credit rating) is as follows:

	AAA or equivalent £m	**AA or equivalent £m**	**A or equivalent £m**	**Rated Not Strong £m**	**Not Rated £m**	**Trade Debtors and Transferred Debt £m**	**Total £m**
Cash and cash equivalents	0.000	0.000	46.230	0.000	0.000	0.000	46.230
Investments	0.000	191.678	75.120	0.000	83.309	0.000	350.107
Trade Debtors and Transferred Debt	0.000	0.000	0.000	0.000	0.000	28.119	28.119
Total Net Carrying Amount	**0.000**	**191.678**	**121.350**	**0.000**	**83.309**	**28.119**	**424.456**

	AAA or equivalent £m	AA or equivalent £m	A or equivalent £m	Rated Not Strong £m	Not Rated £m	Trade Debtors and Transferred Debt £m	Total £m
Loss Allowance is measured at 12-month expected credit losses because:							
There has been no significant increase in credit risk since initial recognition	0.000	5.008	121.378	0.000	0.000	0.000	**126.386**
Loss Allowance is measured at lifetime expected credit losses because:							
Credit risk has increased significantly since initial recognition	0.000	0.000	0.000	0.000	0.512	0.000	**0.512**
Financial assets have become credit impaired	0.000	0.000	0.000	0.000	12.547	0.000	**12.547**
Allowed under the simplified approach, i.e. Trade Debtors	0.000	0.000	0.000	0.000	0.000	27.163	**27.163**
No Loss Allowance as relevant statutory provisions prevent default:							
Counterparty is Central Government or another local authority	0.000	186.670	0.000	0.000	0.000	3.029	**189.699**
No Loss Allowance, Other:							
Financial assets measured at Fair Value	0.000	0.000	0.000	0.000	71.556	0.000	**71.556**
Total Gross Carrying Amount	**0.000**	**191.678**	**121.378**	**0.000**	**84.615**	**30.192**	**427.863**
Loss Allowances	0.000	0.000	(0.028)	0.000	(1.306)	(2.073)	**(3.407)**
Total Net Carrying Amount	**0.000**	**191.678**	**121.350**	**0.000**	**83.309**	**28.119**	**424.456**

The past due amount for trade debtors can be analysed by age as follows:

	31 Mar 2021 £m	31 Mar 2022 £m
Less than three months	17.124	16.476
Three to six months	1.708	2.112
Six months to one year	2.934	2.780
More than one year	7.688	7.937
Total	**29.454**	**29.305**

The gross value of trade debtors, excluding other local authorities and central government departments and agencies, is analysed as follows:

	Gross Value of Trade Debtors 31 Mar 2022 £m
Finance Lease Receivables	0.204
Contract Assets	0.647
0 - 30 Days	11.599
Over 30 Days	14.714
Debtors Excluding Other Local Authorities and Government	**27.164**

A loss allowance for these financial assets is recognised based on the gross value of trade debtors which are more than 30 days past due and which have been or are expected to be referred for review by the Council's Legal Services department or under the Care Act (2014). A non-recovery rate based on the historical success rate of recovering such debt, once referred, along with a factor to reflect the prevailing economic conditions, is applied to the gross value of referred debt to determine the amount of the loss allowance. The factor for current market conditions was derived by comparing the expected default rate for 2022 with the historic default rate based on information collated by rating agency Moody's. Macroeconomic conditions are forecast to improve in 2022 compared to 2021. The expected default rate for 2022 is now lower than the historic default rate, therefore the adjustment for current market conditions has resulted in a smaller allowance for losses compared to the raw calculation based on the profile of debt, as at 31 March 2022, and the historical rate of debt recovery alone.

Department / Debt Category	Trade Debtors Over 30 Days £m	Referred Debt * £m	Expected Non-Recovery Rate %	Factor for Current Economic Conditions ** %	General Loss Allowance £m	Specific Loss Allowance £m	Total Loss Allowance £m
Adult Care - Secured Over Property	5.095	0.000	0%	67%	0.000	0.000	**0.000**
Adult Care Other - Over 1 Year	3.246	3.246	62%	67%	1.349	0.000	**1.349**
Adult Care Other - 1 Year or Under	3.022	3.022	22%	67%	0.453	0.000	**0.453**
Other	3.350	0.999	22%	67%	0.150	0.122	**0.272**
Total	**14.713**	**7.267**			**1.952**	**0.122**	**2.074**

* Referred debt has been, or is expected to be, referred to Legal Services or reviewed under the Care Act (2014)
** The adjustment for economic conditions is restricted in order that the loss allowance does not exceed 100% of the value of the debt

Whilst expected credit losses relating to trade debtors are measured on a collective basis, those relating to other financial assets are determined on a case-by-case basis.

Reconciliation of Credit Loss Allowances

A reconciliation of the opening and closing balances of the allowances recognised for potential credit losses on the Council's financial assets for the year ended 31 March 2022 is provided as follows:

	Balance at start of year £m	Increase due to recognition of new Financial Assets £m	Decrease due to de-recognition of Financial Assets £m	Change due to modification of cash flows of the Financial Assets £m	Due to change in Average Default Rates £m	Due to change in significance of credit risk £m	Balance at end of year £m
Measured at 12-month expected credit losses where:							
There has been no significant increase in credit risk since initial recognition	**0.026**	0.021	(0.014)	0.000	(0.005)	0.000	**0.028**
Measured at lifetime expected credit losses where:							
Credit risk has increased significantly since initial recognition	**0.050**	0.001	0.000	0.000	0.000	0.000	**0.051**
Financial assets have become credit impaired	**1.233**	0.022	0.000	0.000	0.000	0.000	**1.255**
Allowed under the simplified approach i.e. Debtors	**4.195**	0.120	0.000	0.000	(2.242)	0.000	**2.073**
Total Loss Allowance	**5.505**	**0.164**	**(0.014)**	**0.000**	**(2.247)**	**0.000**	**3.407**

£1.255m of expected credit losses relate to the loan to Buxton Crescent Limited. The Council agreed to write-off £0.566m of interest accruing on this loan in 2020-21 and £0.162m of interest accruing from the 1 April 2021 to 18 July 2021, therefore this financial asset is now deemed to be credit impaired.

There were no modifications to the cash flows of the Council's financial assets during the year.

12-month expected credit losses are based on the following inputs and assumptions:

- The value of the principal on maturity.
- The coupon interest rate of the loan receivable.
- The average probability of default in the next 12 months for that grade of investment, as determined by the major ratings agencies. This has been adjusted for current market conditions based on the ratio of the expected default rate for 2022 compared to the historic rate of default collated by rating agency Moody's.
- The expected loss, given default, is assumed to be 62% (Moody's unsecured).
- In the event of default, the recoverable amount is expected to be received two years later than the due date.

Lifetime expected credit losses are based on the following inputs and assumptions:

- The gross carrying amount.
- The probability of default for that grade of investment, and the expected loss given default.

Forward-looking information is incorporated into the determination of expected credit losses:

- For specific investments – by reference to the investment grade provided by the rating agency Moody's and by considering the forecast default rates for the year compared to historical rates of default.
- For trade debtors – by considering the value of additional debt that is likely to be referred in addition to that which has already been referred for review and by considering the forecast default rates for the year compared to historical rates of default.

The Council does not hold any collateral as security or any other credit enhancements against the loans it has issued.

Liquidity risk
The Council manages a comprehensive cash flow management system. This seeks to ensure that cash is available when it is needed. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The contractual maturity for short term and long-term borrowing is as follows:

	31 Mar 2022 £m
Less than one year	(134.820)
Between one and two years	(19.367)
Between two and five years	(10.137)
Between five and ten years	(37.040)
More than ten years	(183.959)
	(385.323)

Interest rate risk
Within the Annual Treasury Management Strategy maximum limits are set for fixed and variable interest rate exposure. The interest rate profile of financial assets and liabilities is as follows:

	Total £m	**Non-interest bearing £m**	**Variable or Fixed <1 year £m**	**Fixed > 1 year £m**	**Fixed rate Weighted average int rate (%)**	**Fixed rate Weighted average period (years)**
Financial assets	**351.105**	1.009	335.096	15.000	1.29	1
Financial liabilities	**(385.323)**	0.000	(134.820)	(250.503)	3.07	17

A 1% change in interest rates would have the following impact:

	Impact on provision of services £m	Impact on net worth £m
Increase by 1% (100 basis points)	1.351	46.174
Decrease by 1% (100 basis points)	(1.351)	(46.174)

50. COVID-19

In 2021-22, the gross cost to the Council in respect of the Covid-19 pandemic was £55.592m (2020-21: £81.428m), before Covid-19 specific recharges and grant income, and Covid-19 general grant income. The table below details these gross costs, by Service Area and by Council Portfolio. The Council Portfolio abbreviations used are expanded in full in the Comprehensive Income and Expenditure Statement.

	Covid-19 Costs by Portfolio									
Service Area	**AC £m**	**CGR £m**	**CSB £m**	**CSSGE £m**	**HC £m**	**HT £m**	**IE £m**	**SLCTCC £m**	**Corporate Budgets £m**	**TOTAL £m**
Income Losses										
Highways and Transport Sales, Fees & Charges (SFC) - Parking services losses	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Highways and Transport Sales, Fees & Charges (SFC) losses - other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Cultural & Related (SFC) - Recreation and sport losses	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Cultural & Related (SFC) losses - other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Planning & Development SFC losses	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
SFC income losses - other	0.386	0.000	0.609	0.820	0.000	0.000	0.000	0.164	0.000	**1.979**
Sales, Fees & Charges (SFC) income losses sub total	**0.386**	**0.000**	**0.609**	**0.820**	**0.000**	**0.000**	**0.000**	**0.164**	**0.000**	**1.979**
Commercial Income losses (rental income)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Commercial Income losses (dividends)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.445	**0.445**
Commercial Income losses (other)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.325	**0.325**
Other income losses	0.000	0.000	0.009	0.000	0.000	0.000	0.000	0.000	0.000	**0.009**
Other Non-Collection Fund Losses sub-total	**0.000**	**0.000**	**0.009**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.770**	**0.779**
Total Income Losses	**0.386**	**0.000**	**0.618**	**0.820**	**0.000**	**0.000**	**0.000**	**0.164**	**0.770**	**2.758**

	Covid-19 Costs by Portfolio									
Service Area	**AC £m**	**CGR £m**	**CSB £m**	**CSSGE £m**	**HC £m**	**HT £m**	**IE £m**	**SLCTCC £m**	**Corporate Budgets £m**	**TOTAL £m**
Costs										
Adult Social Care – additional demand	21.261	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**21.261**
Adult Social Care – supporting the market	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Adult Social Care – workforce pressures	10.138	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**10.138**
Adult Social Care - Personal protective equipment (PPE)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Adult Social Care - other	0.568	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.568**
Adult Social Care sub-total	**31.967**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**31.967**
Children's Social Care – workforce pressures	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Children's Social Care - residential care	0.000	0.000	0.000	0.060	0.000	0.000	0.000	0.000	0.000	**0.060**
Children's Social Care - care leavers	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Children's Social Care - other	0.000	0.000	0.000	2.721	0.000	0.000	0.000	0.000	0.000	**2.721**
Children's Social Care sub-total	**0.000**	**0.000**	**0.000**	**2.781**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**2.781**
Education - SEND	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Education - Home to school transport	0.000	0.000	0.000	0.385	0.000	0.000	0.000	0.000	0.000	**0.385**
Education - other	0.000	0.000	0.000	0.148	0.000	0.000	0.000	0.000	0.000	**0.148**
Education sub-total	**0.000**	**0.000**	**0.000**	**0.533**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.533**
Highways and Transport	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.266**	**0.000**	**0.000**	**0.000**	**0.266**

	Covid-19 Costs by Portfolio									
Service Area	**AC £m**	**CGR £m**	**CSB £m**	**CSSGE £m**	**HC £m**	**HT £m**	**IE £m**	**SLCTCC £m**	**Corporate Budgets £m**	**TOTAL £m**
Costs										
Public Health - Testing, contact tracing and outbreak planning	0.000	0.000	0.000	0.000	7.815	0.000	0.000	0.000	0.000	**7.815**
Public Health - Other	0.000	0.000	0.000	0.000	2.010	0.000	0.000	0.000	0.000	**2.010**
Public Health sub-total	**0.000**	**0.000**	**0.000**	**0.000**	**9.825**	**0.000**	**0.000**	**0.000**	**0.000**	**9.825**
Housing - homelessness services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Housing - rough sleeping	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Housing - other excluding HRA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Housing sub-total	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Cultural & related - Sports, leisure and community facilities	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.021	0.000	**0.021**
Cultural & related - other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Cultural & related sub-total	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.021**	**0.000**	**0.021**
Environment & regulatory - cremation, cemetery and mortuary services/Excess deaths	0.000	0.000	0.003	0.000	0.000	0.000	0.000	0.000	0.000	**0.003**
Environment & regulatory - waste management	0.000	0.000	0.000	0.000	0.000	0.000	2.559	0.000	0.000	**2.559**
Environment and regulatory – COVID-19 compliance and enforcement	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Environment & regulatory - other	0.000	0.023	0.000	0.000	0.000	0.000	0.036	0.000	0.000	**0.059**
Environment & regulatory - sub-total	**0.000**	**0.023**	**0.003**	**0.000**	**0.000**	**0.000**	**2.595**	**0.000**	**0.000**	**2.621**

	Covid-19 Costs by Portfolio									
Service Area	**AC £m**	**CGR £m**	**CSB £m**	**CSSGE £m**	**HC £m**	**HT £m**	**IE £m**	**SLCTCC £m**	**Corporate Budgets £m**	**TOTAL £m**
Costs										
Finance & corporate - ICT & remote working	0.000	0.000	0.085	0.000	0.003	0.000	0.000	0.007	0.000	**0.095**
Finance & corporate - Revenue & benefits expansion	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Finance & corporate - other	0.000	0.000	1.240	0.000	0.015	0.000	0.000	0.007	0.000	**1.262**
Finance & corporate - sub-total	**0.000**	**0.000**	**1.325**	**0.000**	**0.018**	**0.000**	**0.000**	**0.014**	**0.000**	**1.357**
Other - Shielding	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Other - PPE (non-Adult Social Care and HRA)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Other - unachieved savings/delayed projects	2.086	0.000	0.000	0.469	0.000	0.000	0.000	0.332	0.421	**3.308**
Other – lockdown compliance and reopening costs (incl. enforcement)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Other - Domestic Abuse Services	0.000	0.000	0.000	0.000	0.155	0.000	0.000	0.000	0.000	**0.155**
Other - Elections	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Other - excluding service areas listed above	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Other - sub-total	**2.086**	**0.000**	**0.000**	**0.469**	**0.155**	**0.000**	**0.000**	**0.332**	**0.421**	**3.463**
Total Costs	**34.053**	**0.023**	**1.328**	**3.783**	**9.998**	**0.266**	**2.595**	**0.367**	**0.421**	**52.834**
A **Total Gross Costs and Income Losses**	**34.439**	**0.023**	**1.946**	**4.603**	**9.998**	**0.266**	**2.595**	**0.531**	**1.191**	**55.592**

The table below sets out how the Council's Covid-19 pandemic 2021-22 gross costs of £55.592m, by Service Area, have been fully funded, using £44.377m of available Covid-19 specific recharge and grant income, with the balance of £11.215m funded using the Council's general Covid-19 emergency funding for Local Government of £26.585m, which is comprised of £11.248m brought forward from 2020-21 and £15.337m received in 2021-22. The remaining balance of the Covid-19 general emergency funding at 31 March 2022, amounting to £15.370m, has been carried forward to 2022-23 in an earmarked reserve.

	Covid-19 Costs and Funding					
	Gross Costs	Offsets	Covid-19 Emergency Funding for Local Government			
Service Area	**TOTAL £m**	**Specific Re-charges and Grant Income £m**	**Used in 2021-22 £m**	**Carried Forward to 2022-23 £m**	**TOTAL £m**	**%**
Income Losses						
Highways and Transport Sales, Fees & Charges (SFC) - Parking services losses	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Highways and Transport Sales, Fees & Charges (SFC) losses - other	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Cultural & Related (SFC) - Recreation and sport losses	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Cultural & Related (SFC) losses - other	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Planning & Development SFC losses	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
SFC income losses - other	**1.979**	(1.473)	**0.506**	0.000	**0.506**	1.9%
Sales, Fees & Charges (SFC) income losses sub-total	**1.979**	**(1.473)**	**0.506**	**0.000**	**0.506**	**1.9%**
Commercial Income losses (rental income)	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Commercial Income losses (dividends)	**0.445**	0.000	**0.445**	0.000	**0.445**	1.7%
Commercial Income losses (other)	**0.325**	0.000	**0.325**	0.000	**0.325**	1.2%
Other income losses	**0.009**	0.000	**0.009**	0.000	**0.009**	0.0%
Other Non-Collection Fund Losses sub-total	**0.779**	**0.000**	**0.779**	**0.000**	**0.779**	**2.9%**
Total Income Losses	**2.758**	**(1.473)**	**1.285**	**0.000**	**1.285**	**4.8%**

Service Area	Covid-19 Costs and Funding					
	Gross Costs	Offsets	Covid-19 Emergency Funding for Local Government			
	TOTAL £m	Specific Re-charges and Grant Income £m	Used in 2021-22 £m	Carried Forward to 2022-23 £m	TOTAL £m	%
Costs						
Adult Social Care – additional demand	**21.261**	(21.261)	**0.000**	0.000	**0.000**	0.0%
Adult Social Care – supporting the market	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Adult Social Care – workforce pressures	**10.138**	(8.710)	**1.428**	0.000	**1.428**	5.4%
Adult Social Care - Personal protective equipment (PPE)	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Adult Social Care - other	**0.568**	0.000	**0.568**	0.000	**0.568**	2.1%
Adult Social Care sub-total	**31.967**	**(29.971)**	**1.996**	**0.000**	**1.996**	**7.5%**
Children's Social Care – workforce pressures	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Children's Social Care - residential care	**0.060**	0.000	**0.060**	0.000	**0.060**	0.2%
Children's Social Care - care leavers	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Children's Social Care - other	**2.721**	(2.721)	**(0.000)**	0.000	**(0.000)**	0.0%
Children's Social Care sub-total	**2.781**	**(2.721)**	**0.060**	**0.000**	**0.060**	**0.2%**
Education - SEND	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Education - Home to school transport	**0.385**	(0.385)	**(0.000)**	0.000	**(0.000)**	0.0%
Education - other	**0.148**	(0.001)	**0.147**	0.000	**0.147**	0.6%
Education sub-total	**0.533**	**(0.386)**	**0.147**	**0.000**	**0.147**	**0.6%**
Highways and Transport	**0.266**	**0.000**	**0.266**	**0.000**	**0.266**	**1.0%**
Public Health - Testing, contact tracing and outbreak planning	**7.815**	(7.815)	**0.000**	0.000	**0.000**	0.0%
Public Health - Other	**2.010**	(2.011)	**(0.001)**	0.000	**(0.001)**	0.0%
Public Health sub-total	**9.825**	**(9.826)**	**(0.001)**	**0.000**	**(0.001)**	**0.0%**
Housing - homelessness services	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Housing - rough sleeping	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Housing - other excluding HRA	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Housing sub-total	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.0%**

NOTES TO THE CORE FINANCIAL STATEMENTS

Service Area	Covid-19 Costs and Funding					
	Gross Costs	Offsets	Covid-19 Emergency Funding for Local Government			
	TOTAL £m	Specific Re-charges and Grant Income £m	Used in 2021-22 £m	Carried Forward to 2022-23 £m	TOTAL £m	%
Costs						
Cultural & related - Sports, leisure and community facilities	**0.021**	0.000	**0.021**	0.000	**0.021**	0.1%
Cultural & related - other	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Cultural & related sub-total	**0.021**	**0.000**	**0.021**	**0.000**	**0.021**	**0.1%**
Environment & regulatory - cremation, cemetery and mortuary services/Excess deaths	**0.003**	0.000	**0.003**	0.000	**0.003**	0.0%
Environment & regulatory - waste management	**2.559**	0.000	**2.559**	0.000	**2.559**	9.6%
Environment and regulatory – COVID-19 compliance and enforcement	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Environment & regulatory - other	**0.059**	0.000	**0.059**	0.000	**0.059**	0.2%
Environment & regulatory - sub-total	**2.621**	**0.000**	**2.621**	**0.000**	**2.621**	**9.9%**
Finance & corporate - ICT & remote working	**0.095**	0.000	**0.095**	0.000	**0.095**	0.4%
Finance & corporate - Revenue & benefits expansion	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Finance & corporate - other	**1.262**	0.000	**1.262**	0.000	**1.262**	4.7%
Finance & corporate - sub-total	**1.357**	**0.000**	**1.357**	**0.000**	**1.357**	**5.1%**
Other - Shielding	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Other - PPE (non-Adult Social Care and HRA)	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Other - unachieved savings/delayed projects	**3.308**	0.000	**3.308**	0.000	**3.308**	12.4%
Other – lockdown compliance and reopening costs (incl. enforcement)	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Other - Domestic Abuse Services	**0.155**	0.000	**0.155**	0.000	**0.155**	0.6%
Other - Elections	**0.000**	0.000	**0.000**	0.000	**0.000**	0.0%
Other - excluding service areas listed above	**0.000**	0.000	**0.000**	15.370	**15.370**	57.8%
Other - sub-total	**3.463**	**0.000**	**3.463**	**15.370**	**18.833**	**70.8%**
Total Costs	**52.834**	**(42.904)**	**9.930**	**15.370**	**25.299**	**95.2%**
Total Gross Costs and Income Losses	**55.592**	**(44.377)**	**11.215**	**15.370**	**26.584**	**100.0%**

The table below gives details of the £44.377m of Covid-19 specific recharges and grant income receivable by the Council in 2021-22, used to partially offset the Council's Covid-19 gross costs in 2021-22 of £55.592m, by Council portfolio. It also shows that the balance of 2021-22 Covid-19 gross costs by Council portfolio, amounting to £11.215m, has been funded using the Council's general Covid-19 emergency funding for Local Government of £26.585m, which is comprised of £11.248m brought forward from 2020-21 and £15.337m received in 2021-22. The Council portfolio abbreviations used are expanded in full in the Comprehensive Income and Expenditure Statement.

		Covid-19 Funding by Portfolio									
		AC	CGR	CSB	CSSGE	HC	HT	IE	SLCTCC	Corporate Budgets	TOTAL
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
A	**Total Gross Costs and Income Losses**	**34.439**	**0.023**	**1.946**	**4.603**	**9.998**	**0.266**	**2.595**	**0.531**	**1.191**	**55.592**
	Offsets: Specific Recharges and Grant Income										
	Additional Care Package Costs (Hospital Discharge) Recharged to Health	(5.136)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**(5.136)**
	Additional School and College Transport Capacity Funding	0.000	0.000	0.000	(0.385)	0.000	0.000	0.000	0.000	0.000	**(0.385)**
	Clinical Commissioning Group (CCG) Retention Funding	(1.720)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**(1.720)**
	Contain Outbreak Management Fund	0.000	0.000	0.000	0.000	(5.389)	0.000	0.000	0.000	0.000	**(5.389)**
	Covid Local Grant Scheme	0.000	0.000	0.000	(2.566)	0.000	0.000	0.000	0.000	0.000	**(2.566)**
	Critically Extremely Vulnerable (CEV) Individuals Support Grant	0.000	0.000	0.000	0.000	(1.992)	0.000	0.000	0.000	0.000	**(1.992)**
	Infection Control Fund	(15.218)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**(15.218)**
	Mass Community Testing	0.000	0.000	0.000	0.000	(2.116)	0.000	0.000	0.000	0.000	**(2.116)**
	Omicron Support Fund	(0.907)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**(0.907)**
	Practical Self-Isolation Support	0.000	0.000	0.000	0.000	(0.019)	0.000	0.000	0.000	0.000	**(0.019)**
	Public Health Grant	0.000	0.000	0.000	0.000	(0.150)	0.000	0.000	0.000	0.000	**(0.150)**
	Sales Fees and Charges Compensation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(1.473)	**(1.473)**
	Test and Trace Grant	0.000	0.000	0.000	0.000	(0.160)	0.000	0.000	0.000	0.000	**(0.160)**
	Wellbeing for Education Return Grant	0.000	0.000	0.000	(0.001)	0.000	0.000	0.000	0.000	0.000	**(0.001)**
	Winter Grant Scheme	0.000	0.000	0.000	(0.155)	0.000	0.000	0.000	0.000	0.000	**(0.155)**
	Workforce Recruitment and Retention Grant	(6.990)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**(6.990)**
B	**Total Offsets**	**(29.971)**	**0.000**	**0.000**	**(3.107)**	**(9.826)**	**0.000**	**0.000**	**0.000**	**(1.473)**	**(44.377)**
A + B	**Covid-19 Emergency Funding for Local Government used in 2021-22**	**4.468**	**0.023**	**1.946**	**1.496**	**0.172**	**0.266**	**2.595**	**0.531**	**(0.282)**	**11.215**

51. CONTINGENT LIABILITIES

New Waste Treatment Facility

The Council and Derby City Council remain engaged in a project to develop a New Waste Treatment Facility (NWTF) in Sinfin, Derby, to deal with waste that residents in Derby and Derbyshire do not recycle. The facility, which was due to open in 2017, was being built on the councils' behalf by Resource Recovery Solutions (Derbyshire) Ltd (RRS), which was a partnership between national construction firm Interserve, which was also building the plant, and waste management company Renewi plc. However, the contract with RRS was terminated on 2 August 2019, following the issuing of a legal notice by the banks funding the project.

A contract has been put in place by the councils to make sure waste that residents cannot recycle or choose not to recycle continues to be dealt with and that recycling centres and waste transfer stations continue to operate. These services will continue to be run by waste management company Renewi UK Services Ltd.

Work had been progressing on the facility to determine its condition and capability, however due to the measures introduced by the UK Government to counter the Covid-19 pandemic, work on site has been affected. This work is also being carried out by Renewi UK Services Ltd and will allow the councils to ascertain what measures need to be in place for the facility to become fully operational. The councils are in negotiations to pay an 'estimated fair value' (EFV) for the plant, taking into account all of the costs of rectifying ongoing issues at the plant and the costs of providing the services to meet the agreed contract standards. The councils are trying to complete this within as short a time frame as possible, but the councils are not wholly accountable for the actions needed, as third parties have a direct influence on how long the process may actually take.

If an agreed EFV cannot be reached through negotiation, it would need to be resolved through formal dispute resolution processes, which have commenced. At the time of publication of the accounts, an agreed EFV has not been reached. In the event of either a negotiated position, or a Court decision, the payment required from the Council may be for a material amount.

Gladys Buxton Site

The Council exchanged a legally binding contract with the purchaser of the Council's Gladys Buxton site in September 2021, with completion and settlement due by September 2023. Contractual clauses allow the developer to mitigate any costs for 'abnormal additional work' that are identified and agreed by both parties as being necessary to develop the site for residential housing. Following a thorough site investigation program, commissioned by the purchaser, abnormal additional works have been identified as being required. The agreed sales proceeds in respect of the site are in excess of this amount. The Council will be negotiating with the purchaser in respect of these findings and therefore considers that there are uncertainties over both final costs and the timing of any payment.

52. SUBSEQUENT EVENTS

There were no significant events between the balance sheet date and the approval of these financial statements which would require disclosure or adjustment of the statements.

ACCOUNTING POLICIES

INTRODUCTION

The Accounting Policies for Derbyshire County Council (the Council) have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code for Local Authority Accounting (the Code). Where there is no specific guidance in the Code, the Council has developed its own accounting policy which is aimed at creating information which is:

- Relevant to the decision-making needs of users; and
- Reliable, in that the financial statements:
  - Represent fairly the financial position, financial performance and cash flows of the entity;
  - Reflect the economic substance of transactions, other events and conditions and not merely the legal form;
  - Are neutral i.e. free from bias;
  - Are prudent; and
  - Are complete in all material respects.

This document outlines how the Council will account for all income, expenditure, assets and liabilities held and incurred during the 2021-22 financial year.

The accounting policies of the Council are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the authority's accounts.

The Accounting Policies of the Council as far as possible have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable. A Glossary of Terms can be found at the end of this document.

The document has been divided into four distinct categories which are Accounting Principles, Capital Accounting, Revenue Accounting and Treasury Management, with each policy being assigned a policy number.

ACCOUNTING POLICIES

ACCOUNTING PRINCIPLES

1.1. Going Concern

The Council prepares its accounts on the basis that it remains a going concern; that is that there is the assumption that the functions of the Council will continue in operational existence. In the case of a pending local government reorganisation, where assets and liabilities are due to be redistributed, the Council would still account on the basis of going concern as the provision of services would continue in another Council.

1.2. Accruals Concept

The Council accounts for income and expenditure in the period in which the provision of goods or service has taken place, rather than when cash payments are received or made.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet.

1.3. Cost of Services

Internal support service costs (e.g. Human Resources) are apportioned across the core service areas to represent the total cost of delivering that service to the public, in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2021-22 (SerCOP).

Where possible the full cost of support services is shared between users in proportion to the benefits received, with the exception of the following, which are included wholly within the Corporate Services portfolio cost of services:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties, or any other operational cost that cannot be reasonably attributed to a specific service.

1.4. Value Added Tax

Income and expenditure treated as either capital or revenue, excludes any amounts related to VAT. All VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from the same. Any amounts outstanding (payment or receipt) at the year-end date is held as a creditor or debtor after netting off the amounts either due or owed.

1.5. Changes in Accounting Policy

Where there is a known future change in accounting policy required by the CIPFA Code, the Council will disclose the following in the notes to the accounts:

- The nature of the change in accounting policy.
- The reasons why applying the new accounting policy provides reliable and more relevant information.
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year.
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively.
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

The Council will also disclose information relating to an accounting standard which has been issued but not yet adopted.

1.6. **Prior Year Adjustments**

These typically arise from omissions and misstatements in the Council's financial statements for one or more prior periods. For the error to be a prior year adjustment, it would need to have arisen from a failure to use, or misuse of, reliable information that:

a) Was available when financial statements for those periods were authorised for issue; and
b) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, misunderstanding in applying accounting policies, oversights or misinterpretations of facts, and fraud.

They may also arise for reasons such as changes in Accounting Standards, which are required to be applied retrospectively.

Where required changes are thought to be significant, an adjustment will be entered into the financial statement's comparative year balances, and the columns headed 'restated'. In addition, full disclosure as to the nature, circumstance and value of the adjustment will be disclosed in the notes to the accounts.

Errors which are found and are not significant will not result in a prior year adjustment and will be corrected as a current year entry. In addition, errors as a result of information which was not known to the Council or could not have reasonably been obtained by the Council when the accounts were authorised for issue will also be treated as an in-year adjustment.

1.7. Unidentified Income

All unidentified income received is initially coded to an income suspense account. Individual amounts below £10 are written off due to immateriality. Weekly updates of the content of the suspense accounts are circulated to finance departments, to ensure the balances are cleared quickly. Any items of income below £10,000 which remain unidentified for six months will be written off. Items above £10,000 will be written off after 12 months.

1.8. Events after the Balance Sheet Date

Where there is a material post balance sheet event before the date the accounts are authorised for issue, a disclosure in the notes to the accounts will be included. If this event provides additional evidence of conditions that existed at the Balance Sheet date, and materially affects the amounts to be included in the accounts; adjusting items will be shown in the accounts.

1.9. Exceptional Items

Exceptional items will have been disclosed separately on the face of the Comprehensive Income and Expenditure Statement and details will be disclosed in the notes to the accounts.

1.10. Contingent Assets and Liabilities

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

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.

CAPITAL ACCOUNTING

1.11. Recognition of Capital Expenditure (de-minimis Policy)

In accordance with International Accounting Standard 16 (IAS 16), the Council recognises non-current assets as:

- Assets where it is expected that future economic benefit or service potential will flow to the Council.
- Assets where the cost can be measured reliably.

And defines them as:-

- Assets held for use in the production or supply of goods or services, rental to others, or for administrative purposes.
- Assets expected to be used for more than one financial period.

The initial measurement of an asset is recognised to be:

- Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- Initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located, the obligation for which the Council incurred either when the asset was acquired or as a consequence of having used the asset during a particular period for purposes other than producing inventories during that period.

Subsequent expenditure are costs incurred to add to, replace part of, or service the asset, but do not include day-to-day repairs and maintenance and are treated as capital when

- The expenditure will substantially increase the market value of the asset.
- The expenditure will substantially increase the extent to which the Council can use the asset for the purpose, or in conjunction with the functions of the Council.

Where a component is replaced, the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected in the carrying amount, subject to the recognition principles as set out above.

The Council has two levels of de-minimis for recognition of capital expenditure, £10,000 and £500,000:

- £10,000 and below – all expenditure at this level is deemed to be non-enhancing unless funded by a Capital grant, and therefore is charged to revenue as it is incurred. This includes initial recognition of assets and subsequent asset expenditure.
- Above £500,000 – expenditure meeting the definitions above will be treated as capital expenditure, either as initial recognition or as an enhancement. However, in order to ensure that the subsequent asset expenditure is enhancing the value of the asset, the Council will instruct a valuation of the asset by a Royal Institute of Chartered Surveyors (RICS) qualified valuer, and any impairment or additional enhancement recognised as necessary.
- Any expenditure above £10,000 and below £500,000 will be treated as capital expenditure as the amount is significant enough to increase the useful life of an asset, however, is not material enough to warrant individual impairment review, until the time the asset would normally be valued.

Capital Assets are held on the balance sheet as non-current assets, unless otherwise stated.

The Council has assessed whether Voluntary Aided, Voluntary Controlled and Foundation Schools should be included within the balance sheet, based upon an assessment of ownership and control of the assets. Maintained schools are already held on the balance sheet as the Council controls these entities and therefore all transactions relating to maintained schools are recognised in these accounts. Other types of schools such as Voluntary Aided, Voluntary Controlled and Foundation schools are subject to a test of ownership. The Council recognises a school's assets on its balance sheet where it directly owns them and/or the Council retains substantive rights over the assets and the future economic benefits/service potential of school assets flow to the Council or rights to use the assets have been transferred from another entity.

1.12. **Donated Assets**

These are acquired at less than fair value or transferred for nil consideration. When the Council receives a donated non-current asset, the initial recognition of the asset will be at fair value.

Once any condition attached to the donation has been satisfied, the credit which is the difference between any cash payment and fair value will be treated as income in the Taxation and Non-Specific Grant Income and Expenditure line in the Comprehensive Income and Expenditure Statement. To ensure there is no impact on Council Tax this will then be reversed in the Movement in Reserves Statement and credited to the Capital Adjustment Account.

Until the condition has been satisfied the credit will be recognised in the Donated Assets account. If there is no condition, the recognition of the credit in the Comprehensive Income and Expenditure Statement will occur upon acquisition of the asset.

The fair value of an asset will be assessed upon acquisition; this will be provided by a RICS qualified valuer for property assets and another relevant valuation specialist for other types of asset. After initial recognition, donated assets are treated in the same way as similar owned assets.

1.13. **Non-Current Asset Classification**

The Council manages its assets in the following categories:

- **Intangible Assets**
  In line with International Accounting Standard 38 (IAS 38), the Council recognises intangible assets as non-monetary assets without physical substance, where that asset meets the capital expenditure criteria set out in Accounting Policy 1.11.

- **Property, Plant and Equipment Assets**
  Property Plant and Equipment Assets are subcategorised into Operational Assets: Land & Buildings, Community Assets, Vehicles Plant Furniture & Equipment, Infrastructure Assets, and Non-Operational Assets, these being Surplus Assets and Assets under Construction.

- Land and/or Buildings Assets.
  These assets are recorded, valued and accounted for based on their significant components in line with IAS 16. The Council recognises a significant asset to be 25% of the total asset base within an asset class. A component would be recognised if its expenditure in a given financial year exceeds 25% of the total value of the significant asset and has a substantially different life to the overall asset:
  - Combined Group containing Flat Roof & Mechanical Engineering (Internal Works i.e. boiler system)
  - Land
  - Temporary Buildings (sheds / portacabins)
  - Combined group containing permanent structure, external works (i.e. car park), pitched roof and components of less than 25% of the overall structure value
  - Other unique features (e.g. a swimming pool)

- Community Assets
  These are assets that the Authority intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect for sale or change of use.

  If the asset is used for a specific operational purpose, it does not qualify as a community asset and should be valued accordingly.

- Infrastructure Assets
  These include all tangible (physical) assets required within the Council's road networks. There is no prospect for sale or alternative use of infrastructure assets; expenditure is only recoverable through continued use of the asset.

- Vehicles, Plant Furniture and Equipment Assets
  These assets are also classified as Property, Plant and Equipment.

  Non-Operational Assets:

- Surplus Assets
  These are assets that are not being used to deliver services, and do not meet the criteria to be classified as either investment properties or held for sale. All surplus assets under IFRS13 which came into effect and were adopted by the Council from 1 April 2015 are to be valued at Fair Value and depreciated accordingly.

- Assets Under Construction
  These are assets which are in the process of being constructed and are not yet operational.

- **Investment Property Assets**

  These are items of land and / or buildings held by the Council solely for the purpose of rental income generation or capital appreciation or both.

  As such where there is a service of the Council being delivered from the property, this is not classified as Investment Property Assets. This includes where the intention of the asset is to generate economic growth to an area such as below market value rental.

  Investment property that subsequently meets the criteria within the Code to be classified as held for sale shall continue to be accounted for as an investment property but may be reported separately as investment property held for sale.

  Some Assets Under Construction may also be classified as Investment Properties where the intended eventual use is rental income generation or capital appreciation.

- **Heritage Assets**

  Assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations are classified as Heritage Assets.

- **Assets Held for Sale**

  The Council will classify Non-Current Assets as Held for Sale where all of the following criteria have been met:

  - The asset must be available for immediate sale in its present condition. However, if a sale is dependent on planning permission being obtained, reclassification is suspended until that permission has been given.
  - The asset's sale is highly probable.
  - The asset must be actively marketed for sale.
  - The completion of the sale is expected within 12 months from the date of classification.

  In situations where it is not necessary to carry out active marketing, for example the Council is able to identify prospective purchasers willing to pay a reasonable price without marketing or because the buyer initiates the transaction (such as a right-to-buy-sale) the actively marketed test is treated as 'not applicable', rather than failed.

  Assets which become non-operational which do not meet all of the criteria set out as assets Held for Sale will be classified as surplus. If at a later point in time the asset no longer meets the criteria of Held for Sale, it is restored to its previous classification and all transactions which would have occurred shall be retrospectively applied as though the asset had never been held for sale.

  Assets meeting the criteria as Held for Sale are held as current assets on the balance sheet as income is expected within 12 months.

It is possible that assets meeting the criteria to be Held for Sale; may undergo a change in circumstance beyond the control of the Council resulting in the sale being delayed beyond 12 months. In these instances, the Council follows the policies outlined for assets held for sale; however disclosure of the value for these assets is within non-current assets. Due to the circumstances around the definition, it is expected that this will occur very rarely.

1.14. **Non-Current Asset Valuation Methodology**

The various classifications of assets as outlined in Accounting Policy 1.13 are valued on a differing base. Where not explicitly stated otherwise, property revaluations are completed by a RICS qualified valuer (who is internal to the Council), over a 'short period', interpreted to mean on a five year rolling programme for each class of asset i.e. 20% of the Council's assets are revalued at 31 March for the financial year.

Where there is an upward revaluation, the carrying value is increased and the associated credit charged directly to the Revaluation Reserve. This is then reflected in the Comprehensive Income and Expenditure Statement as a revaluation gain. Where there is a revaluation resulting in a lower than carrying amount valuation, this is treated in line with Accounting Policy 1.15 – impairment of Non-Current Assets.

The Council, as per the reporting standard, values its assets and liabilities in accordance with section 2.10 of the Code of Practice on Local Authority Accounting in the United Kingdom to reflect the adoption of IFRS13 Fair Value Measurement at each reporting date except where adaptations to fit the public sector are detailed in the Code. However, Section 4.1 of the Code adapts IAS 16 to require that items of Property, Plant and Equipment that are operational and therefore providing a service potential for the authority are measured for their service potential at existing use value, existing use value – social housing, (depreciated) historic cost or depreciated replacement cost and not at fair value. Surplus assets are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

Fair value of an asset or liability is measured 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 Code requires Infrastructure Assets and Assets Under Construction (excluding Investment Property, see Section 4.4 of the Code) to be measured at historic cost. Community assets may either be valued in accordance with Section 4.10 of the Code, where the valuation option has been adopted, or measured at historic cost. The Council measures Community Assets at historic cost.

Heritage Assets will be valued in accordance with Section 4.10 of the Code.

The Code requires all other assets to be measured at Current Value and the basis of valuation will be determined using the following criteria:

- Depreciated replacement cost – specialised assets
- Existing use value – non-specialised assets
- Existing use value – social housing
- Fair value for the following assets:
    - Investment assets
    - Surplus assets
    - Assets Held for Sale (less costs to sell)

The Council uses valuation techniques, as required by the Code, which maximise the use of relevant observable inputs and minimise the use of unobservable inputs and that are appropriate in the circumstances and for which sufficient data is available.

Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.

Unobservable inputs are inputs for which market data is not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The Council follows the fair value hierarchy which categorises inputs to the valuation techniques in respect of assets and liabilities into three levels for which fair value is measured or disclosed in the Council's financial statements, these include:

- Level 1 inputs – unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset or liability

Highest priority is given to Level 1 inputs (unadjusted) in active markets and lowest priority to Level 3.

Upon the revaluation of a Surplus Asset at the 31 March of the financial year, based on the inputs available at the date of valuation the valuer will establish the Code Valuation Input Level for the valuation and will compare this with the Code Valuation Input Level for the previous valuation. Where the Input Level is different from that of the previous valuation this will be specifically reported with the valuation together with a narrative description of the reasons and differing circumstances that have resulted in the change.

Valuations are completed under the Code as follows:

- **Intangible Assets –** the Council recognises Intangible Assets at cost. The Council will only revalue intangible assets annually where there is a determinable market value for the asset.

- **Property Plant and Equipment (PPE) –** Property Assets are held at current value which is the amount that would be paid for the asset in its existing use. This requirement is met by providing a valuation on the basis of Existing Use Value (EUV) in accordance with United Kingdom Practice Statement (UKPS) 1.3 of the RICS Valuation Standards. Where no other valuation method can be used because of the specialist nature of the asset, current value is estimated using a Depreciated Replacement Cost (DRC) approach. Vehicles, Plant, Furniture and Equipment, IT Hardware, and Assets Under Construction within PPE are held at historic cost (not valued).

- **Infrastructure Assets –** the Council recognises Infrastructure Assets at Depreciated Historical Cost.

- **Investment Property Assets –** Investment Properties are annually revalued at fair value which is interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value. An investment property under construction is measured at cost until such time as its fair value can be determined reliably or its construction us complete, whichever comes first. The fair value of Investment Property held under a lease is the lease interest.

- **Community Assets –** the Council recognises Community Assets at historic cost.

- **Heritage Assets –** where it is possible to determine a valuation for Heritage Assets, then the Council will recognise the asset in the Balance Sheet at that valuation. Where a valuation has been applied to this class of assets, other than a historic valuation, a range of valuation bases have been used which include external valuations, curatorial valuations and a limited number of cases of insurance valuations. Where a curatorial valuation has been applied the valuation is dependent upon the experience and knowledge of the Derbyshire Museums Manager. However, where it is not practicable to obtain a valuation the asset will be carried at historic cost. Where information on cost or value is not available all Heritage Assets will be disclosed in the notes to the accounts, even where they are not recognised in the Balance Sheet. Where there is evidence of impairment to Heritage Assets e.g. where an item has suffered a physical deterioration or breakage or new doubts arise as to its authenticity, any impairment is recognised and measured in accordance with the Council's general policies on impairment.

- **Assets Held for Sale –** Non-Current Assets Held for Sale are, at initial classification and at the end of each reporting year, valued at the lower of carrying amount and fair value less costs to sell and depreciation on these assets should cease.

- **Surplus Assets** – Surplus assets are valued at Fair Value in accordance with the Code.

1.15. **Impairment of Non-Current Assets**

This accounting policy has been created in accordance with IAS 36.
Impairment is the amount to which the carrying value of an asset exceeds the recoverable amount.

At the end of each reporting period the Council assesses whether there is any indication that an asset may be impaired.

The Council recognises impairment as:

- A significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period that is specific to the asset;
- Evidence of obsolescence or physical damage of an asset;
- A commitment by the Council to undertake a significant reorganisation; and
- A significant adverse change in the statutory or other regulatory environment in which the Council operates.

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). Any further impairment or if there has been no previous revaluation, the impairment is charged to revenue. This is then reversed through the Movement in Reserves Statement and charged to the Capital Adjustment Account.

1.16. **Disposal of Non-Current Assets**

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Sale proceeds in excess of £10,000 are categorised as Capital Receipts. Receipts are 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 transferred to the Reserve from the movement in reserves statement. The value of the asset is transferred to the Capital Adjustment Account via the Movement in Reserves Statement.
Sale proceeds of £10,000 and below are credited straight to the Comprehensive Income and Expenditure Statement.

1.17. **Depreciation / Amortisation Methodology**

In order to recognise the total cost of using non-current assets, the Council has a policy to depreciate assets on a straight-line basis over their useful economic life, reducing the value of the asset, and charging the relevant revenue service expenditure. However, under statute, depreciation is not chargeable to the taxpayer, the Council removes this charge through the Movement in Reserves Statement and charges it to the Capital Adjustment Account.
The Council charges depreciation on a pro-rata basis during the year i.e. from the month of acquisition to the month of disposal.

The economic lives of assets are:

- **Intangible Assets –** 5 years.

- **Property Plant and Equipment**

  - Combined Group for Flat Roof and Mechanical Engineering – 20 years
  - Land – not depreciated
  - Temporary Buildings – 15 years
  - Modular Buildings – 25 years
  - Combined group for structure, external works, pitched roof and components of less than 25% of the overall structure value – 40 years
  - Other unique features (i.e. a swimming pool) – as required
  - Fixtures and Fittings – 10 years
  - IT Hardware – 5 years
  - Vehicles – 3 to 10 years

- **Infrastructure Assets**
  - Carriage ways – 40 years

- Footways and cycle tracks – 40 years
- Structures – 40 years
- Lighting – 25 years
- Traffic management – 25 years
- Street furniture – 25 years

- **Investment Property Assets –** not depreciated

- **Community Assets –** Community Assets are assets that an authority intends to hold to perpetuity which have no determinable useful lives and as such are not depreciated.

- **Assets Held for Sale –** not depreciated

- **Assets Under Construction –** not depreciated

- **Heritage Assets (with indefinite lives) –** not depreciated

1.18. **Leases**

In line with IAS 17, the Council recognises a lease to be any agreement which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments.

This includes leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

1.19. **Defining a Finance Lease**

A finance lease is where substantially all of the risks and rewards relating to ownership transfer to the lessee.

Tests to give an indication of the transfer of risk and reward are:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised
- If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this are:
    - The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.
    - The Council recognises ‘major part’ to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this are:
    - Fair value of the leased asset is assessed by a RICS qualified valuer.

- The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.
- If this rate cannot be determined the incremental borrowing rate applicable for that year is used.
- The Council recognises 'substantially all' to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.

- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Council as to whether a lease is operating or finance.

1.20. **Defining an Operating Lease**

The Council recognises an operating lease to be a lease which is not a finance lease.

1.21. **Lessee Accounting for a Finance Lease**

Where the Council is tenant in a property, or is, by definition of IFRIC 4, leasing an asset which is deemed under IAS 17 to be a finance lease the Council will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the property, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made.

1.22. **Lessor Accounting for a Finance Lease**

Where the Council is the lessor for a finance lease, the asset is not recognised in the asset register; however, a long term debtor at the present value of minimum lease payments is recognised. Income received is split between capital – credited against the debtor, and finance income – credited to the Comprehensive Income and Expenditure Statement as interest receivable.

1.23. **Lessor Accounting for an Operating Lease**

Where the Council is the lessor for an operating lease, it will retain the property as either an item of Property Plant and Equipment or as an Investment Property on the Balance Sheet. Any rental income is credited to the relevant service income.

1.24. Service Concession Agreements (Private Finance Initiative (PFI) and other similar contracts)

PFI contracts are agreements to receive services, where the responsibility for making available the non-current assets needed to provide the services passes to the PFI contractor. PFI and similar contracts are assessed against criteria within IFRIC 12 Service Concession Arrangements to determine whether the risks and rewards incidental to ownership lie with the Council or the contractor.

Those which lie with the contractor – payments made during the life of the contract are chargeable to revenue as incurred.

Those which lie with the Council – are recognised as an asset in the Balance Sheet for the construction costs of the asset. Once recognised this asset is treated in line with all capital assets. A corresponding long-term liability is also recognised at the construction value. Payments made during the life of the contract are split into finance costs, capital costs and service costs. Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement as Interest payable. Capital Costs reduce the level of liability in the Balance Sheet. Service costs are chargeable to the relevant revenue service expenditure. Pre-payments or Dowry payments reduce the level of liability at the start of the contract.

PFI Credits are treated as general revenue government grants.

1.25. Capital Grants and Contributions

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.
Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept Policy.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the Comprehensive Income and Expenditure Statement.

In order to not impact on the level of Council Tax, the Council removes the credit from the General Reserves through the Movement in Reserves Statement and makes a credit to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

1.26. **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred that either may be capitalised under statutory provisions or is capital in nature but does not result in the creation of a fixed asset that is owned by the Council. REFCUS is charged as expenditure to the Comprehensive Income and Expenditure Statement in the year, however, is financed from existing capital resources or by borrowing. A transfer between the Capital Adjustment Account and the Movement in Reserves Statement then reverses out the impact on the general fund balance.

1.27. **Minimum Revenue Provision (MRP)**

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement.

The Council will provide for 2.5% of debt outstanding on all debt as at 31 March 2008. On any new debt since this date the Council will provide 2.5% of the balance on all borrowing, unless any unsupported borrowing relates to any significant assets with a life of less than 20 years. In this case an annual amount based on the expected useful life of the individual assets is used and where those assets are vehicles then an average life of five years is used.

The Council has adopted the policy of charging MRP for PFI and Leased Assets at the value of the associated loan liability repayment each year, thus mitigating the impact to the General Reserve.

1.28. **Capital Reserves**

The Council holds Capital Reserves for the purpose of financing capital expenditure. Reserves will be disclosed as either usable (available to fund capital expenditure) or unusable (reserves held as a result of timing differences associated with recognition of capital expenditure and related financing).

Movements in capital reserves are accounted through the Movement in Reserves Statement.

REVENUE ACCOUNTING

1.29. **Recognition of Revenue Expenditure**

The Council recognises revenue expenditure as expenditure which is not capital.

1.30. **Employee Costs**

In accordance with IAS 19, the Council accounts for the total benefit earned by employees during the financial year.

Employee Costs are split into 3 categories: short term benefits, termination benefits and pensions costs.

Short Term Employee Benefits

- **Salaries and Wages –** The total salary and wages earned by employees during the financial year are charged to the Comprehensive Income and Expenditure Statement. Where the amount accrued exceeds the amount paid at the 31 March, a creditor will be reflected in the accounts.

- **Leave Owed, Accumulating Absences –** The Council allows employees to earn time off in one period with the resulting cost to the Council in a later period when that time is either taken off or paid to the employee. Examples of this accumulating leave are annual leave, flexi-time and time off in lieu.

  If an employee were to leave the Council, cash payment would be made for entitlements such as annual leave; this leave is termed vesting. Where no cash payment would be due, the leave is termed non-vesting.

  In order to correctly reflect the cost of time owed to staff, a charge has been made to the Comprehensive Income and Expenditure Statement and a creditor accrual has been reflected in the Balance Sheet. This charge is reflective of the estimated time cost value of all accumulating leave owed to employees. Vesting leave will be charged in full; however non-vesting leave has been adjusted to reflect the turnover of staff.

- **Easter Bank Holiday –** When Good Friday and/or Easter Monday fall in April, the preceding financial year only accounts for 6 or 7 bank holidays rather than the statutory 8. When this occurs, a charge is made to the Comprehensive Income and Expenditure Statement and a creditor accrual is reflected in the Balance Sheet.

- **Non-accumulating Absences –** are periods of leave that cannot be carried forward for use in future periods. Examples include Maternity Leave, Special Leave, Sick Leave and Jury Service. The Council does not recognise non-accumulating compensated absences until the time that the absence occurs.

- **Non-monetary Benefits –** Where employees have non-monetary benefits (e.g. retirement benefits or life insurance), the associated cost of providing that benefit has been charged to the Comprehensive Income and Expenditure Statement.

Termination Benefits

- **Redundancy Costs –** The obligation to pay redundancy costs occurs when there is a formal plan to create redundancies. The plan would include the location, function and approximate number of employees affected; the termination benefits offered; and the time of implementation. When these recognition criteria have been met the Council recognises the costs associated with this in the service revenue expenditure and creates a creditor in the Balance Sheet. Where the payable amount is due in more than 12 months from the year end date, the costs are discounted at the rate determined by reference to market yields. In the case of an offer to encourage voluntary redundancy, the Council has recognised the estimated cost based on the expected number of employees taking the offer.

The Council will disclose details of exit packages within the notes to the accounts.

Pensions Costs

- **Teachers' Pension Scheme –** is a defined benefit scheme administered by the Department for Education. The assets and liabilities of the Teachers' Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Children and Education Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- **Local Government Pension Scheme –** is a defined benefit scheme. The liabilities of the scheme 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 such as mortality rates and employee turnover rates, and projections of earnings for current employees.

  Pension liabilities are measured using the projected unit method, discounted using the rate on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of "spot yields" on AA rated corporate bonds.

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

- Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement within the relevant service area dependant on staff employed at the Council. The current service cost includes an allowance for administration expenses
- 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 the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs

- Gains/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 to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
- Interest Income on Plan Assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
- 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 – debited to the Movement in Reserves Statement.
- Employer Contributions – cash paid by the Council to the Pension Fund.

In relation to retirement benefits, statutory provisions require the General Reserve to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. Adjustments are therefore made in the Movement in Reserves Statement.

- **Early Retirement, Discretionary Payments –** the Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies which are applied to the Local Government Pension Scheme.

1.31. **Lessee Accounting for an Operating Lease**

Costs associated with operating leased assets where the Council is the lessee are charged immediately to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis.

1.32. **Revenue Grants and Contributions**

Grants, contributions and donations (referred to as grants for the purposes of this policy) are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (income in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

Revenue grants will either be received to be used only for a specific purpose or can be used for general purpose. Those for a specific purpose are recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services.

Those which are for general purpose are shown within Other Operating (Income) and Expenditure in the Comprehensive Expenditure and Income Statement.

1.33. **Income from Service Recipients**

Income from service recipients is defined as consideration that a party, which has contracted with the Council, has given in exchange for goods or services that are the output of the Council's normal operating activities. Such a contract may be in writing, orally or in accordance with customary business practices. These may include:

- Charges for service provided by the Council.
- Sale of goods provided by the Council.
- Fees and charges for services under statutory requirements where there is an exchange of assets or services, such as the issuing of a licence or processing of an application.

In such cases the Council recognises income when it has satisfied the performance obligation by transferring the promised goods or services to the service recipient. The point of transfer is when the service recipient takes control of the goods or benefits from the service.

The Council deems performance obligations to be satisfied over time, rather than at a point in time if any of the following criteria are met:

- The service recipient simultaneously receives and consumes the benefits of a service.
- The Council's performance enhances an asset that the service recipient controls.
- The Council has an enforceable right to payment for performance completed to date and that performance does not create an asset for which it has an alternative use.

Such income is recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services.

1.34. **Provisions**

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.
Provisions are charged to the appropriate service revenue account in the year that the Council recognises an obligation, based on the best estimate of the likely settlement. When payments are eventually made, it is charged to the provision. Where payment is not expected for more than 365 days after the balance sheet date, the provision has been discounted using the rate of a high quality corporate bond.

Estimated settlements are reviewed at the end of each financial year and adjustments with the Comprehensive Income and Expenditure Statement are made as required.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the obligation is settled.

The Council does not hold any general provisions.

1.35. **Revenue Reserves**

The Council holds usable revenue reserves for the purpose of funding future expenditure. The General Reserve represents the balance of reserves to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Five Year Financial Plan. Earmarked Reserves represent balances where approval has been received to use the reserve for a specific purpose.

Unusable revenue reserves represent timing differences such as those associated with the recognition of retirement benefits, Council tax income and financial instruments.

Movement in reserves are accounted through the Movement in Reserves Statement.

The Council publishes a separate Reserves Policy document, which is reviewed by Cabinet at least annually.

1.36. **Research Costs**

Research costs should be treated as revenue expenditure at the point in which they are incurred and charged to the Comprehensive Income and Expenditure Statement.

1.37. **Members' Allowances**

The Council in exercise of the powers and duties conferred by the Local Authorities (Members' Allowances) (England) Regulations 2003, has established a Members Allowance Scheme, outlining the allowances payable to Members of the Council.
Members are reminded of the need to keep detailed supporting information, such as a diary, about every attendance for which they claim. This information should be available for scrutiny by the Council's Auditors or other relevant persons as and when required. The scheme is updated annually, and full details are available on the Council's website.

The total amount paid in terms of Members Allowances is disclosed in the notes to the accounts.

1.38. **Council Tax and Business Rates Recognition**

Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement includes the Council's share of accrued income recognised by billing authorities in the production of the Collection Fund Statements.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

1.39. **Inventories and Work in Progress**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Inventory is recorded in terms of average cost, with the exception of fleet parts where the cost is recorded on a first in, first out basis.

Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

1.40. **Loss Allowance for Expected Credit Losses**

The Council maintains a loss allowance for any amounts it is due to receive from its debtors or investments which might become uncollectable.

Credit risk is assessed based on the expectation of a debtor's or an investment issuer's ability to pay future cash flows due under the contractual terms. This risk is estimated, where possible, based on historical loss experience, the debtor's or investment issuer's credit rating and other impacting factors including forward-looking information.

The loss allowance for an investment is initially measured at an amount equal to the portion of the lifetime credit losses which might be expected from a default event within 12 months of the balance sheet date. If the Council considers that the risk of default on an investment has increased significantly since the investment was initially recognised it will measure the loss allowance at an amount equal to the total lifetime credit losses expected from a default event.

At each Balance Sheet date, the Council makes a two-stage assessment of significant increases in credit risk since initial recognition:

- Firstly, whether there is evidence of a significant increase for an individual debtor or investment that is significant, and
- Secondly, whether there is evidence of a significant increase for groups of similar debtors or investments.

The Council adopts the simplified approach of measuring the loss allowance for debtors at an amount equal to the total lifetime credit losses expected from a default event, from the time a debtor is initially recognised.

No loss allowance is recognised for expected credit losses where the debtor or investment issuer is central government or another local authority for which relevant statutory provisions prevent default.

Loss allowances are offset against the debtor or investment amount shown as an asset. The movement in the allowance is charged to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

TREASURY MANAGEMENT

1.41. **Definition of Treasury Management Activities**

The Council has adopted the following definition of Treasury Management activities:

The management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

The Council acknowledges that effective treasury management will provide support towards the achievement of its service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

1.42. **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in the value.

1.43. **Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost.

Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. 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 any interest accrued to 31 March and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Any premiums or discounts, incurred on the early repayment of loan debt, arising from 1 April 2007 are taken immediately to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement in the year of repayment. However, the amount is then credited or debited to the General Reserve and transferred to the Financial Instruments Adjustment Account via the Movement in Reserves Statement as required by statute.

The regulations allow that the premium or discount is amortised over periods specified in the statutory guidance. In accordance with the guidance the Council has a policy of spreading the premium or discount over the remaining term of the original loan, or a minimum of 10 years in the case of discounts. This amortisation is managed by a transfer from the Financial Instruments Adjustment Account to the General Reserve via the Movement in Reserves Statement.

Where a loan has been restructured, by a modification to the terms of the existing loan or by an exchange of debt instruments with the existing lender, and the terms are substantially different, the original financial liability is extinguished and a new financial liability is recognised. The difference between the carrying amount of the new and extinguished liability and any consideration transferred is recognised in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Where the terms of a loan debt exchange or the modification to the terms of an existing loan are not substantial, the carrying amount of the liability is adjusted to the value of the remaining cash flows required by the new terms, including any premiums or discounts paid/received, discounted to present value at the original loan's effective interest rate. Any gain or loss on modification is credited and debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.
A modification of terms is deemed to be substantially different if the present value of the cash flows under the new terms, including any premiums or discounts paid/received, is at least 10% different from the present value of the cash flows under the old terms. In both cases the present value is calculated by reference to original loan's effective interest rate.

1.44. **Financial Assets**

Financial assets are classified into three types according to the Council's business model for managing those assets and the characteristics of the cash flows of the asset:

1) **Financial Assets Measured at Amortised Cost** – assets where it is the Council's intention to hold the asset to collect the contractual cash flows and those cash flows consist solely of payments of principal and interest which arise on specified dates

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement 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 loans that the Council has

made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus any interest accrued to 31 March and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. However, the Council could make loans to organisations at less than market rates (soft loans).

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Reserves is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Reserves is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Investments are represented on the balance sheet depending on their remaining life at the Balance Sheet date:

- Investments entered into for 90 days or less – debited to the cash balance as cash equivalents and represented within the cash flow statement.
- Investments entered into for more than 90, with less than 365 days until maturity – debited to current asset investments
- Investments due to expire in more than 365 days – debited to non-current asset investments

2) **Financial Assets Measured at Fair Value Through Other Comprehensive Income** – assets where it is the Council's intention to hold the asset both to sell the asset and to collect the contractual cash flows and those cash flows consist solely of payments of principal and interest which arise on specified dates, or assets which are equity instruments which it is the Council's intention to hold for more than 12 months and which the Council has irrevocably elected to present changes to their fair value in Other Comprehensive Income and Expenditure

These assets are initially measured and carried at fair value. Where the asset has determinable payments of dividends or interest, these are credited to the Comprehensive Income and Expenditure Statement. Interest receivable is based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Dividends are recognised when the Council's right to receive the payment has been established and the amount can be measured reliably.

Values are based on the following principles:

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

Changes in fair value are balanced by an entry in the Financial Instrument Revaluation Reserve and the gain/loss is recognised in Other Comprehensive Income and Expenditure and the Movement in Reserves Statement. Impairment of these assets, due to expected credit losses, is charged to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement and credited to a loss allowance account which reduces the carrying value of the financial asset. Any gains and losses that arise on de-recognition of the asset are credited/debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

3) **Financial Assets Measured at Fair Value Through Profit or Loss** – assets which are neither measured at amortised cost nor where changes to fair value are presented in Other Comprehensive Income and Expenditure

These assets are initially measured and carried at fair value. Where the asset has determinable payments of dividends or interest, these are credited to the Comprehensive Income and Expenditure Statement. Interest receivable is based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Dividends are recognised when the Council's right to receive the payment has been established and the amount can be measured reliably.
Values are based on the following principles:

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

Changes in fair value are balanced by an entry in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

1.45. **Interests in Companies and Other Entities**

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

AUDITOR'S OPINION – DERBYSHIRE COUNTY COUNCIL ACCOUNTS

Audit Opinion to be inserted

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Audit Opinion to be inserted

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Public

Pre-Audit
Statement of Accounts
Derbyshire Pension Fund
2021-22

Version History			
Version	**Date**	**Detail**	**Author**
1.0	10.06.22	Pre-audit DPF accounts for signature and publication	E Scriven R Dosanjh N Smith

This document has been prepared using the following ISO27001:2013 standard controls as reference:	
ISO Control	**Description**
A.8.2	Information classification
A.7.2.2	Information security awareness, education and training
A.18.1.1	Identification of applicable legislation and contractual requirements
A.18.1.3	Protection of records
A.18.1.4	Privacy and protection of personally identifiable information

PENSION FUND ACCOUNTS
EXPLANATORY FOREWORD

Derbyshire County Council administers the Local Government Pension Scheme (LGPS) for employees, pensioners and dependents of a variety of bodies in Derbyshire, including Councils; Police and Fire Authorities (for civilian employees); the University of Derby, Colleges and Academies (non-teaching staff); Charities and some private companies providing services to local councils.

Derbyshire Pension Fund (the Pension Fund/Fund) has over 330 participating employers and over 105,000 membership records, relating to approximately 91,000 members, either active contributors, pensioners or deferred pensioners (people who have stopped paying into the scheme but are not yet receiving a pension).

The benefits payable to members within the Fund are determined by regulations and are guaranteed. Assets in the Fund meet members' benefit payments when they fall due and are accumulated through a combination of contributions from employees and employers within the Fund and from investment returns (both income and capital). Although the profile of the Pension Fund is gradually maturing, it continues to be cashflow positive, with combined contributions and investment income exceeding benefit payments on an annual basis.

Following the local elections in May 2021, the Pensions and Investments Committee (the Committee) welcomed six new members and a new Employer Representative joined the Pension Board in February 2022.

During the year, the Committee has approved policies relating to new employer flexibilities as part of an updated Funding Strategy Statement, and has received the Fund's second Task Force on Climate-related Financial Disclosures Report which describes the way in which climate-related risks are managed by the Pension Fund, and which noted the positive progress made in respect of the targets included in the Fund's Climate Strategy.

At the end of March 2022, the value of the Fund's assets had risen to just over £6.1bn, with the Fund achieving positive investment returns in three out of the four quarters of 2021-22. Investment returns were helped at the beginning of the year by the £1.9bn stimulus package agreed in the US at the end of the previous fiscal year, by the successful vaccine rollout in developed markets and by continued commitments to loose monetary policy by central banks. Concerns built about rising levels of inflation throughout the rest of the year, with the rhetoric of the central banks increasingly referring to the need for multiple interest rate hikes. In December 2021, the Bank of England became the first major central bank to increase rates since the pandemic; with the US Federal Reserve starting to increase rates in March 2022. Russia's invasion of Ukraine and the expectation of continued interest rate increases to tackle inflation, weighed heavily on investor confidence in the final quarter of the year resulting in negative quarterly returns. However, for the year as a whole the Fund delivered a positive investment return of 7.6%.

The Fund continued to work closely with its partners in the LGPS Central Pool, overseeing the continued development of LGPS Central Limited (LGPSC), the company established to manage investments on behalf of the LGPS Central Pool. LGPSC is currently managing the Fund's investment grade bonds allocation and a portion of the Fund's emerging market equity and global sustainable equity allocations through pooled products and a commitment has been made to the company's private debt fund. The Fund expects further assets to be transitioned into LGPSC pooled products in 2022-23.

The rollout of the i-Connect system continued during with year with employers representing over 80% of the Fund's membership now using the automated data submission and validation system.

In June 2021, My Pension Online, the Fund's member self-service system, was launched. By the end of the year, almost 20% of the Pension Fund's combined active and deferred members had registered on the system.

A separate Annual Report is produced for the Fund which, in addition to the Fund's accounts, includes the governance arrangements for the Fund, detailed performance information and the Fund's approved policy statements. The Annual Report is available on Derbyshire Pension Fund's website:
https://www.derbyshirepensionfund.org.uk/publications/annual-report/annual-report.aspx

Membership Statistics

The Fund has over 105,000 membership records, relating to approximately 91,000 members, either active contributors, pensioners, or deferred pensioners:

	Actuals		
	31 Mar 2020	**31 Mar 2021**	**31 Mar 2022**
Contributors	40,125	38,065	38,170
Pensioners and Dependants	31,548	32,463	33,699
Deferred Pensioners	33,164	32,427	33,634

Employers' Contributions

Employers pay pension contributions into the Fund. The contribution rates payable by the County, Unitary and District Councils expressed as a percentage of pensionable payroll and fixed cash amounts are:

Council	2021-22	2022-23
Derbyshire County Council	15.5% plus £15.536m	15.5% plus £15.536m
Derby City Council	14.5% plus £6.981m	14.5% plus £6.981m
Amber Valley Borough Council	15.0% plus £1.057m	15.0% plus £1.057m
Bolsover District Council	14.9% plus £0.962m	14.9% plus £0.962m
Chesterfield Borough Council	15.2% plus £1.991m	15.2% plus £1.991m
Derbyshire Dales District Council	14.6% plus £0.561m	14.6% plus £0.561m
Erewash Borough Council	14.1% plus £0.999m	14.1% plus £0.999m
High Peak Borough Council	13.4% plus £1.833m	13.4% plus £1.833m
North East Derbyshire District Council	14.7% plus £1.527m	14.7% plus £1.527m
South Derbyshire District Council	14.8% plus £0.678m	14.8% plus £0.678m

The percentage rates that were determined by the Actuary in the valuation of the Fund at 31 March 2019, for 2020-21 to 2022-23, are intended to cover the cost of future service of active Fund members, with the past service deficit being addressed by an annual fixed cash amount.

Members' Contributions

For 2021-22 the contribution rates payable by members into the Fund are determined by The Local Government Pension Scheme 2013 Regulations. The rates are between 5.5% and 12.5% of members' pay, including non-contractual overtime, depending on their pay banding. There is no change to these rates for 2021-22.

Investment Policy

During 2021-22, responsibility for policy matters rested with a Pensions and Investments Committee, which was comprised of eight County Councillors, two Derby City Councillors and one non-voting Trade Union representative. The Pensions and Investments Committee received advice from the Council's Section 151 Officer and from one independent external adviser.

Day-to-day management of the Fund is delegated to the Council's Section 151 Officer and their in-house staff, operating within a policy framework laid down by the Committee.

Policy is determined by reference to The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which require that advice is taken at regular intervals and place an onus on administering authorities to determine the balance of their investments and take account of risk.

The Fund has a central (strategic) benchmark asset allocation which is designed to meet the performance requirements for the level of risk agreed by the Pensions and Investments Committee. The Fund's benchmark asset allocation was changed on 1 January 2021 and 1 January 2022, following changes to the Fund's Investment Strategy Statement approved in November 2020, together with the development of a standalone Responsible Investment Framework and Climate Strategy. The new asset allocation benchmark includes a 2% switch from Growth Assets to Income Assets, together with some of the Fund's regional equity allocations being switched into Global Sustainable Equities. Given the size of the changes between the former and new asset allocation benchmark, the transition was split into two phases, through an intermediate asset allocation benchmark, which came into effect on 1 January 2021, and a final asset allocation benchmark, which came into effect on 1 January 2022. The Pensions and Investments Committee has a degree of flexibility around the central benchmark allocation and decides the specific allocations (weights) for each asset class at its quarterly meetings. In the table below, the column showing the benchmark return is what would have been achieved via neutrally weighted index returns, whereas the actual Fund returns are a function of both active asset allocation and active stock selection decisions.

Investment Returns

The table below shows the Fund's returns over 1, 3, 5 and 10 years to 31 March 2022, compared to those of its strategic benchmark, as well as the impact of inflation on Fund returns.

	Return		Inflation	Derbyshire Pension Fund Real Return
Periods to 31 Mar 2022	**Derbyshire Pension Fund**	**Benchmark**	**CPI**	**Versus CPI Inflation**
	% pa	**% pa**	**%**	**%**
1 Year	7.6	7.3	7.0	0.6
3 Years	7.4	6.9	3.0	4.4
5 Years	6.3	5.9	2.7	3.6
10 Years	8.4	7.9	2.1	6.3

On a year by year basis, returns tend to fluctuate significantly according to economic and market conditions. Long-term returns are a more appropriate guide to the performance of the Fund.

The Fund out-performed over the one, three, five and ten year periods relative to the benchmark. It is important to note that the Fund delivered real returns over all time periods, with returns ahead of inflation in each time period. UK inflation increased significantly in 2021-22, from 0.7% in March 2021 to 7.0% in March 2022, reflecting rising energy costs and tight global supply chains following the Covid-19 pandemic.

Markets remained volatile in 2021-22, with the Covid-19 pandemic continuing to affect markets. Whilst the Omicron variant eased concerns about Covid-19, being more transmissible but with fewer hospitalisations, inflationary pressures increased significantly in the final quarter of 2021-22, as concerns that the impact of higher prices would be longer lasting than first anticipated by the central banks. Markets responded by pricing-in faster interest rate rises, pushing up government bond yields. The expectation of higher interest rates drove a rotation out of growth stocks into value stocks, with investors favouring tangible 'real' assets over intangible assets. The outbreak of the conflict between Russia and Ukraine also weighed on investor confidence in the final quarter of 2021-22. The Fund's 2021-22 return of 7.6% compared to a 2020-21 return of 21.0%. The Fund's 2020-21 return reflected a sharp recovery and reversal of the 2019-20 sell off caused by the outbreak of the Covid-19 pandemic in the final quarter of 2019-20. In the year to 31 March 2022, equity returns to Sterling investors ranged from -4.3% in Asia Pacific Ex-Japan to 19.7% in North America.

Government bond returns were mixed in 2021-22. UK Gilts returned -5.1% but expectations of higher inflation pushed up the return from UK Index-Linked bonds to 5.1%. UK investment grade bonds returned -5.4%.

Property (70% direct / 30% indirect) returned 18.8% in 2021-22, up from 2.7% in 2020-21, as the UK property market recovered from the impacts of the Covid-19 pandemic. This was also reflected in improved levels of rent collection, albeit this continued to differ by sector.

Actuarial Position of the Fund

Every three years an actuarial valuation of the Fund is undertaken, in accordance with the provisions of The Local Government Pension Scheme Regulations 2013. The purpose of the valuation is to review the funding strategy and ensure that the Fund has a contribution plan and investment strategy in place that will enable it to pay members' benefits as they fall due. A valuation of the Fund was undertaken as at 31 March 2019 and set the level of contributions payable by each participating employer for the three years commencing 1 April 2020.

At 31 March 2019, the Net Assets of the Fund were £4.929bn and the Past Service Liabilities were £5.092bn. The Fund's deficit of £0.163bn is being recovered in accordance with its Funding Strategy Statement, which is available on the Council's website at: https://www.derbyshirepensionfund.org.uk/publications/policies-strategies-and-statements/funding-strategy.aspx

The funding level is the Fund's ratio of assets to liabilities at the valuation date. The funding level at the 2019 valuation was 97%, a significant improvement on the funding level at the 2016 valuation of 87%.

It should be noted that the actuary adopted a risk-based approach to determine an appropriate investment return assumption for reporting the whole Fund results at the 2019 valuation, in line with the approach taken for setting contribution rates. The Fund's assets were valued at their market value on the valuation date. On a like-for-like basis of calculation, the funding level at March 2019 would have been approximately 92%.

A number of factors, both positive and negative, impacted on the overall funding level in the 2019 valuation.

The actual investment return on the Fund's assets for the period 31 March 2016 to 31 March 2019 was 33.3%, increasing the market value of the Fund's assets and improved the funding position by £1.219bn over the period. Employers' and members' contributions paid to the Fund in the period improved the funding position by a further £0.509bn.

The accrual of new members' benefits and interest on members' benefits already accrued in the period since the last valuation increased the value of the Fund's liabilities and reduced the funding position by £1.066bn in that same period. Changes in actuarial assumptions reduced the funding position by an additional £0.189bn, with an improvement in longevity assumptions being more than offset by changes in the financial assumptions used to calculate the present value of the Fund's liabilities.

An actuarial valuation at 31 March 2022 is currently underway, which will set contribution rates from 1 April 2023.

Assumptions used in the March 2019 actuarial valuation:

	Assumption
Benefit Increases (CPI Inflation)	2.30%
Career Average Revalued Earnings (CARE) Revaluation (CPI Inflation)	2.30%
CPI Price Inflation	2.30%
Discount Rate	3.60%
Future Investment Return*	3.60%
Life Expectancy at age 65 - Female - Current Pensioners***	23.7 years
Life Expectancy at age 65 - Female - Future Pensioners**	25.1 years
Life Expectancy at age 65 - Male - Current Pensioners***	21.6 years
Life Expectancy at age 65 - Male - Future Pensioners**	22.6 years
Salary Increases (0.70% over CPI Inflation)	3.00%

* 77% likelihood that the Fund's investments will return at least 3.60% over the next 20 years based on asset projections.
** Future Pensioners are assumed to be aged 45 at the valuation date.
*** Current Pensioners are assumed to be aged 65 at the valuation date.

The contribution rates required have been determined using a "risk based" approach. The level of contribution rate to give an appropriate likelihood of meeting an employer's funding target, within the agreed timeframe, is determined for each employer. The full rate of an employer's contribution provides for the cost of year-by-year accrual of benefits in respect of current Fund members and the amount required to meet a shortfall in respect of the assets required for pensions in payment (including those payable to survivors of former members) and benefits accrued by other members, which will become payable in the future (known as a past service deficiency).

Further Information

Derbyshire Pension Fund's Investment Strategy Statement, Funding Strategy Statement, Actuarial Valuation Report, Governance Policy and Compliance Statement, Communications Statement and Annual Report are available on the Derbyshire Pension Fund's website at http://www.derbyshirepensionfund.org.uk .

FUND ACCOUNT

2020-21 £m		Note	2021-22 £m
	Dealings with Members, Employers and Others Directly Involved in the Fund		
190.806	Contributions	6,23	193.536
14.461	Transfers in from Other Pension Funds	7	11.940
205.267			**205.476**
(173.458)	Benefits	8,23	(185.578)
(10.858)	Payments to and on Account of Leavers	9	(18.262)
(184.316)			**(203.840)**
20.951	**Net Additions from Dealings with Members, Employers and Others Directly Involved in the Fund**		**1.636**
(30.360)	Management Expenses	10	(32.413)
(9.409)	**Net (Withdrawals) Including Fund Management Expenses**		**(30.777)**
	Return on Investments		
57.404	Investment Income	11	62.217
(0.236)	Taxes on Income	12	0.018
1,001.675	Profits and Losses on Disposal of Investments and Changes in Value of Investments	13	376.491
1,058.843	**Return on Investments**		**438.726**
1,049.434	**Net Increase in the Net Assets Available for Benefits During the Year**		**407.949**
4,657.483	Opening Net Assets of the Fund		5,706.917
5,706.917	**Closing Net Assets of the Fund**		**6,114.866**

NET ASSETS STATEMENT

31 Mar 2021 £m		Note	31 Mar 2022 £m
5,670.948	Investment Assets	13-15	6,074.793
(4.148)	Investment Liabilities	13-15	(2.980)
49.185	Current Assets	17	53.926
(9.068)	Current Liabilities	18	(10.873)
5,706.917	**Net Assets of the Scheme Available to Fund Benefits at the Period End**		**6,114.866**

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pensions and Investments Committee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial present value of promised retirement benefits is disclosed in Note 22 of these accounts.

Derbyshire Pension Fund ("the Fund") is administered by Derbyshire County Council and is governed by Local Government Pension Scheme Regulations and associated pension legislation. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended).
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Fund is a funded defined benefit scheme, administered locally by the Council on behalf of its own employees (except teachers, former NHS employees and new employees working in Public Health, for whom separate pension arrangements apply), Unitary and District Council employees within Derbyshire and employees of other bodies who are specifically authorised by the Regulations. On 1 April 2014, the Fund, which had previously been a final salary scheme, became a Career Average Revalued Earnings (CARE) scheme.

1. Basis of preparation

The accounts have been prepared on a going concern basis, in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 ("the Code"), which is based upon International Financial Reporting Standards (IFRS), which require the Fund's accounts to comply with IAS 26 Accounting and Reporting by Retirement Benefit Plans, subject to the interpretations and adaptations for the Public Sector detailed in the Code and the Statement of Recommended Practice 2015 ("SORP"): Financial Reports of Pension Schemes insofar as it is relevant.

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pensions and Investments Committee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial present value of promised retirement benefits is disclosed in Note 22 of these accounts.

The amount of separately invested Additional Voluntary Contributions ("AVCs") paid by members during the year and their value at the net assets statement date are not included in the Pension Fund financial statements in accordance with Regulation 4 (1)(b) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. Members' AVCs are disclosed in Note 16 of these accounts.

2. Accounting policies

Contributions

Employee contributions are accounted for when deducted from members' pay. Employer normal contributions are accounted for in the period to which the corresponding pay relates. Other employer contributions, such as deficit funding contributions, are accounted for in accordance with the agreement under which they are paid, or in the absence of an agreement, on a cash basis.

Benefits

Benefits and payments to leavers are accounted for in the period they fall due for payment. Where a member has a choice about the form of their benefit, the benefit is accounted for and the liability is recognised when the member notifies the Council of their decision as to what form of benefit they will take. Where a member has no choice about the form of benefit, the benefit is accounted for in the period of leaving/retirement/death, being the period in which the liability to pay the benefit arises.

Transfers

Where past service liabilities do not transfer between schemes until assets/liabilities have been transferred, transfers are accounted for on a cash basis. Where trustees have agreed to accept past service liabilities in advance of the transfer of funds, the transfer is accounted for in accordance with the terms of the agreement.

Management expenses

Management expenses are accounted for on an accruals basis. They are analysed in accordance with CIPFA Guidance "Accounting for Local Government Pension Scheme Management Costs (2016)".

Investment income

Dividends from quoted securities are accounted for when the securities are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statements as an investment asset. Rent is accounted for in accordance with the terms of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Interest on cash and bonds is accrued on a daily basis. Income arising on the underlying investments of accumulation funds is accounted for within change in market value of investments. Distributions from pooled investment vehicles are recognised at the date of issue. Distribution income is accounted for on an accruals basis and any outstanding amount is included in the Net Asset Statement as an investment asset.

Taxes on income

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of The Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable taxation is accounted for as a fund expense as it arises.

Foreign currency transactions
Dividends, interest and purchases and sales of investments in foreign currencies are accounted for at the market exchange rate at the date of transaction. End of year market exchange rates are used to value overseas assets at the end of the accounting period.

Exchange gains and losses relating to the translation of investments are accounted for as part of change in market value included in the Fund Account and those relating to current assets and liabilities are accounted for within the Fund Account under an appropriate heading.

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

Basis of valuation

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

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (Note 15). The basis of valuation of each class of financial investment asset and liability is set out in Note 15.

3. Accounting Standards issued and not yet applied

At the balance sheet date, the following interpretations, new standards and amendments to existing standards have been published but not yet adopted by the Code:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes the following changed standards:
    - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
    - IAS 37 (Onerous contracts) – clarifies the intention of the standard.
    - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

None of the matters covered in the annual improvements are dealt with in detail in the 2022-23 Code. During the consultation process on the 2022-23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements. The Fund has concluded that these amendments would not have impacted on the Fund's 2021-22 accounts.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16). The Fund has no Property, Plant and Equipment and these amendments would not have impacted on the Fund's 2021-22 accounts.

IFRS 16 (Leases) is not included in the list above because early adoption in 2022-23 is not currently envisaged.

4. Critical judgements made in applying the accounting policies

In applying the accounting policies in Note 2, it has not been necessary to make any critical judgements.

5. Assumptions made and other estimation uncertainty

Valuation of investment assets

Russian assets

On 24 February 2022, Russia invaded Ukraine. The invasion drew widespread condemnation and led to globally coordinated financial sanctions against the Russian economy, the President of Russia and other associated individuals and organisations. The assets of the Russian central bank were frozen and Russian banks were removed from the SWIFT international payment system. The Russian domestic stock exchange was initially closed, and whilst it has subsequently reopened, global sanctions severely limit the ability of investors to trade Russian securities.

The Fund had around £12m invested in Russian companies prior to the start of the invasion, which is 0.2% of the Fund's total investment assets. In March 2022, both MSCI and FTSE Russell (the main index providers used by the Fund's investment managers) announced that they were deleting Russian securities from their indices. As a result, the Fund's Russian investments were fully written down to zero at 31 March 2022, which means that they have no value assigned in the Fund's accounts at 31 March 2022, albeit the investment vehicles in which these securities are held continue to own these securities at that date because the sanctions restrictions severely limit the ability to sell these securities at present. Whilst the remainder of the Fund's investment assets may indirectly be exposed to the impact of the conflict between Russia and Ukraine, this has either been reflected in the investment valuation at 31 March 2022, or the impact is not considered material.

Covid-19

The outbreak of Covid-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, is continuing to have an impact on global financial markets. The majority of the countries in which the Fund invests suffered several 'waves' of Covid-19 in 2020-21 and 2021-22 and responded by imposing 'lockdowns' on the movement of populations, with a resultant significant impact on economic activity. Whilst the threat from Covid-19 appears to have reduced as the Omicron variant, although more transmissible, has proven to have less severe health implications, there remains a risk that future variants may change the trajectory of the Covid-19 pandemic, leading to further lockdowns. Furthermore, the approach to dealing with the Covid-19 pandemic differs by country, with some countries continuing to attempt to achieve zero Covid-19 status.

The unprecedented level of fiscal and monetary support provided by national governments and central banks around the world, including those of the United Kingdom, demonstrated the severity of the pandemic and economic downturn. Whilst global economies and financial markets have stabilised following the initial outbreak, global supply chains have been severely impacted, leading to worldwide supply shortages and increasing inflationary pressures. It remains difficult to predict the post-recovery environment, including the future impact on global financial markets, asset prices and bond yields.

Basis of valuation

The Fund's basis of valuation for each class of financial investment is set out in greater detail in Note 15 to these accounts, and there have been no changes to the valuation techniques used in the year. A significant proportion of the Fund's financial investments relate to Level 1 assets, where there is a readily available daily bid market price and Level 2 assets, where the fair value can be determined based on other market data or market prices, and cash deposits.

The remainder of the Fund's financial investments relate to Level 3 assets, including equity index tracking funds, unquoted private equity, infrastructure, private debt investments and indirect property assets. These assets are valued using the most recently reported net assets statement for that investment, adjusted for drawdowns and distributions to the final day of the accounting period, if the net assets statement is not produced to that date.

Level 3 assets also include the Fund's direct property portfolio, which is independently valued by the Fund's external property valuer, Savills, at market value on the final day of the accounting period, determined in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards. In its March 2022 Valuation Report, Savills noted that "following the invasion of Ukraine by the Russian military on 24 February 2022, there has been an immediate impact on the global economy due, in part, to sanctions imposed on Russia, Russian businesses and Russian individuals, rising oil and gas prices and the restriction of exported goods from Ukraine and Russia. It remains to be seen what impact this will have on the UK economy, including inflation and interest rates, and the property markets. We continue to monitor the situation closely and in due course, it may be appropriate for us to reflect further on our market commentary and any potential impact on value. Accordingly, we stress the importance of the valuation date. For the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined in the RICS Valuation – Global Standards."

The value of the Fund's Level 3 assets at 31 March 2022 was £3,209.794m, accounting for 52.8% of total investment assets. The estimated impact of price risk in respect of Level 3 assets is ±6.0%, equating to £191.852m at 31 March 2022. Potential price changes are determined based on the observed historical volatility of asset class returns, for example, 'risker' assets such as equities display greater volatility than bonds.

Britain leaving the European Union

Uncertainty around the implementation of the 2016 Brexit referendum result has caused volatility in asset prices and hence also bond yields over the last few years. The United Kingdom left the European Union on 31 January 2020, and the transition period ended on 31 December 2020. Whilst the Trade and Co-Operation Agreement (TCA) between the United Kingdom and European Union allows tariff and quota-free trade between countries, it does not cover services, which are a significant component of the United Kingdom's economy.

The level of uncertainty around the impact of Britain leaving the European Union has reduced, albeit there is a risk that future Brexit developments, including any action taken in respect of the Northern Ireland Protocol and the resultant impact on the Trade and Co-Operation Agreement, could cause further volatility in asset prices and bond yields. However, pronouncements from the US Federal Reserve on the future direction of US interest rates and global developments with respect to the Covid-19 pandemic, together with global politics in general, have the potential to cause similar levels of volatility in asset prices and bond yields and to materially impact future actuarial assumptions.

Actuarial present value of promised retirement benefits

These accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year; however, the actuarial present value of promised retirement benefits is disclosed in these accounts. Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Fund investments. The Fund has engaged Hymans Robertson LLP as its Actuary to provide expert advice about the assumptions to be applied. The effect of changes in these estimates on the Fund's actuarial present value of promised retirement benefits is disclosed in the Report of the Actuary, in Note 22.

Impact of McCloud judgement

When the Local Government Pension Scheme (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 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, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018, the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The UK Government requested leave to appeal to the Supreme Court, but this was denied at the end of June 2019. In July 2019, the Chief Secretary to the Treasury confirmed that the principles of the outcome would be accepted as applying to all public service schemes.

The Government has consulted on its proposed remedy for the LGPS which involves the extension of the current underpin protection to all members who meet the criteria for protection, regardless of their age in 2012. It is proposed that underpin protection will apply where a member leaves with either a deferred or an immediate entitlement to a pension. The underpin would give the member the better of the 2014 Scheme CARE or 2008 final salary benefits for the eligible period of service. The protection is expected to be extended to qualifying members who have left the scheme since April 2014, as well as to active members. The remedy is expected to result in a retrospective increase in benefits for some members, which in turn would give rise to a past service cost for the Fund's employers. The Government's response to the consultation and confirmation of the remedy is still awaited.

Quantifying the impact of the McCloud judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases, in particular, can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression.

The Fund's Actuary made no estimated allowance for the McCloud judgement in its 2019 actuarial valuation, following instruction from the LGPS Scheme Advisory Board to value liabilities in the 31 March 2019 funding valuations in line with the current LGPS Regulations benefit structure, but made an adjustment to its 2019-20 accounting roll-forward calculation. This adjustment estimated the liabilities for McCloud at 31 March 2020 from the 2019 valuation data, to ensure that the impact continued to be included within the Fund's liabilities within its actuarial present value of promised retirement benefits at 31 March 2020 (in line with the 2019 accounting approach). The impact of this adjustment was included in the Fund's Report of the Actuary at 31 March 2020.

At 31 March 2020, the Fund's Actuary estimated that for the Fund, total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could have been around 0.5% higher as at 31 March 2020, an increase of approximately £31.1m for the Fund as a whole.

An amendment in the Public Services Pensions and Judicial Offices Act 2022, which received Royal Assent in March 2022, and which is the enabling legislation for the implementation of the McCloud remedy, has subsequently increased the number of members included in the scope of the remedy.

As at 31 March 2021, the Fund's Actuary has made no explicit additional adjustment for McCloud and has not added to the current service cost for 2021-22, or the projected service cost for 2022-23. However, the previous allowance, within the Fund's actuarial present value of promised retirement benefits at 31 March 2021, has been rolled forward to 31 March 2022. Therefore, the Actuary has made an allowance for this potential increase in liabilities, impacting on the Fund's actuarial present value of promised retirement benefits, in the Fund's Report of the Actuary at 31 March 2022, at Note 22.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

Indexation, Equalisation and Historical Transfers of Guaranteed Minimum Pensions (GMP)

Guaranteed Minimum Pension (GMP) was accrued by members of the LGPS between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However, overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. Thereafter the Government's preferred approach is to convert GMP to scheme pension. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The impact on Fund and employer liability values will depend on how many members reaching State Pension Age after 2016 have GMP benefits. For the 2019 valuation, given the Government's preference for conversion to scheme benefits, the Fund Actuary has assumed that all increases on GMPs for members reaching State Pension Age after 6 April 2016 will be paid for by LGPS employers (known as a full GMP indexation allowance). Full GMP indexation allowance is therefore included in the Fund Actuary's disclosure of the rolled forward actuarial present value of promised retirement benefits to 31 March 2022, in Note 22, the Report of the Actuary.

In 2020-21 the High Court ruled that pension schemes will need to revisit individual transfer payments made since 17 May 1990, to check if any additional value is due as a result of GMP equalisation. The judgment helps to clarify the position for members who transferred in GMPs from other schemes. It adds a further category of members whose position must be resolved. The Fund's Actuary is of the view that, in general, the historic individual member data required to assess such an impact, at employer level, is not readily available, although it understands that this further ruling is unlikely to be significant in terms of its impact on the pension obligations of a typical employer. As a result, the Fund Actuary has not made any allowance for the ruling on individual transfers in respect of GMP equalisation within its rolled forward position to 31 March 2022.

6. Contributions

	2020-21 £m	2021-22 £m
Employers		
Normal	110.139	111.891
Deficit Funding	37.637	37.081
Members		
Normal	43.030	44.564
	190.806	**193.536**

Employers' contributions rates payable in 2020-21 and 2021-22 were set as part of the 2019 valuation which revealed an overall funding level of 97%.

On 30 April 2020, Derbyshire County Council paid employer contributions of £56.379m to the Fund, for 2020-21. This advance payment was based on an estimate of pensionable pay. Derbyshire County Council's employer contributions payable for 2020-21, based on actual pensionable pay, are £54.447m, which is £1.932m less than the advance payment. The excess cash payment of £1.932m is included in the Fund's current liabilities at 31 March 2021, within the balance of £4.169m which the Fund owed to Derbyshire County Council. This excess amount has been retained by the Fund and accounted for as employer deficit funding contributions in 2021-22 in accordance with the agreement formalised in the Derbyshire County Council 2021-22 Rates and Adjustments Certificate agreed with the Actuary.

On 30 April 2021, Derbyshire County Council paid employer contributions of £55.781m to the Fund, for 2021-22. This advance payment was based on an estimate of pensionable pay. Derbyshire County Council's employer contributions payable for 2021-22, based on actual pensionable pay, are £55.295m, which is £0.486m less than the advance payment. The excess cash payment of £0.486m has also been retained by the Fund and accounted for as employer deficit funding contributions in 2021-22 in accordance with the Derbyshire County Council 2021-22 Rates and Adjustments Certificate agreed with the Actuary.

On 15 October 2020, Derby Homes Limited paid employer contributions of £3.535m to the Fund, for an eighteen-month period, October 2020 to March 2022. Of this payment, £2.184m relates to 2021-22, and these contributions are accounted for as employer deficit funding contributions in 2020-21.

An analysis of contributions by participating employer type is disclosed in Note 23 of these accounts.

7. Transfers in from other pension funds

	2020-21	2021-22
	£m	£m
Individual transfers in from other pension funds	**14.461**	**11.940**

8. Benefits

	2020-21	2021-22
	£m	£m
Pensions	141.410	146.923
Commutation of pensions and lump sum retirement benefits	28.258	32.711
Lump sum death benefits	3.790	5.944
	173.458	**185.578**

An analysis of benefits by participating employer type is disclosed in Note 23 of these accounts.

9. Payments to and on account of leavers

	2020-21 £m	2021-22 £m
Refund of contributions to members leaving the Fund	0.588	0.668
Group transfers out to other pension funds	0.000	8.009
Individual transfers out to other pension funds	10.270	9.585
	10.858	**18.262**

Group transfers out in 2021-22 relates to the transfer of members of six East Midlands Education Trust (EMET) academies to the Nottinghamshire Pension Fund with effect from 1 September 2021.

10. Management expenses

Management expenses are analysed in accordance with CIPFA Guidance "Accounting for Local Government Pension Scheme Management Costs (2016)".

	2020-21 £m	2021-22 £m
Investment management expenses	25.911	28.275
Administrative costs	2.982	2.774
Oversight and governance costs	1.467	1.364
	30.360	**32.413**

Oversight and governance costs decreased by £0.103m in 2021-22, to £1.364m (2020-21, £1.467m). Oversight and governance costs includes external audit fees of £0.027m (2020-21: £0.028m), which is comprised of £0.022m for the 2021-22 audit, £0.009m in respect of prior year additional fees, less a £0.004m audit fee rebate from Public Sector Audit Appointments. The statutory audit fee does not include fees chargeable to the Fund for pension assurance work, undertaken at the request of employer auditors, which the Fund recharges to the respective employers. Fees payable for this work in 2021-22 are £0.018m (2020-21: £0.017m).

Administration costs decreased by £0.208m in 2021-22, to £2.774m (2020-21, £2.982m), largely reflecting that some non-recurring one-off costs were incurred in 2020-21. Pension administration costs per member were £26.29 in 2021-22 (2020-21: £28.96), with the reduction relative to the prior year reflecting operational efficiencies, together with the non-recurring costs incurred in 2020-21.

Investment management expenses are analysed below:

	2020-21 £m	2021-22 £m
Fund value based management fees	25.040	26.125
In house management fees	0.450	0.452
Transaction costs	0.394	1.677
Custody fees	0.027	0.021
	25.911	**28.275**

Fund value-based management fees increased by £1.085m, to £26.125m in 2021-22 (2020-21, £25.040m). An increase in the average value of underlying investments during the year was more than offset by switches into lower cost products, driven by an increase in the proportion of investments managed on a passive basis and collaborative fee savings with other local government pension funds. Based on average investment assets across the year, management fees as a proportion of average investment assets were 0.44% (2020-21, 0.48%).

Transaction costs relate to the following asset classes:

	2020-21 £m	2021-22 £m
Equities	0.394	0.231
Pooled Investment Vehicles	0.000	1.446
	0.394	**1.677**

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment financial asset or liability. An incremental cost is one that would not have been incurred if the scheme had not acquired or disposed of the financial instrument. Transaction costs include fees and commissions paid to agents, anti-dilution levies, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges and transfer taxes and duties.

The £1.283m increase in transaction costs to £1.677m (2020-21, £0.394m) principally reflects anti-dilution charges connected with asset transitions into pooled investment vehicles managed by LGPS Central Limited (£0.853m) and transaction costs in respect of infrastructure pooled investment vehicles (£0.592m). Commissions decreased by £0.223m in 2021-22, to £0.155m, largely reflecting lower allocations to the discretionary US equities mandate managed by Wellington Asset Management. Stamp duty increased by £0.060m in 2021-22, to £0.076m, principally reflecting increased investments into listed infrastructure equities.

Directly held investment properties are not financial assets and transaction costs in respect of them are capitalised into their initial cost, rather than expensed.

Direct transaction costs do not include debt premiums or discounts, financing costs or internal administration or handling costs.

Other costs are incurred indirectly by the Fund on sales and purchases of pooled investment vehicles through the difference between the highest price a buyer of a security or other asset is willing to pay and the lowest price a seller is willing to offer (bid-offer spread).

Such costs are not separately identifiable but are reflected in the cost of these investment purchases and in the proceeds from their sale (Note 13).

11. Investment income

	2020-21 £m	2021-22 £m
Income from equities	15.332	12.224
Income from bonds	9.270	9.566
Net rents from properties	10.315	10.854
Income from pooled investment vehicles	21.274	29.168
Interest on cash deposits	1.213	0.405
	57.404	**62.217**

Income from equities decreased by £3.108m in 2021-22, to £12.224m (2020-21, £15.332m), principally reflecting the ongoing transition from direct equity holdings into accumulation unit pooled investment vehicles, where dividend income is automatically reinvested and not distributed. Income from pooled investment vehicles increased by £7.894m in 2021-22, to £29.168m (2020-21, £21.274m), reflecting increased allocations to income generating asset classes such as infrastructure and private debt which are managed through pooled investment vehicles. Furthermore, investment managers generally held back distributions in 2020-21, in order to increase their liquidity to support underlying portfolio companies, if required, during the Covid-19 pandemic.

Rents from properties are net of £0.596m of property expense (2020-21, net of £0.720m of property expense), which has been reduced by a £0.032m credit loss allowance adjustment for property rent debtors at the year-end (2020-21, £0.037m increase). The income or expense each year is the net of property management expenses recovered by service charges to tenants and irrecoverable property management expenses, for instance, rates on vacant properties, adjusted for the movement in credit loss allowance.

12. Taxes on income

	2020-21	2021-22
	£m	£m
Taxation payable	**0.236**	**(0.018)**

From 6 April 2016 there are no notional tax charges for UK dividends. Taxes on income relate to withholding taxes in respect of overseas investment income, which are recoverable by the Fund. At 31 March 2021 there was an overall tax debit because of withholding tax which had yet to be reclaimed.

13. Investment assets and liabilities

	Value at 31 Mar 2021 £m	Purchases & hedging payments £m	Sales & hedging receipts £m	Profits & losses on disposal of investments & changes in value of investments £m	Value at 31 Mar 2022 £m
Investment assets					
Equities	577.325	230.566	(520.738)	83.573	370.726
Bonds	580.511	50.576	(10.995)	(0.594)	619.498
Pooled investment vehicles	3,930.149	1,168.619	(753.941)	260.062	4,604.889
Properties	252.200	11.967	(6.845)	34.878	292.200
	5,340.185	*1,461.728*	*(1,292.519)*	*377.919*	*5,887.313*
Cash deposits & short term loans	325.128			0.000	182.079
Other investment balances	5.635			0.000	5.401
	5,670.948			**377.919**	**6,074.793**
Investment liabilities					
Currency hedging contracts	(1.472)	1,062.309	(1,060.001)	(1.428)	(0.592)
Other investment balances	(2.676)			0.000	(2.388)
	(4.148)			**(1.428)**	**(2.980)**
	5,666.800			**376.491**	**6,071.813**

The total of profits and losses on disposal of investments and changes in value of investment assets and investment liabilities has increased the Fund's value by £376.491m during 2021-22 (2020-21, £1,001.675m increase). This total includes all increases and decreases in the market value of investments held at any time during the year and profits and losses realised on sales of investments during the year.

At 31 March 2022 the Fund's investments accounting for more than 5% of the total value of the Fund's net assets available for benefits were:

- LGIM UK Equity Index Fund £751.690m, representing 12.3% (2021, £789.198m, 13.8%).
- LGIM MSCI World Low Carbon Target Index Fund £686.933m, representing 11.2% (2021, £406.587m, 7.1%).
- RBC Global Equity Focus Fund £412.479m, representing 6.7% (2021, £377.662m, 6.6%).
- LGPS Central Global Active Corporate Bond Fund A (Acc) £378.001m, representing 6.2% (2021, £348.746m, 6.1%).
- LGPS Central All World Equity Climate Multi Factor Fund £312.322m, representing 5.1% (2021, nil).

Currency hedging receipts and payments represent the transactions settled during the year on currency hedging contracts relating to sovereign fixed income holdings and from 2021-22 onwards, the Fund's Infrastructure, Multi-Asset Credit and Indirect Property investment assets following a change to the Fund's Investment Strategy Statement to also currency hedge these assets. The Fund's objective is to decrease risk in the portfolio, by entering into forward contracts to match a proportion of assets that are already held in the portfolio without disturbing the underlying assets.

At the year end, there were two currency hedging contracts, with less than six months to expiry, with a gross contract value of £309.258m (2021, one contract, with less than six months to expiry, with a gross contract value of £105.732m).

Pooled investment vehicles are further analysed below:

	31 Mar 2021 £m	31 Mar 2022 £m
Pooled Investment Vehicles		
Equities	2,595.929	3,009.986
Bonds	739.785	844.024
Property	181.747	190.373
Private Equity	144.087	184.325
Infrastructure	268.601	376.181
	3,930.149	**4,604.889**

The proportion of the market value of net investment assets managed in-house (including the selection of pooled products) and by each external manager at the year-end is set out below.

	31 Mar 2021		31 Mar 2022	
	£m	%	£m	%
In-house	3,000.287	52.9	3,011.766	49.6
Colliers Capital Holdings Ltd	254.191	4.5	293.973	4.8
Legal and General Investment Management	1,476.772	26.1	1,762.703	29.0
LGPS Central Ltd	348.528	6.2	872.119	14.4
UBS Global Asset Management Life Ltd	233.943	4.1	30.500	0.5
Wellington Management International Ltd	353.079	6.2	100.752	1.7
	5,666.800	**100.0**	**6,071.813**	**100.0**

14. Fund investments by geographical sector (at market value)

	31 Mar 2021		31 Mar 2022	
	£m	%	£m	%
UK	2,542.692	44.9	2,608.696	43.0
North America	1,397.198	24.6	1,684.883	27.7
Europe	872.211	15.4	853.409	14.1
Asia and other	854.699	15.1	924.825	15.2
	5,666.800	**100.0**	**6,071.813**	**100.0**

Whilst UK investments increased in absolute terms between 31 March 2021 and 31 March 2022, they reduced as a percentage of total investment assets, as on-going changes to the asset allocation, together with weaker relative performance, reduced the Fund's relative exposure to UK investment assets. As the proportion of UK investment assets fell, allocations to North America in absolute terms, and as a percentage of total investments increased, driven by asset allocation changes and stronger relative performance. European investments fell in both absolute terms, and as a percentage of total investments, reflecting asset allocation changes and weaker relative performance. Whilst the absolute allocation to Asia and other increased, it remained relatively flat as a percentage of total investments.

15. Basis of valuation

The basis of valuation of each class of financial investment asset and liability is set out below. There has been no change in the valuation techniques used during the year. All investment assets and liabilities held at fair value through profit or loss have been valued using fair value techniques as follows:

- Market quoted investments, where there is a readily available market price, are valued at the bid market price on the final day of the accounting period.
- Quoted bonds are valued at net market value excluding accrued income.
- Pooled investment vehicles are included at closing bid price for funds with bid/offer spreads, or if single priced, at the closing price. For unquoted pooled investment vehicles this is at the price advised by the fund manager.
- Unquoted investments are valued at fair value, at the price or net asset value advised by the fund manager, or for private equity investments, based on the Fund's share of net assets at the year end, using the latest financial information available from the respective fund managers, adjusted for drawdowns and distributions to the final day of the accounting period, if the latest financial information is not produced to that date.
- Property is included at market value on the final day of the accounting period, determined in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards. The property portfolio was independently valued by Savills, Property Advisers.
- Fair value for investment property is calculated using the investment method of valuation, the premise of which is that all current and future income streams are capitalised at a rate or rates compared against yields achieved in market investment transactions and adjusted for individual characteristics of the subject property, based on valuer's opinions, wholly derived from observable prices achieved in market transactions.
- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract on that date.

Financial investment assets and liabilities valued using fair value techniques have been classified into the three levels of what is known as a fair value hierarchy. The hierarchy is ordered according to the quality and reliability of information used to determine recurring fair values, with Level 1 being of the highest quality and reliability.

- Level 1 – Assets and liabilities assigned to Level 1 in the fair value hierarchy are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. The Fund's investments classified as Level 1 are quoted UK and Overseas Equities and quoted UK and Overseas Bonds issued by governments.
- Level 2 – Assets and liabilities assigned to Level 2 in the fair value hierarchy are those where quoted market prices are not available, for instance in a market that is not considered to be active, or where observable valuation techniques are used to determine fair value. The Fund's investments classified as Level 2 are quoted Pooled Investment Vehicles, Currency Hedging Contracts and unquoted LGPSC Bonds and Equities.

- Level 3 – Assets and liabilities assigned to Level 3 in the fair value hierarchy are those where at least one input which could have a significant effect on an instrument's valuation is not based on observable market data. The Fund's investments classified as Level 3 are unquoted Pooled Investment Vehicles and Properties.

The Fund's fair value hierarchy of investment financial assets and financial liabilities held at fair value through profit or loss, additionally including investment financial assets held at amortised cost, to reconcile to total financial assets and financial liabilities, is as follows:

	Restated 31 Mar 2021* £m	31 Mar 2022 £m
Financial Assets at Fair Value through Profit or Loss		
Level 1		
UK quoted equities	207.232	267.504
Overseas quoted equities	368.778	101.906
UK quoted bonds	477.130	510.758
Overseas quoted bonds	102.696	108.056
	1,155.836	**988.224**
Level 2		
Property - quoted pooled investment vehicles	26.892	32.769
Other quoted pooled investment vehicles	1,467.763	1,654.526
UK unquoted equities	1.315	1.315
UK unquoted bonds	0.685	0.685
	1,496.655	**1,689.295**
Level 3		
Property – unquoted pooled investment vehicles	154.854	157.604
Other unquoted pooled investment vehicles	2,280.640	2,759.990
UK freehold properties	208.500	236.650
UK leasehold properties	43.700	55.550
	2,687.694	**3,209.794**
Financial Assets at Amortised Cost		
Sterling cash deposits	20.139	20.449
Money market funds	60.000	120.000
Other Sterling short term loans	242.500	40.000
Foreign currency	2.489	1.630
Other investment balances	5.635	5.401
	330.763	**187.480**
Financial Assets	**5,670.948**	**6,074.793**

	31 Mar 2021 £m	31 Mar 2022 £m
Financial Liabilities at Fair Value through Profit or Loss		
Level 2		
Currency hedging contracts	(1.472)	(0.592)
	(1.472)	**(0.592)**
Financial Liabilities at Amortised Cost		
Other investment balances	(2.676)	(2.388)
	(2.676)	(2.388)
Financial Liabilities	**(4.148)**	**(2.980)**
	5,666.800	**6,071.813**

*Restated to correct the classification of a quoted Global investment grade credit fund from Level 3 to Level 2.

Additional information in respect of the fair value measurement is provided below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuation
UK quoted equities	Level 1	Bid market price	Not required	Not required
Overseas quoted equities	Level 1	Bid market price	Not required	Not required
UK quoted bonds	Level 1	Net market value excluding accrued income	Not required	Not required
Overseas quoted bonds	Level 1	Net market value excluding accrued income	Not required	Not required
Property quoted pooled investment vehicles	Level 2	Fair value based on price or net asset value advised by the fund manager	Not required	Not required
Other quoted pooled investment vehicles	Level 2	Fair value based on price or net asset value advised by the fund manager	Not required	Not required
UK unquoted equities	Level 2	Fair value based on price or net asset value advised by the fund manager	Not required	Not required
UK unquoted bonds	Level 2	Fair value based on price or net asset value advised by the fund manager	Not required	Not required
Currency hedging contracts	Level 2	Published exchange prices at the year-end date	Not required	Not required

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuation
Property unquoted pooled investment vehicles	Level 3	Investment method whereby all current and future income streams are capitalised at the rate or rates compared against yields achieved in market investment transactions and adjusted for individual characteristics of the subject property, based on valuer's opinion, wholly derived from observable prices achieved in market transactions	Existing lease term rentals; Independent market research; Covenant strength for existing tenants; Actual and assumed vacancy levels; Estimated rental growth; Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes in market prices
Other unquoted pooled investment vehicles (private equity; infrastructure; private debt)	Level 3	At the price or net asset value advised by the manager using the latest financial information available from the respective manager, adjusted for drawdowns and distributions to the final date of the accounting period, if the latest financial information is not produced to that date	Private Equity & Infrastructure: EBITDA; Revenue & EBITDA multiple; Discount for lack of marketability; Control premium; Discounted cash flows Private Debt: Comparable valuation of similar assets; Revenue & EBITDA; Discounted cash flows; Asset security; Enterprise value estimation	Valuations could be impacted by material events occurring between the date of the financial statements provided and the year-end date, by changes to expected cash flows, and any differences between the audited and unaudited accounts
UK freehold and leasehold properties	Level 3	Determined in accordance with the RICS Valuation Standards	Existing lease term rentals; Independent market research; Covenant strength for existing tenants; Actual and assumed vacancy levels; Estimated rental growth; Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes in market prices

Below is a reconciliation of the movement in fair value measurements within Level 3 of the fair value hierarchy from the start to the end of 2021-22:

	Restated Value at 31 Mar 2021* £m	Purchases £m	Sales £m	Unrealised gains/ (losses) £m	Realised gains/ (losses) £m	Value at 31 Mar 2022 £m
Financial Assets						
Level 3						
Pooled investment vehicles						
Property – unquoted	154.854	2.487	(18.688)	12.610	6.341	157.604
Other unquoted	2,280.640	566.858	(317.370)	199.429	30.433	2,759.990
Properties						
UK freehold	208.500	0.855	(6.845)	35.947	(1.807)	236.650
UK leasehold	43.700	11.112	0.000	0.738	0.000	55.550
	2,687.694	**581.312**	**(342.903)**	**248.724**	**34.967**	**3,209.794**

*Restated to correct the classification of a quoted Global investment grade credit fund from Level 3 to Level 2.

Unrealised and realised gains and losses are recognised in the profit and losses on disposal of investments and changes in value of investments line of the fund account.

The restated 2020-21 position was:

	Restated Value at 31 Mar 2020* £m	Purchases* £m	Sales* £m	Unrealised gains/ (losses)* £m	Realised gains/ (losses) £m	Restated Value at 31 Mar 2021* £m
Financial Assets						
Level 3						
Pooled investment vehicles						
Property – unquoted	149.857	7.812	(4.932)	1.862	0.255	154.854
Other unquoted	1,494.012	639.529	(197.434)	339.781	4.752	2,280.640
Properties						
UK freehold	191.550	13.760	0.000	3.190	0.000	208.500
UK leasehold	48.100	0.281	0.000	(4.681)	0.000	43.700
	1,883.519	**661.382**	**(202.366)**	**340.152**	**5.007**	**2,687.694**

*Restated to correct the classification of a quoted Global investment grade credit fund from Level 3 to Level 2.

The impact of the Covid-19 pandemic and the Russian invasion of Ukraine on investment values is considered in Note 5. Having analysed historical data and current market levels, the Fund has determined that the Level 3 values at 31 March 2022 above are likely to be accurate to within the ranges set out in the sensitivity analysis below:

	Value at 31 Mar 2022 £m	Assessed valuation range %	Value on increase £m	Value on decrease £m
Level 3 sensitivity				
Direct property	292.200	10.0	321.420	262.980
Diversified multi-asset credit funds	264.752	5.0	277.990	251.514
Equity index tracking funds	1,762.703	2.0	1,797.957	1,727.449
Short dated investment grade fund	19.635	3.0	20.224	19.046
Indirect property	157.604	15.0	181.245	133.963
Infrastructure	376.181	12.5	423.204	329.158
Private debt	152.394	10.0	167.633	137.155
Private equity	184.325	15.0	211.974	156.676
	3,209.794	**6.0**	**3,401.646**	**3,017.942**

The position at 31 March 2021 was:

	Restated Value at 31 Mar 2021* £m	Assessed valuation range %	Value on increase £m	Value on decrease £m
Level 3 sensitivity				
Direct property	252.200	10.0	277.420	226.980
Diversified multi-asset credit funds	259.562	5.0	272.540	246.584
Equity index tracking funds	1,476.912	2.0	1,506.450	1,447.374
Indirect property	154.854	15.0	178.082	131.626
Infrastructure	268.601	12.5	302.176	235.026
Private debt	131.478	10.0	144.626	118.330
Private equity	144.087	15.0	165.700	122.474
	2,687.694	**5.8**	**2,846.994**	**2,528.394**

*Restated to correct the classification of a quoted Global investment grade credit fund from Level 3 to Level 2.

16. Additional Voluntary Contributions

In accordance with Regulation 4(1)(b) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the Accounts do not include employees' Additional Voluntary Contributions ("AVCs"). The amounts involved are not material in relation to the size of the overall Pension Fund.

Members may make AVCs which are invested separately from the Fund's assets. These investments are specifically allocated to the provision of additional benefits for those members. These are money purchase arrangements where the member uses the invested amount to provide an additional lump sum or to purchase an annuity or buy additional benefits in the Local Government Pension Scheme.

Prudential Assurance Company Ltd (Prudential) was unable to provide AVC information to align with the production of the Fund's accounts for the year ended 31 March 2021. Following the implementation of a new IT system in 2020, the company experienced delays in administering AVCs, including delays in processing and investing contributions and paying out claims. Prudential provided assurance that members will not suffer any financial detriment due to the delayed processing and investing of their contributions.

For the year ended 31 March 2022, Prudential and Clerical Medical are unable to provide AVC information to align with the production of the Fund's pre-audit accounts.

Including Prudential and Clerical Medical funds at final 31 March 2021 values, the total value of funds provided by AVC contributions at 31 March 2022 was:

	31 Mar 2021 £m	31 Mar 2022 £m
Utmost Life and Pensions		
With profits fund	0.064	0.064
Unit-linked funds	0.428	0.438
Total Utmost Life and Pensions	0.492	0.502

	31 Mar 2021 £m	31 Mar 2022 £m
Standard Life		
Managed fund	0.740	0.735
Multi asset managed fund	0.130	0.113
Protection fund	0.057	0.060
Ethical fund	0.110	0.106
With profits fund	0.308	0.322
Total Standard Life	1.345	1.336
Prudential Assurance Company Ltd		
Deposit fund		
With profits cash accumulation fund		
Blackrock Aquila		
Cash fund		
Discretionary fund		
Dynamic global equity passive fund		
Dynamic growth funds		
Fixed interest fund		
Global equity fund		
Index-linked fund		
International equity fund		
Long-term bond fund		
Long-term gilt passive fund		
Positive impact fund		
Property fund		
Socially responsible fund		
UK equity fund		
UK equity passive fund		
Total Prudential Assurance	*10.567*	*11.414*

	31 Mar 2021 £m	31 Mar 2022 £m
Clerical Medical		
With profits fund	0.123	
Unit linked fund	0.040	
Total Clerical Medical	0.163	*0.163*
Total AVC Investments	***12.567***	***13.415***
Death in Service Cover		
Utmost Life and Pensions	**0.093**	**0.093**

Death in Service cover is payable by the AVC provider where an employee has opted to pay an extra life insurance sum. The Local Government Pension Scheme Regulations 2013 require the death grant payable for contributors into the LGPS to be three times their "final pay" (in the case of a part-time employee it is three times their actual pensionable pay). The Inland Revenue limit for death in service cover is four times "final pay", so the maximum extra amount insurable is, therefore, restricted to an amount equivalent to one times "final pay" and in the case of a part-time contributor, their actual pensionable pay. "Final pay" is defined in the above Regulations.

	Utmost Life £m	Prudential £m	Standard Life £m	Clerical Medical £m	Total £m
Value at 31 Mar 2021	**0.492**	***10.567***	**1.345**	**0.163**	***12.567***
Income					
Contributions received	0.000		0.021		*0.021*
Interest and bonuses and change in market value	0.033		0.071		*0.104*
Expenditure					
Retirement benefits	(0.023)		(0.101)		*(0.124)*
Deaths	0.000		0.000		*0.000*
Transfers out and withdrawals	0.000		0.000		*0.000*
Value at 31 Mar 2022	**0.502**	***11.414***	**1.336**	***0.163***	***13.415***

17. Current assets

	31 Mar 2021 £m	31 Mar 2022 £m
Employers' contributions due	8.289	8.787
Employees' contributions due	2.218	2.521
Sundry debtors	1.429	1.450
Cash balance	37.249	41.168
	49.185	**53.926**

Employers' and employees' contributions due at 31 March 2022 have been received since the year-end.

As at 31 March 2022, the Fund was owed rent totalling £0.556m in respect of 2021-22 (31 March 2021, the Fund was owed rent totalling £0.735m in respect of 2020-21). Whilst the Fund's discretionary direct property manager is actively managing the collection of this rent, the Covid-19 pandemic has had a significant impact on the trading and cash flows of some of the Fund's tenants, particularly those in the Retail and Leisure Sectors, albeit the impact eased slightly between 2020-21 and 2021-22, leading to a reduction in the level of rent owed. As a result, the Fund has provided a credit loss allowance of £0.195m against these rents (2020-21, £0.227m).

18. Current liabilities

	31 Mar 2021 £m	31 Mar 2022 £m
Unpaid benefits	1.556	1.925
Sundry creditors	3.343	4.495
Amounts owed to Derbyshire County Council	4.169	4.453
	9.068	**10.873**

19. Related party transactions

Derbyshire County Council
The Council is the administering authority for the purposes of the Fund under The Local Government Pension Scheme Regulations 2013.

Included in management expenses in 2021-22 are charges from the Council of £2.853m (2020-21, £2.888m) for expenses incurred in respect of oversight and governance of the Fund, for Fund administration and for management of the Fund's in-house investments.

At 31 March 2022 the Fund owed the Council £4.453m (31 March 2021, the Fund owed the Council £4.169m).

It has not been possible to apportion, on a reasonable basis, the costs and benefits of key management personnel between the Council and the Fund. However, Members' Allowances and Officers' Remuneration are disclosed in Notes 32 and 33 of the Council's Statement of Accounts.

LGPS Central Limited

LGPS Central Limited (LGPSC) has been established to manage investment assets on behalf of eight LGPS funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC Pool, of which the Council, as the administering authority for the Fund, is one of the shareholders.

The Fund had £1.315m invested in share capital and £0.685m in a loan to LGPSC at 31 March 2021 (31 March 2021, £1.315m and £0.685m, respectively) and was owed interest of £0.032m on the loan to LGPSC on the same date (2020-21, £0.031m).

The Fund incurred costs of £0.087m associated with LGPSC Investment Management and Monitoring Costs in respect of an Active Emerging Markets Equities Multi Manager sub-fund, an index-tracking All World Equity Climate Multi Factor sub-fund, an Active Global Investment Grade Corporate Bond sub-fund and a Credit Partnership Limited Partnership sub-fund (Private Debt) in 2021-22 (2020-21, £0.013m), of which £0.023m was payable to LGPSC at 31 March 2022 (31 March 2021, £0.005m). The charge excludes fees paid to the underlying investment managers of £0.990m in 2021-22 (2020-21, £0.338m), with the increase between 2020-21 and 2022-22 reflecting an increase in the level of investment assets managed through LGPSC products.

The Fund incurred £0.947m in respect of Governance, Operator Running and Product Development costs in connection with LGPSC in 2021-22 (2020-21, £0.988m), of which £0.240m was payable to LGPSC at 31 March 2022 (31 March 2021, £0.226m).

LGPSC leases office space from the Council. The lease commenced on 14 June 2018 and is for a duration of five years, with a break clause at 30 June 2021. The rental income received and receivable by the Council from LGPSC in 2021-22 amounted to £0.015m (2020-21, £0.015m). For the duration of the lease term, subsequent years' rentals will be subject to an annual increase of 2.8%.

20. Investment commitments

At the end of the financial year, investment commitments in respect of future payments were:

	31 Mar 2021 £m	31 Mar 2022 £m
Unquoted investments	395.556	321.277
Direct property	0.000	19.325
Other Sterling short-term loans	70.000	35.000
	465.556	**375.602**

Unquoted investments commitments are commitments to invest in Multi-Asset Credit, Private Equity, Infrastructure and Indirect Property investments, not yet drawn down by the managers. The Direct Property commitment relates to the purchase of a retail warehouse and hotel in Saffron Walden. The Fund exchanged a legally binding contract with the vendor on 7 March 2022, with completion and settlement due in June 2022, following the completion of snagging work by the vendor.

The Other Sterling short-term loans commitments are commitments to make short-term investments at the year-end. There is no provision or creditor for these amounts in the financial statements as the legal obligation to pay was not fulfilled at 31 March 2022. These commitments will be met using funds received from the maturity of earlier investments and therefore have no impact on the financial position reported.

There were five such commitments at 31 March 2022 (2021, eleven), which were secured to take advantage of higher rates available at that time.

21. Financial instruments

Many requirements of the financial instruments standards (IAS 39, IAS 32, IFRS 7 and IFRS 9), which govern the recognition, measurement, presentation, and disclosure of financial instruments, are not applicable to the Fund's accounts, since all material financial instruments are carried in the net assets statement at fair value.

Nature and extent of risks arising from financial instruments

Certain financial risks are a necessary and appropriate component of the investment strategy of the Fund in order for it to achieve the targeted long-term rate of return assumed by the Fund Actuary. This rate of return is used in drawing up the Funding Strategy Statement and setting employer contribution rates.

The overall financial risk for the Fund is that its assets could be insufficient to meet its liabilities to pay benefits. At the financial instrument level, the Fund's key risks are:

- **Credit risk** – the risk of the Fund suffering loss due to another party defaulting on its financial obligations.
- **Liquidity risk** – the risk that funds might not be available to meet commitments because the Fund's assets are not readily marketable or easily turned into cash.

- **Market risk** – the risk that the Fund's financial instruments may suffer an adverse change in value, which is common to an entire class of assets or liabilities.

Responsibility for Fund investments has been delegated to the Council's Pensions and Investments Committee (the Committee). Day to day responsibility for the management of the Fund is delegated to the Director of Finance and ICT; the investments are managed by a combination of internal and external investment managers and investment advice is provided by an independent investment advisor. The Fund's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks.

As required by the Fund's Investment Strategy Statement, the Fund is invested in accordance with the Strategic Asset Allocation guidelines, to maximise returns within appropriate levels of risk, taking into account the Fund's liabilities and projected cashflows.

These Strategic Asset Allocation guidelines were approved by the Pensions and Investments Committee.

Economic background, market returns, asset allocation, investment activity, investment strategy and investment performance are monitored and reviewed by the Committee on a quarterly basis.

Credit risk

The Fund is primarily exposed to credit risk through its daily treasury management activities and through its forward currency contracts, which address the currency risk on overseas bonds. Credit risk on cash deposits and short-term loans arises from deposits with banks, financial institutions and UK government and local authorities. Credit risk on forward currency contracts arises from contracts with large banks.

There is also a credit risk in respect of income due at the year end from the Fund's direct property tenants. As at 31 March 2022, the Fund was owed rent totalling £0.556m (31 March 2021, the Fund was owed rent totalling £0.735m). Whilst the Fund's discretionary direct property manager is actively managing the collection of this rent, the Covid-19 pandemic has had a significant impact on the trading and cash flows of some of the Fund's tenants, particularly those in the Retail and Leisure Sectors, albeit the impact eased slightly between 2020-21 and 2021-22, leading to a reduction in the level of rent owed. The Fund has provided a credit loss allowance of £0.195m (31 March 2021, £0.227m) against these rents in Note 17, Current Assets, calculated based on a tier risk rating system, using information provided by both the in-house investment management team and the discretionary direct property manager.

	Rental Income Debt 31 Mar 2022 £m	General Loss Allowance £m	Total Loss Allowance 31 Mar 2022 £m
Property Rental Income	**0.556**	**0.195**	**0.195**

A reconciliation of the opening and closing balances of the potential credit losses on the Fund's financial assets for the year ended 31 March 2022 is provided as follows:

	Value at 31 Mar 2021 £m	Change in average default risk rate £m	Value at 31 Mar 2022 £m
Credit Loss Allowance	**0.227**	**(0.032)**	**0.195**

Treasury activities – The Fund places security of capital and liquidity ahead of investment return. Credit risk on treasury activities is minimised through the Fund's annual Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Ratings Services and are approved counterparties on this basis. Investments with local authorities, the Government's Debt Management Office, UK Treasury Bills and Certificates of Deposit are also permissible. The Fund has agreed maximum loan durations and joint limits for each counterparty.

The limits for financial institutions are based on the above credit assessment and are approved each year. The financial institutions' credit ratings and supplementary information are monitored throughout the year to ensure compliance with the policy.

The Fund's Treasury Management Strategy for 2021-22 was approved by the Pensions and Investments Committee on 3 March 2021.

The Fund's maximum exposure to credit risk in relation to its treasury/cash deposit investments and operating cash in banks, building societies, money market funds and UK local authorities of £223.247m (2021, £362.377m) cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare, generally, for such entities to be unable to meet their commitments; the approach to risk assessment taken by the Fund makes this remote.

A risk of non-recovery applies to all of the Fund's deposits, but there was no evidence at 31 March 2022 that this was likely to occur. No breaches of the Fund's counterparty criteria occurred during the reporting period. At 31 March 2022, the Fund had £41.168m in its operational account with Lloyds Bank.

Forward currency contracts – Credit risk from forward currency contracts is minimised by limiting the extent of these contracts to managing the currency risk on sovereign fixed income holdings, and from 2021-22 onwards, the Fund's Infrastructure, Multi-Asset Credit and Indirect Property investment assets, following a change to the Fund's Investment Strategy Statement to also currency hedge these assets, the value of which comprise 5.1% (2021, 1.9%) of investment assets at the year end, and by selecting large banks as the counterparties. The two forward currency contracts at the year-end are with Bank of New York Mellon.

The maximum credit risk exposure on forward currency contracts is the full amount of the foreign currency which the Fund pays when settlement occurs, should the counterparty fail to pay the amount which it has committed to pay the Fund. At the year end, there were two currency hedging contracts, with less than six months to expiry, with a gross contract value of £309.258m (2021, one contract, with less than six months to expiry, with a gross contract value of £105.732m). The Fund does not expect any losses from non-performance by any of its counterparties in relation to these contracts. The investment liability in Note 13 associated with these forward currency contracts, which is the difference between the Sterling value the Fund has contracted to receive on expiry of the contracts and is what would theoretically have been receivable based on the exchange rate at the year end, is £0.592m.

Other financial assets – Bonds mainly include investments in UK and US Government securities and certain corporate bond funds. The Fund does not expect any losses from non-performance by any of its counterparties in relation to these financial assets.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of the financial assets as they are marked to market. The market value of financial assets represents the Fund's exposure to credit risk in relation to those assets.

The selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur during settlement of transactions.

Liquidity risk

The Fund continues to be cash flow positive, with combined contributions and investment income exceeding benefit payments. There is, therefore, no present requirement to realise assets in order to meet liabilities to pay benefits, as these are more than covered by contributions and investment income, and there is net cash available for investment. The Fund does, however, sell investments from time to time as part of normal investment management activities.

The majority of the Fund's investments are readily marketable and may be easily realised, if required. Emphasis is placed on treasury deposits of up to six months' duration to ensure that longer term investment strategy is not compromised by lack of liquidity. Listed equities may also be liquidated at short notice, normally two working days. Holdings of investments which may be less easy to realise are limited. Current Pensions and Investments Committee guidelines limit investments in Property to 12%, Multi Asset Credit to 8%, Infrastructure to 13% and Private Equity to 6%.

Sufficient funds are retained on instant access accounts to ensure that payment of benefits and the settlement of investment transactions can be made without the need to borrow.

The Fund manages its liquidity position using a comprehensive cash flow management system, as required by the CIPFA Code of Practice.

Maturity analysis for liabilities at the year-end:

- There were no financial liabilities within the portfolio at the year-end other than those that arose from the trading of investments. Such liabilities fall due within 12 months of the year end.
- There were two derivative financial liabilities held at the year-end in respect of the currency hedging contracts referred to above (2021, one).

Market risk

The Fund is exposed to market risk because it is inherent in the investments the Fund makes. It can result from changes in such measures as interest and exchange rates and changes in prices due to factors other than these. This risk cannot be eliminated but it can be reduced.

The objective of market risk management is to manage and control market risk exposure to within acceptable parameters, whilst optimising the return on risk. Excessive volatility in market risk is managed through diversification. Risk reduction arises from the different investments not being perfectly correlated.

The Fund has applied diversification at various levels; that is, diversification between countries, asset classes, sectors and individual securities. Diversification reduces both the upside and downside potential and allows for more consistent performance under a wide range of economic conditions.

Risk of exposure to specific markets is limited by adhering to defined ranges within the asset allocation guidelines, which are monitored and reviewed by the Committee on a quarterly basis.

Interest rate risk – This risk primarily impacts on the valuation of the Fund's bond holdings, in particular the Fund's sovereign bond, non-Government investment grade bonds and diversified multi-asset credit portfolios. Interest rate sensitivity can be estimated by multiplying an assumed change in the prevailing market interest rate by the portfolio benchmark duration. The table below shows the estimated impact of a ±100 basis points (±100 bps) in the prevailing market interest rate for these assets.

	Value at 31 Mar 2022 £m	Benchmark duration Years	Change in prevailing market interest rate	Effect -100bps £m	Effect +100bps £m
Asset type					
Conventional gilts	271.433	11.1	±100bps	30.156	(30.156)
Index-linked bonds	347.380	20.4	±100bps	70.866	(70.866)
Non-Government investment grade bonds	378.001	7.5	±100bps	28.350	(28.350)
Short dated investment grade bonds	48.877	3.0	±100bps	1.466	(1.466)
Diversified multi-asset credit funds	264.752	1.0	±100bps	2.648	(2.648)
Total change in asset values	**1,310.443**			**133.486**	**(133.486)**

The position at 31 March 2021 was:

	Value at 31 Mar 2021 £m	Benchmark duration Years	Change in prevailing market interest rate	Effect -100bps £m	Effect +100bps £m
Asset type					
Conventional gilts	270.223	12.2	±100bps	32.967	(32.967)
Index-linked bonds	309.603	21.9	±100bps	67.803	(67.803)
Non-Government investment grade bonds	348.746	7.9	±100bps	27.551	(27.551)
Diversified multi-asset credit funds	259.561	1.0	±100bps	2.596	(2.596)
Total change in asset values	**1,188.133**			**130.917**	**(130.917)**

A 100 basis points increase in the prevailing market interest rate would reduce the aggregate value of the identified assets by an estimated £133.486m (2021, £130.917m), whereas a 100 basis points reduction in the prevailing market interest rate would increase the aggregate value of the identified assets by a comparable amount. It should also be noted that both non-Government investment grade bonds and diversified multi-asset credit funds are also sensitive to changes in the interest rate spread, which is the interest rate received relative to sovereign bonds, which can either increase (reducing asset values) or reduce (increasing asset values).

The duration in respect of the Fund's private debt assets, together with cash, is not significant.

The Fund has a number of strategies for managing interest rate risk. Interest rates and the durations of the bond portfolios are monitored during the year, by the Fund's in-house and external managers. Within the annual Treasury Management Strategy, maximum limits are set for fixed and variable interest rate exposure. 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, subject to liquidity requirements.

Other price risk – Other price risk originates from factors specific to the individual instrument or to its issuer, or from factors affecting all instruments in the market.

The Fund manages price risk by holding fixed interest bonds, index-linked stocks and property and by holding a diversified equity portfolio spread geographically, across market sectors and across investments. Contracts specify the level of risk to be taken by the external Fund managers investing in overseas equities. These external managers are monitored by in-house managers.

A Fund specific benchmark has been drawn up, which is designed to meet the Fund's performance requirements for the level of risk agreed by the Committee. Economic background, asset allocation, recent transactions, investment strategy and performance are monitored by the Committee on a quarterly basis.

The impact of the Covid-19 pandemic and the Russian invasion of Ukraine on investment values is considered in Note 5.

The table below quantifies the level of price risk that the Fund's investment assets and liabilities at 31 March 2022 are potentially exposed to. Potential price changes are determined based on the observed historical volatility of asset class returns, for example, 'riskier' assets such as equities display greater potential volatility than bonds. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the last three years. The volatility shown for total investment assets and liabilities in both tables below incorporates the impact of correlation across asset classes, which dampens volatility, therefore the value on increase/decrease figures of the asset classes will not sum to the total assets figure.

	Value at 31 Mar 2022 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
UK Government bonds	229.664	5.91	243.237	216.091
UK index-linked bonds	281.094	9.67	308.276	253.912
Corporate bonds	427.563	7.00	457.492	397.634
Overseas index-linked bonds	66.287	7.40	71.192	61.382
Overseas bonds	41.177	4.02	42.832	39.522
UK equities	890.573	16.02	1,033.243	747.903
Overseas equities	2,248.506	13.60	2,554.303	1,942.709
Private equity	298.402	9.30	326.153	270.651
Infrastructure	503.736	4.19	524.843	482.629
Multi asset credit	417.146	6.01	442.216	392.076
Cash	182.079	0.13	182.316	181.842
Other investment balances	3.013	0.00	3.013	3.013
Properties (non-financial instruments)	482.573	3.71	500.476	464.670
Total investment assets and liabilities	**6,071.813**	**8.15**	**6,566.666**	**5,576.960**

The position at 31 March 2021 was:

	Value at 31 Mar 2021 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
UK Government bonds	228.085	5.01	239.512	216.658
UK index-linked bonds	249.045	8.37	269.890	228.200
Corporate bonds	349.431	7.57	375.883	322.979
Overseas index-linked bonds	60.558	7.23	64.936	56.180
Overseas bonds	40.666	4.62	42.545	38.787
UK equities	903.509	16.83	1,055.570	751.448
Overseas equities	2,101.338	13.86	2,392.583	1,810.093
Private equity	229.820	8.46	249.263	210.377
Infrastructure	351.277	4.35	366.558	335.996
Multi asset credit	391.038	6.04	414.657	367.419
Cash	325.128	0.13	325.551	324.705
Other investment balances	2.959	0.00	2.959	2.959
Properties (non-financial instruments)	433.946	2.26	443.753	424.139
Total investment assets and liabilities	**5,666.800**	**8.40**	**6,142.811**	**5,190.789**

Currency risk – The Fund is exposed to currency risk through its unhedged overseas currency denominated investment assets. Except for overseas sovereign bonds, infrastructure, multi-asset credit and indirect property investments, the Fund's exposure to overseas currency risk is not hedged. If Sterling weakens, this currency exposure will make a positive contribution to the Fund's performance in Sterling terms.

The table below quantifies the level of currency risk that the Fund's overseas currency denominated investment assets at 31 March 2022 are potentially exposed to. For the categories of assets where there are investments denominated in overseas currencies, the potential aggregate currency exposure within the Fund at 31 March 2022 is determined using a currency "basket" based on that asset category's currency mix at that date. The weight of each currency multiplied by the change in its exchange rate relative to Sterling is summed to create the aggregate currency change of the basket. As currency risk on the hedged assets is managed using forward currency contracts, the currency risk on these assets is nil, and this is shown as 0.0% below. The outcomes are then applied to all overseas currency denominated assets.

	Value at 31 Mar 2022 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
Overseas index-linked bonds	66.287	0.00	66.287	66.287
Overseas bonds	41.177	0.00	41.177	41.177
Overseas equities	2,248.506	7.12	2,408.600	2,088.412
Overseas private equities	116.174	6.99	124.295	108.053
Overseas infrastructure	237.954	0.00	237.954	237.954
Overseas multi asset credit	77.435	0.00	77.435	77.435
Overseas cash	1.630	8.30	1.765	1.495
Overseas properties (funds) (non-financial instruments)	52.630	0.00	52.630	52.630
Overseas investment assets	**2,841.793**	**5.80**	**3,006.617**	**2,676.969**

The position at 31 March 2021 was:

	Value at 31 Mar 2021 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
Overseas index-linked bonds	60.558	0.00	60.558	60.558
Overseas bonds	40.666	0.00	40.666	40.666
Overseas equities	2,101.338	7.26	2,253.895	1,948.781
Overseas private equities	93.520	6.83	99.903	87.137
Overseas infrastructure	163.850	6.77	174.949	152.751
Overseas multi asset credit	46.086	5.30	48.529	43.643
Overseas cash	2.489	8.60	2.703	2.275
Overseas properties (funds) (non-financial instruments)	49.260	5.30	51.871	46.649
Overseas investment assets	**2,557.767**	**6.97**	**2,736.043**	**2,379.491**

22. Actuarial Present Value of Promised Retirement Benefits

Below is an extract from the Report of the Actuary, showing the actuarial present value of the Fund's promised retirement benefits, required by the Code. If an actuarial valuation has not been prepared at the date of the financial statements, IAS 26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation is carried out using assumptions in line with IAS 19 and not the Fund's funding assumptions.

"The promised retirement benefits at 31 March 2022 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures below include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

	31 Mar 2021	***31 Mar 2022***
	£m	***£m***
Active members	*4,284.000*	*4,300.000*
Deferred members	*1,625.000*	*1,505.000*
Pensioners	*2,436.000*	*2,260.000*
Present Value of Promised Retirement Benefits	***8,345.000***	***8,065.000***

It should be noted the above figures are appropriate for the Administering Authority only for the preparation of the Pension Fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS 19 report and are different as at 31 March 2022 and 31 March 2021. I estimate that the impact of the change in financial assumptions to 31 March 2022 is to decrease the actuarial present value by £645m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £47m.

Financial assumptions

Year ended (% p.a.)	***31 Mar 2021 %***	***31 Mar 2022 %***
Pension Increase Rate (CPI)	*2.85*	*3.20*
Salary Increase Rate	*3.55*	*3.90*
Discount Rate	*2.00*	*2.70*

Demographic assumptions

The longevity assumptions have changed since the previous IAS 26 disclosure for the Fund. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	***Females***
Current Pensioners	*21.1 years*	*23.8 years*
*Future Pensioners**	*22.2 years*	*25.6 years*

**Future pensioners are assumed to be aged 45 at the latest funding valuation of the Fund.*

All other demographic assumptions are unchanged from last year and as per the latest funding valuation of the Fund.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the obligations are set out below:

Change in assumption at 31 March 2022	***Approximate increase to promised retirement benefits %***	***Approximate monetary amount £m***
0.1% p.a. decrease in the Discount Rate	*2*	*164*
1 year increase in member life expectancy	*4*	*323*
0.1% p.a. increase in the Salary Increase Rate	*0*	*16*
0.1% p.a. increase in the Pension Increase Rate (CPI)	*2*	*147*

Barry Dodds FFA
12 April 2022
For and on behalf of Hymans Robertson LLP

23. Participating Employers

The participating employers with active members in the Fund are Derbyshire County Council (which is also the Administering Authority), Derby City Council (Unitary Authority), District Councils (which are Scheduled Bodies) and further Scheduled Bodies and Admission Bodies.

Contributions and benefits, by participating employer type, in respect of the year, are as follows:

	2020-21		2021-22	
	Benefits £m	Contributions £m	Benefits £m	Contributions £m
Derbyshire County Council	80.384	71.166	85.909	75.052
Scheduled Bodies	86.765	113.813	92.468	112.417
Admission Bodies	6.309	5.827	7.201	6.067
	173.458	**190.806**	**185.578**	**193.536**

AUDITOR'S OPINION – PENSION FUND ACCOUNTS

Audit Opinion to be inserted

Audit Opinion to be inserted

Audit Opinion to be inserted

AUDITOR'S OPINION – PENSION FUND ACCOUNTS

Audit Opinion to be inserted

AA rated corporate bonds

Financial indicator of very good quality, low risk debt securities. These are assigned by credit rating agencies such as Moody's, Standard & Poor's and Fitch Ratings to have letter designations (such as AAA, B, CC).

Account

A group of expenditure items or balances with similar qualities will be summated into an 'account' balance such as an individual reserve account, or revenue expenditure account.

Accounting Policies

The Councils document outlining how it will account for all of its operations.

Accounting Principles

Commonly accepted set of concepts or assumptions that have to be followed when producing financial statements.

Accounting Standard

Statutory guidelines which explain how to treat financial activities in the financial statements. See International Financial Reporting Standards (IFRS).

Accrual

The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is paid or received.

Accruals Concept

Requires operations of the Council to be reported in the financial statements at the point which they took place, rather than when the cash was paid or received.

Accumulating Absences

Types of leave which employees are entitled to each year; which if untaken in one financial year will be added to the entitlement for the following year.

Acquired / Acquisition

Operations or assets which have become the responsibility of the Council, such as through purchase, a Government reorganisation, donation or merger.

Actuarial

The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.

Actuaries

An actuary is a professional who deals with the financial impact of risk and uncertainty. Actuaries provide assessments of financial systems and balances.

Amortisation

The term used to describe the charge made for the cost of using intangible non-current assets. The charge for the year will represent the amount of economic benefits consumed for example wear and tear.

Amortised Cost – Financial Instruments

The valuation of a financial asset or liability based on repayments of principal, interest accrued at a constant rate and the difference between the initial amount recognised and the maturity amount. For financial assets this is adjusted by any loss allowance.

Amortised Cost – Other Non-Current Assets

The cost of intangible assets reduced by the amount of amortisation charged to date.

Annual Leave

Yearly entitlement of paid time off for Council staff.

Asset Register

Listing of all property (for example land, buildings, furniture, infrastructure, software) owned by the Council. The register holds all financial information relating to the asset.

Assets

Right or other access to future economic benefits.

Assets Held For Sale

Non-Current Assets which meet the relevant criteria to be classified as held for sale.

Assets Under Construction

Assets which are in the process of being constructed and are not yet operational.

Associates

An entity (including partnerships) which is not a subsidiary or joint venture, where the Council has significant influence.

Authorised For Issue

The date which the financial statements have been certified by External Audit and signed the relevant Officers and Members of the Council.

Balance Sheet

Shows all balances including reserves, long-term debt, fixed and net current assets, together with summarised information on the non-current assets held.

Balance Sheet Date

The date at which the Council reports its financial statements. For Derbyshire County Council, this date is the 31 March.

Bias

Influence or direction.

Billing Authorities

Councils who are responsible for issuing Council Tax Invoices and collection of income from local residents. The relevant share of that income is then transferred to the Council.

Borrowing Requirement

The amount required to be loaned from Money Markets or other financial institutions or Councils in order to support capital expenditure.

Business Rates

Local property taxation issued to businesses, similar to Council Tax on residential properties. Also known as National Non Domestic Rates (NNDR).

Cabinet

Sub-committee of elected Councillors representing the functions and portfolios of the Council.

Capital

Assets which have a long term value (more than one year) to the Council such as Buildings.

Capital Adjustment Account

Capital reserve largely comprising of resource applied to capital financing and is not available to the Council to support new investment.

Capital Appreciation

Increase in the worth of assets over time due to changes in market conditions or enhancements to the asset.

Capital Costs

Reflects the element of annual payment for PFI or Leased assets which is in relation to the reduction in the long term debt associated with the asset.

Capital Expenditure

Expenditure on the acquisition of, or enhancement to non-current assets. This cannot be merely to maintain the value of an existing asset.

Capital Financing Requirement

The Capital Financing Requirement measures the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. It is a measure of the underlying need to borrow for a capital purpose.

Capital Grant

Grant which is intended to fund capital expenditure.

Capital Grants Unapplied Reserve

Balance of capital grants received which is available to finance future capital expenditure.

Capital Receipts

Income received from the sale or utilisation of property, such as sale proceeds or rental income on finance leases.

Capital Reserves

Reserve balances held for capital purposes.

Carrying Value

The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Cash Flows

Monies received or paid either as cash or bank transactions. Cash inflow denotes money received, cash outflow denotes money paid.

Chartered Institute of Public Finance And Accountancy (CIPFA)

The main authority on accountancy and financial management for the public services in the UK.

CIPFA Code

A publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) that provides comprehensive guidance on the content of a Council’s Statement of Accounts

Collection Fund

The fund maintained by authorities who have responsibility to bill Council Tax and Non-Domestic Rate payers (billing authorities).

Collection Fund Adjustment Account

Revenue reserve to represent the difference between the income received by a local authority in Council Tax and the amount attributable to them.

Collection Fund Statements

The statutory financial statements produced as part of the Statement of Accounts by authorities who have responsibility to bill Council Tax and Non-Domestic Rate payers (billing authorities).

Community Assets

Assets which are held for the benefit of the community where there is no determinable useful life.

Comparative Year

The previous year to that which is being reported.

Component Accounting

The concept that individual parts of an asset (such as land, building, roof, sheds) should be treated differently in the financial statements dependent on the expected useful life or value of those individual parts. The concept expects that some parts of an asset require repair or replacement sooner than others.

Comprehensive Income And Expenditure Statement

Financial Statement detailing the revenue operations of the Council. This represents the private sector equivalent of a Profit and Loss Statement.

Condition

A requirement which must be met for an asset or liability to be recognised by the Council. For example, a donation which can only be spent within a specific service area such as museums or to support children.

Contingent Assets And Liabilities

A possible asset or obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

Contract Asset

The Council's right to receive consideration in exchange for goods or services that it has transferred to a service recipient where that right is conditional on something other than the passage of time (such as the Council's future performance).

Contract Liability

The Council's obligation to deliver goods or services to a service recipient for which it has already received consideration.

Contributions

Income received by the council which is not a grant, donation, fine, or in direct exchange for goods or services.

Core Service Areas

The services provided by the Council externally, such as education, highway maintenance and adult social care.

Corporate And Democratic Core

Costs associated with maintaining a democratic representation and management within the Council. For example Members Allowances and administrative costs associated with supporting elected Members.

Council

The Council comprises all of the democratically elected Councillors who represent the various electoral divisions.

Council Tax

Council Tax is a local taxation that is levied on dwellings within the local Council area, and funds all Council services.

Credit

A credit represents income to a revenue account.

Credit Loss

The difference between contractual amounts due to the Council and the amounts it expects to receive.

Creditor

Represents the amount that the Council owes other parties.

Current Service Cost

The current service cost is the increase in the value of the pension schemes future pension liabilities arising from the employees on-going membership of the pension scheme.

Current Value

IFRS13 introduces the concept of current value and defines it as the measurements that reflect the economic environment prevailing for a service or function the asset is supporting at the reporting date. Current value can be fair value, existing use value, existing use value – Social Housing and depreciable replacement cost.

Current Year Entry

A transaction which has occurred in the financial year being reported.

Curtailments

Materially reducing the expected years of future services of current employees or eliminating for a significant number of employees the accrual of defined benefits for some or all of their future services.

Debit

A debit represents expenditure against a revenue account.

Debt Outstanding

The remaining principal balance owed on a loans or investments.

Debtors

Represents the amounts owed to the Council.

Equity Instrument

A contract which evidences a residual interest in the assets of another entity after deducting all of its liabilities. Examples include shares and derivatives that give the Council the right to receive a fixed number of shares for a fixed amount of cash (or another financial asset) in an exchange which is expected to be favourable to the Council.

Defined Benefit Scheme

Also known as a Final Salary Scheme. Pension scheme arrangement where the benefits payable to the members are determined by the scheme rules. In most cases there is a compulsory members' contribution but over and above this all costs of meeting the quoted benefits are the responsibility of the employer.

Defined Contribution Scheme

Also known as a Money Purchase Scheme. Pension scheme arrangement where the employer's liability is restricted to the amount that they contribute. Benefits payable to the members depend on the performance of the invested contributions of the members and the employer, the level of contributions invested, the charges deducted by the product provider and the annuity rate at retirement.

De-Minimis

Minimum level required. For example expenditure below the capital de-minimis is below the minimum level required to be treated as a capital expenditure item.

Department For Education

Central Government Department, responsible for education and children's services in England.

Depreciable Replacement Cost (DRC)

DRC is a method of valuation that provides the current cost of replacing an asset with its Modern Equivalent Asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation.

Depreciation

The term used to describe the charge made for the cost of using tangible non-current assets. The charge for the year will represent the amount of economic benefits consumed by, for example, wear and tear.

Derecognition

The process whereby a component is replaced to avoid double counting when no future economic benefits or service potential are expected from its use or upon disposal.

Discount

An allowance received through the early repayment of debt.

Discounted

Reflecting the equivalent value today of a payment or income made or due in the past or future.

Discounted Cash Flow

A method of analysing future cash flows, by removing the impact time has on the value of money, and producing an equivalent current value (present value).

Discretionary Benefits

Benefits given to employees which are not statutorily obliged.

Disposal

Operations or assets which have left the responsibility of the Council, such as through sale, a Government reorganisation, donation or merger

Donated Assets

Assets which have been acquired at below market cost.

Dowry

One off payment made as donation, contribution or pre-payment of an obligation.

Earmarked Reserves

Reserve balances which have been set aside for future spending in a specific area.

Economic Life

The number of years the Council is expected to receive economic benefits to deliver services.

Effective Rate

The interest rate embedded within a contract or lease, allowing for regular annual payments and the time value of money.

Employee

A person who holds an office within the Council, but does not include a person who is an elected Councillor.

Employee Benefits

Monetary or other awards to employees of the Council in exchange for services provided. For example, pay, holidays, and pensions.

Employee Costs

The costs directly associated with employees, including but not exhaustively salaries and wages, National Insurance contributions and pension's costs.

Employer Contributions

The payments made to an employee's pension scheme by the Council.

Enhancement Expenditure

Expenditure which increases the value of an asset.

Entity

Something with a legal status such as the Council, a company, or an individual.

Events After The Balance Sheet Date

An event which occurs between 31 March and the date that the accounts are signed which would alter the conclusion reached by any reader of the accounts.

Exceptional Items

Material items that result from the ordinary activities of the Council, but to a value so significantly abnormal that is not expected to recur at that level.

Existing Use Value (EUV)

The value of an asset based on what it is currently being used for. For example, two identical buildings in construction and design may have different values where one is used as a school and another is used as offices.

Exit Packages

The payment made to an employee upon leaving the Council.

Expenditure

Payments made of goods or services.

Fair Value

The income that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Through Other Comprehensive Income (FVOCI)

Measurement of a financial asset at fair value where any gain or loss on revaluation is recognised in other comprehensive income and expenditure and taken to the Financial Instrument Revaluation Reserve.

Fair Value Through Profit or Loss

Measurement of a financial asset at fair value where any gain or loss on revaluation is recognised as a credit or charge to Surplus or Deficit on Provision of Services within the CIES.

Finance Income

Interest receipts.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial Assets

A type of financial instrument which gives the Council the right to receive future economic benefits.

Financial Instruments

An umbrella term to describe all financial services and trading with which the Council may operate, including loans, borrowings, bank accounts and debtors.

Financial Instruments Adjustment Account

Revenue reserve which records the timing differences between the rate at which gains and losses are recognised and the rate at which debits and credits are required to be made against Council tax.

Financial Instruments Revaluation Reserve

This reserve contains the cumulative gains and losses relating to the valuation of financial assets held at fair value through other comprehensive income. When the underlying financial assets are de-recognised any gains or losses held in this reserve are credited or expensed to the Surplus or Deficit on Provision of Services.

Financial Liabilities

A type of financial instrument that confers an obligation on the Council to transfer economic benefits under its control.

Financial Statements

Published document, consisting of the Balance Sheet, Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Cash Flow Statement and Notes to the Accounts.

Financial Year

The current year being reported upon running from 1 April to 31 March.

Five Year Financial Plan (FYFP)

The Councils Medium Term Financial Plan, setting out the financial projection for the Council over the coming 5 years.

Flexi-Time

Time owed to employees who have worked above the contracted hours.

Gain

Where income exceeds expenditure.

General Provisions

Money set aside in the Balance Sheet where its future use is not known.

General Reserve
The reserve held by the County Council for general purposes, i.e. against which there are no specific commitments.

General Revenue Government Grants
Grant income received from Central Government (or Government Department) which is not restricted in its use.

Going Concern
The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.

Goods Or Services
Supplies required by the Council to perform its operations. Examples of goods; paper, bricks or light bulbs, and services; electricity, petrol or agency staff.

Grants
Payment towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (formula grant).

Group Accounts
Where a Council has a controlling interest in another organisation, group accounts have to be produced. These accounts report the financial position of all of the group entities.

Hire Purchase
A contract for the provision of an asset which becomes the property of the lessee at the end of the contract period.

Historic Cost
The cash paid in obtaining an asset in its current form. Inclusive of purchase price and enhancement expenditure.

HM Revenue & Customs
Her Majesty's Revenue and Customs is a non-ministerial department of the UK Government responsible for the collection of taxes, the payment of some forms of state support, and the administration of other regulatory regimes including the national minimum wage.

HM Treasury
Her Majesty's Treasury, sometimes referred to as the Exchequer, or more informally the Treasury, is the United Kingdom government department responsible for developing and executing the British government's public finance policy and economic policy.

IFRIC
International Financial Reporting Interpretation Committee.

Immateriality
Immateriality is an expression of the relative insignificance or unimportance of a particular matter in the context of the financial statements as a whole.

Impairment
Impairment is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Inception

The point in time which something began such as a project, contract or lease.

Income

Cash flows into the Council.

Income From Service Recipients

Consideration a party, that has contracted with the Council, has given in exchange for goods or services that are the output of the Council's normal operating activites. Such a contract may be in writing, orally or in accordance with customary business practices.

Income In Advance

Income received before the point at which an obligation to receive it has occurred.

Infrastructure

A network and grouping of inalienable components, expenditure on which is only recoverable by continued use of the asset created i.e. there is no prospect of sale or alternative use. The inalienable components include carriageways, footways, cycle tracks, structures, street furniture, street lighting, traffic management systems and land.

Intangible Asset

Non-current assets which do not have physical form such as software.

Interest Accrued

Accrued interest is the interest on a bond or loan that has accumulated since the principal investment or since the previous coupon payment if there has been one already.

Interest Payable

The amount of interest due for payment within a financial year.

Interest Rate

The rate at which interest is calculated on a loan or investment.

Interest Receivable

The amount of interest due for receipt within a financial year.

International Accounting Standards (IAS)

Regulations outlining the method of accounting for activities, IAS's are currently being replaced with International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board.

International Financial Reporting Standards (IFRS)

Regulations outlining the method of accounting for activities, issued by the International Accounting Standards Board.

International Public Sector Accounting Standards (IPSAS)

Public Sector regulations outlining the method of accounting for activities.

Inventories

Goods purchased in advance of their use which are held in store.

Investment Property

Assets held solely for the purposes of rental generation or for increasing the value pre-sale (capital appreciation) or both.

Joint Venture
An organisation which the Council has partial control and ownership, but decisions require the consent of all participants.

Lease
Financial contract for the continuing use of an asset.

Lease Interest
The interest rate inherent within a lease allowing for regular rental payments and an adjustment for the time value of money.

Lease Payments
Regular payment made in exchange for the use of an asset.

Leases
A method of funding expenditure by payment over a defined period of time.

Lessee
The person or organisation that is using or occupying an asset under lease (tenant).

Lessor
The person or organisation that owns an asset under lease (landlord).

Liabilities
An obligation to transfer economic benefits. Current liabilities are payable within one year.

Loans And Receivables
Financial assets which are not quoted in an active market and have either a fixed or determinable payment.

Loan Modification
A change to the terms of an existing loan. Changes may include a reduction in the interest rate, an extension of the loan term, or a reduction in the principal balance.

Loan Modification Gain/Loss
An amount arising from adjusting the carrying value of a loan to reflect the cash flows under the renegotiated terms of the loan, but accruing interest at the rate specified in the original loan terms.

Long Term Debtor
Income due in more than 365 days of the balance sheet date.

Long Term Liability
Payment due in more than 365 days of the balance sheet date.

Loss
Where expenditure exceeds income.

Loss Allowance
A reduction to the value of financial assets for the expected credit losses relating to those assets.

Materiality / Material
Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Maternity Leave
Statutory time off due to pregnant women and new mothers.

Members

Elected Councillors responsible for the democratic leadership of the Council.

Members Allowances

Allowances paid to members in association with their roles and responsibilities.

Minimum Lease Payments

The minimum which will be paid or received over the life of a lease agreement.

Minimum Revenue Provision (MRP)

A prudent amount of revenue set aside to contribute towards capital expenditure which has been financed by borrowing or credit arrangements.

Misstatement

An error whereby something was included in the accounts wrongly.

Modern Equivalent Asset (MEA)

The MEA should give the same service and performance as the existing asset, but should use modern materials and technology.

Movement In Reserves Statement (MiRS)

The statement detailing the movement in the reserves of the Council.

Net Cost Of Services

The direct cost of delivering the Councils services after allowing for specific income received by those services.

Net Operating Expenditure

The cost of operational items which are not direct services, such as disposing of the Councils assets, after allowing for specific income received.

Net Realisable Value

The estimated selling price of an asset in the ordinary course of operations less any completion costs and costs to make the sale, exchange or distribution.

Non Distributed Costs

The value of revenue operating expenditure that is not able to be apportioned to one of the authorities core service areas.

Non-Accumulating Absences

Types of leave an employee may take in a financial year, which if are not taken do not get added to the following year’s entitlement. For example Sick Leave.

Non-Current Assets

Assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.

Non-Vesting

An obligation which cannot be settled by a monetary payment.

Notes To The Accounts

A set of supplementary comments, tables and information which further explains the main Financial Statements.

Obligation

The requirement to transfer economic benefits.

Operating Lease

A lease where an asset is used only for a small proportion of its economic life.

Operational

The normal activities of the Council.

Past Service Cost

Past service cost is the change in the present value of defined benefit obligations caused by employee service in prior periods.

Payment In Advance

A payment made which is before the point of any obligation.

Pension Liabilities

The cost, calculated by an Actuary, of providing the current members of a pension scheme with retirement benefits as set out in the pension scheme rules.

Pensions Costs

The benefits paid by the Council which are accrued during the period of employment and paid to ex-employees after retirement.

PFI

See Private Finance Initiative.

PFI Credits

The financial support provided to Local Authorities to part fund PFI capital projects.

Pooled Investment Funds Adjustment Account

This reserve contains the cumulative gains and losses related to pooled investment funds measured at FVPL as required by the statutory override effective for financial years 2018-19 to 2022-23.

Premium

A payment made in association with the early repayment of debt.

Pre-Payments

See payment in advance.

Present Value

See Discounted.

Previous Year Adjustments

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.

Principal

The amount of repayment to a lender which relates to the reduction in the loan, rather than the interest paid on the loan.

Private Finance Initiative (PFI)

A Government initiative that enables, through the provision of financial support, Authorities to carry out capital projects through partnership with the private sector.

Projected Unit Method

This is a common actuarial funding method to value pension scheme liabilities.

Property, Plant And Equipment Assets (PPE)

Assets with a long Term value and physical substance such as buildings, land, IT equipment or vehicles.

Provisions

Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred and a reliable estimate can be made to the costs.

Prudent

A cautious approach to present the Financial Statements without significant risk of failure to achieve the assets presented.

Quoted Market Prices

A method of determining the fair value of financial assets via prices quoted on an active market.

Recognition

The process upon which assets are deemed to belong to the Council ether by purchase, construction or other form of acquisition.

Receivable

The Council's unconditional right to receive consideration in exchange for goods or services that it has transferred to a service recipient.

Residual

The remaining value in an asset at the end of a contract or lease.

Retirement Benefits

Remuneration package received by employees after their retirement from the Council.

Retrospectively

Changes made to previous years accounts to alter the treatment which has previously been reported.

Revaluation Gain

The increase to the fair value of an asset following a valuation.

Revaluation Reserve

This reserve contains revaluation gains on assets recognised since 1 April 2007 only, the date of its formal implementation.

Revenue

The cost associated with providing Council services.

Revenue Expenditure

Expenditure which is not capital.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)

This is expenditure that is classified as capital although it does not result in the creation of a fixed asset.

Revenue Grant

Grant which is not capital.

Risk

The chance of an asset not coming to fruition or a liability being greater than anticipated.

Royal Institute Or Chartered Surveyors (RICS)

An international organisation who represent everything professional and ethical in land, property and construction.

Salaries And Wages

Payments made to employees in exchange for service worked at the Council.

Service Concession Arrangements
Arrangements which involve the supply and maintenance of assets and service delivery.

Service Costs
Reflects the element of annual payment for PFI or Leased assets which is in relation to services provided within the contract.

Service Expenditure Reporting Code of Practice (SERCOP)
CIPFA guidelines on reporting revenue expenditure.

Service Level Agreements
Contract of service.

Short Term
Less than 365 days from the balance sheet date.

Short Term Benefits
Employee benefits earned and consumed during employment.

Significant
A measure of materiality where the value is deemed to be almost all of the total value in question.

Soft Loans
Low interest rate loans.

Spot Yields
A calculation of the projected return on bonds if held to maturity.

Staff
See employee.

Statute
Set out in legislation.

Straight Line Basis
The method of calculation of depreciation to allocate an equal amount of depreciation each year over an asset's useful life.

Support Services
Indirect costs of providing Council services including HR, Finance, Legal and Property Maintenance.

Surplus
Arises when income exceeds expenditure or when expenditure is less than available budget.

Surplus Assets
Assets which are no longer in operation.

Tangible
Physical, can be touched.

Tenant
The person or organisation that is occupying an asset under lease.

Termination Benefits
Employee benefits paid upon termination of employment such as redundancy.

The Code
CIPFA guidelines on accounting within Local Government.

Transactions
Individual items of income or expenditure.

Treasury Management
Utilisation of cash flows through investments and loans.

Unidentified Income
Income received by the Council where the reason for the income is unknown.

Unusable
Balances which are not available to support future spending.

Usable
Balances which are available to support future spending.

Useful Life
The period with which an asset is expected to be useful to the Council in its current state.

Value Added Tax
National taxation charged on goods and services.

Vesting
Obligation due which can be paid in cash.

Work In Progress
The fair value of incomplete contracts for goods and services which are to be charged to external customers.

CONTACT INFORMATION

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Annual Governance Statement 2021-22

History			
Version	**Date**	**Detail**	**Author**
1.4	06/06/2022	Fourth draft AGS 2021-22 for inclusion in pre-audit accounts	Audit Services

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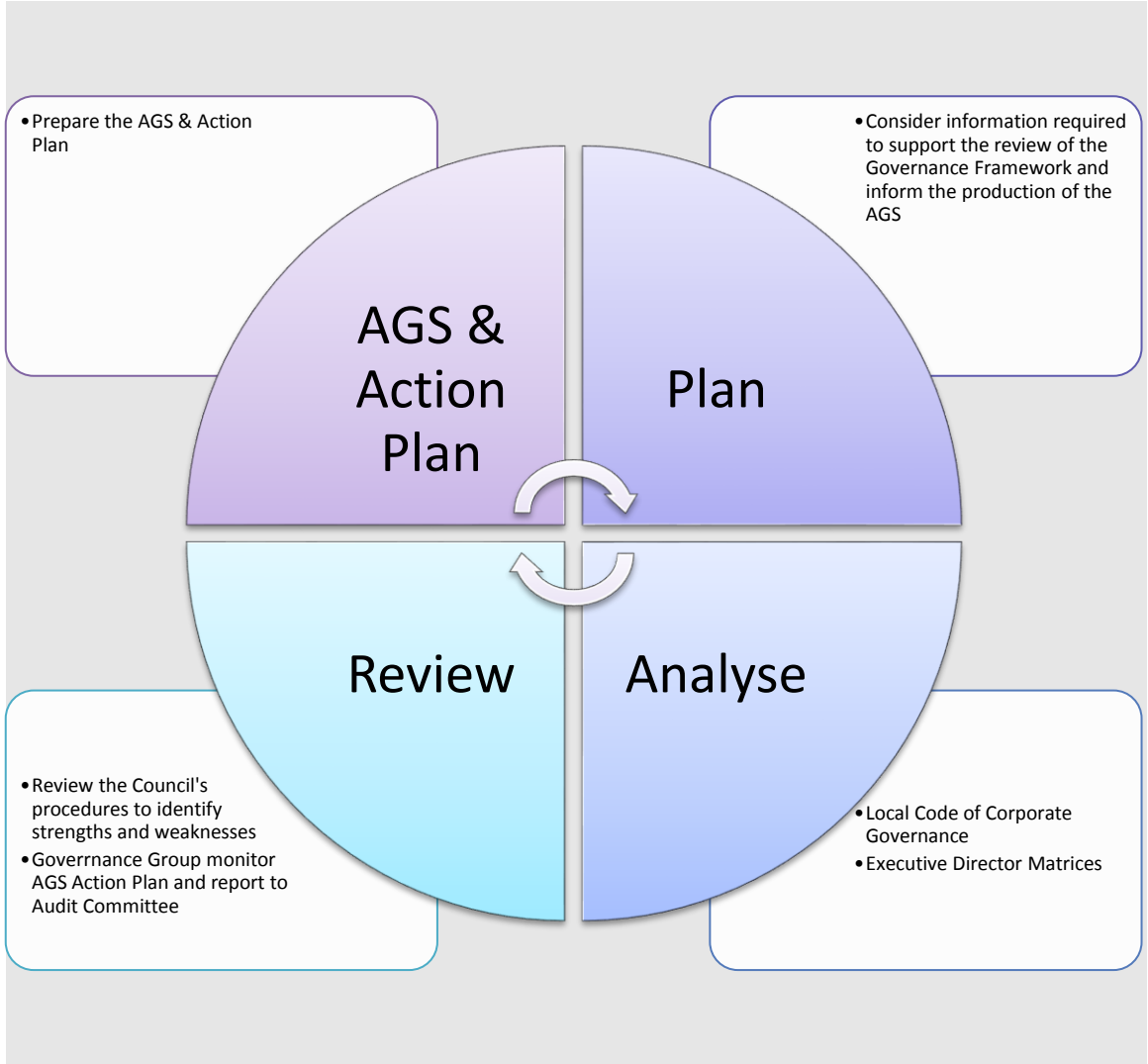
Introduction and the Purpose of the Governance Framework

Defining Corporate Governance

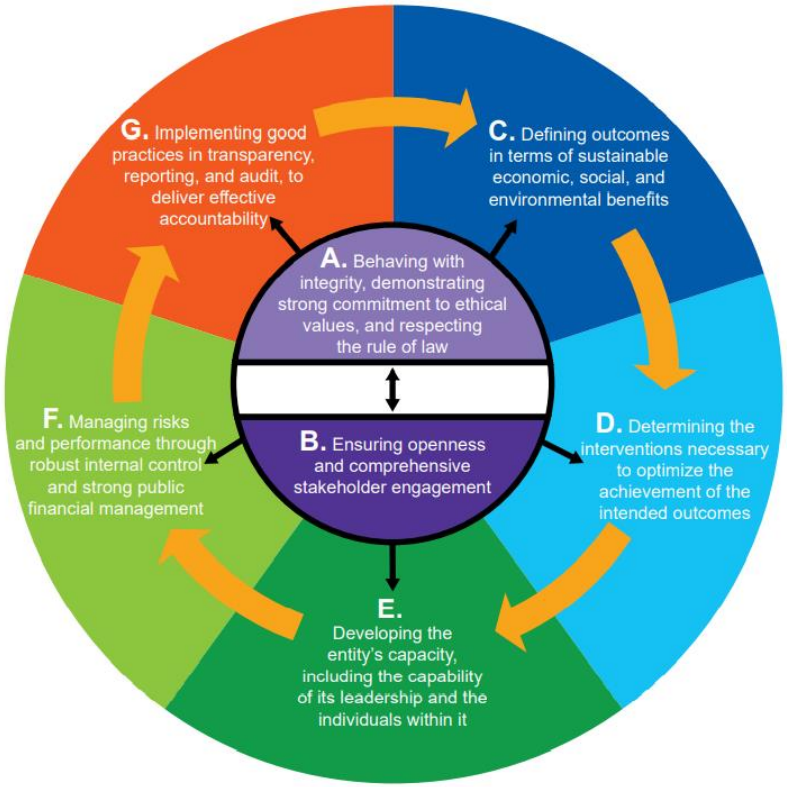
Corporate governance includes the systems, processes, and values by which councils operate and through which they engage with, and are held accountable to, their communities and stakeholders. Good corporate governance underpins credibility and confidence in public services.

Derbyshire County Council is committed to effective corporate governance and has prepared the Annual Governance Statement by: -

- Reviewing the Council's Governance Arrangements against the CIPFA / SOLACE Delivering Good Governance in Local Government Framework;
- Assessed the effectiveness of the Governance Arrangements against the Local Code of Corporate Governance;
- Obtaining Executive Director Assurance Matrices;
- Considering the impact of External Assessments; and
- Monitoring the progress against the recommendations in the 2020-21 AGS Action Plan.



Scope of Responsibility



Source: International Framework: Good Governance in the Public Sector (CIPFA)

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised and is responsible for ensuring that its business is conducted in accordance with the law and relevant standards, that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

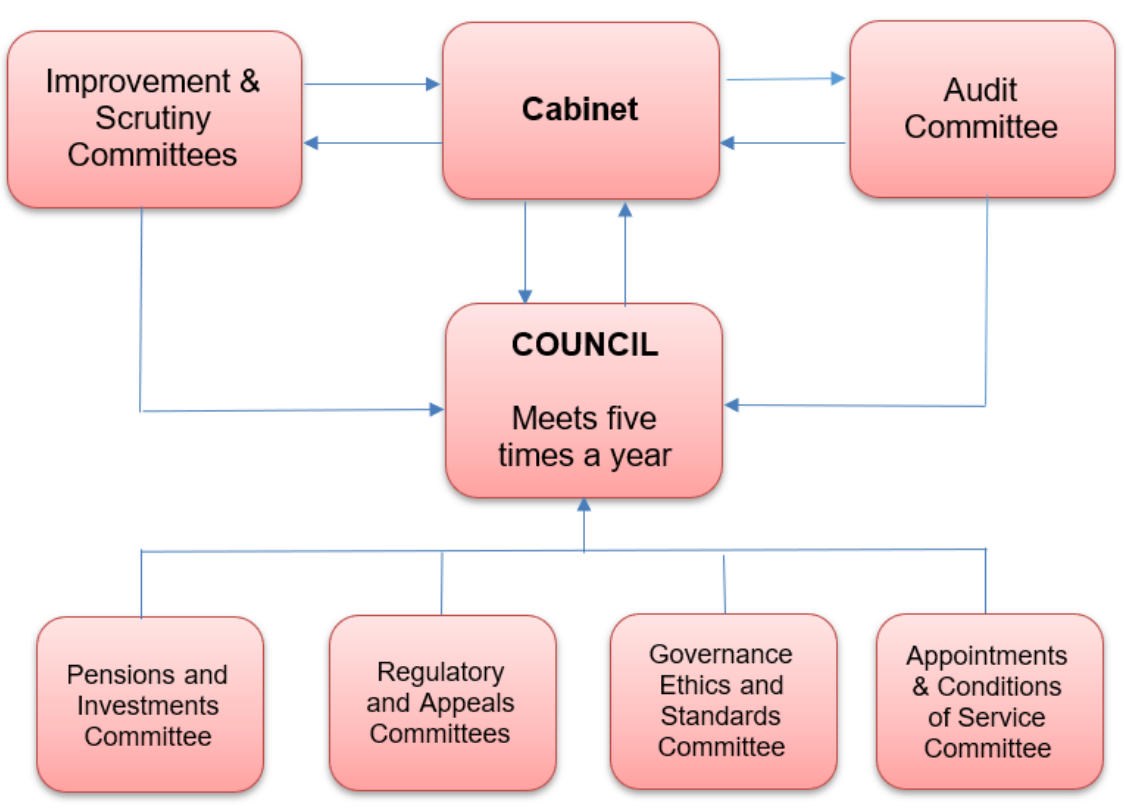
In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. The Council has developed an approach to corporate governance to ensure that it is consistent with the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and demonstrates its commitment to corporate governance as “good corporate governance underpins credibility and confidence in our public services”.

This Statement explains how the Council demonstrates compliance with the Framework and also meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

Derbyshire County Council's Governance Framework and Structure

The governance framework comprises the systems, processes, and values by which the Council is directed and controlled and the activities through which it accounts to, engages with, and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically. The governance framework has been in place at the County Council for the year ended 31 March 2022 and up to the date of the Statement of Accounts being certified by the Director of Finance & ICT.



Council

- 64 Elected Members who are democratically accountable to residents of their electoral division
- Members follow a Code of Conduct to ensure high standards in the way they undertake their duties
- Meetings are generally open for the public to attend except where exempt or confidential matters are being discussed
- Decides the policy framework and sets the budget each year and major plans

Cabinet

- Consists of the Leader of the Council and eight Cabinet Members
- Responsible for guiding the Council in the formulation of its corporate plan of objectives and key priorities
- Has executive responsibility for the implementation of the Council's key goals and objectives

Governance, Ethics and Standards Committee

- Promotes and maintains high standards,
- Assists Members in observing the Code of Conduct
- Advises the Council on matters relating to the Code

Appointments & Conditions of Service Committee

- Approves corporate employment policies
- Determines terms and conditions of service
- Specific role in the appointment and disciplinary procedure for certain senior officers

Improvement and Scrutiny Committees

- Five Committees which support the work of the Cabinet and the Council as a whole
- Allow citizens to have a greater say in Council matters by holding inquiries in public into matters of local concern
- Lead to reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery, and other public bodies
- Monitor the decisions of the Cabinet
- They can 'call-in' a decision which has been made by the Executive but not yet implemented

Audit Committee

- Independently contributes to the Council's process of ensuring internal control systems are maintained
- Responsible for approving and monitoring progress of the annual Audit Plan
- Considers matters referred to the Committee by the Council's external auditor
- Approves the Annual Statement of Accounts and the Annual Governance Statement

The Annual Governance Statement 2021-22

Departmental Representatives attended the Governance Group and the group has made progress in the year to ensure that the areas for improvement identified in the 2020/21 Action Plan have been addressed, or there is a plan to do so. During the year the Local Code of Corporate Governance has been finalised and approved by Audit Committee and reviews of lessons learnt from other public bodies and public interest reports have commenced. In addition, the Council's Constitution continues to be kept under review and is updated, as and when required, to strengthen the robustness and integrity of the governance framework. The main changes in 2021-22 are:

- Include new council procedure rules, a new code of conduct for councillors and updated members' allowances scheme.
- Incorporate the terms of reference for the new Vision Derbyshire Joint Committee.
- Update the list of trading standards enforcement legislation.
- Make minor amendments so that the constitution reflects:
    - the Managing Director role arising from new operating model,
    - the duties arising under the Counter-Terrorism and Security Act 2015, and
    - the new whistleblowing policy.
- Make minor amendments so that the Constitution no longer refers to cabinet member meetings (CabCos).
- Provide delegated authority to the monitoring officer to make minor amendments to the constitution.

The ongoing recovery from Covid-19 has remained a significant issue throughout 2021/22. Although the successful roll out of vaccines since December 2020 means that the UK has returned to a near pre-pandemic normal way of living with the virus, the Council has continued to manage the ongoing and long-term implications of the virus throughout the year. Although the restrictions in England were gradually lifted in from March to June 2021, the Council has been cautious in the return to the office for staff. There has been an increase in pressure for services as recovery following Covid-19 is being managed. The Council continues to monitor the views and wellbeing of staff through the Employee Survey and is developing strategies to support our staff. However, there remain ongoing pressures in terms of staffing levels and recruitment to certain jobs and roles which nationally are seeing shortages of workforce supply which is proving to be a challenge for some services and functions which may prove to be difficult in the short term

Although finance staff completed work to produce the Financial Statements for 2021/22, a delay with property valuations meant a revised accounts timetable was agreed. This will result in a slight delay to External Audit of the 2021/22 accounts.

Just as the UK emerges from one crisis in the form of the Covid-19 pandemic, the invasion of Ukraine by Russia has created another economic storm which has compounded the impact of already rising fuel and food costs, general inflation and fragile supply chains. These impacts will have a direct effect on certain Council services, residents and the wider economy with uncertainty when the situation will stabilise. Whilst the Council continues to demonstrate strong financial management even in these times of great uncertainty, there will be significant risks and challenges in the short to medium term as the Council is not immune from these economic shocks.

Other significant risks and challenges which must be addressed by the Council include the threat of cyber-attacks and climate change. This has been brought to the forefront of priorities following a successful cyber-attack against the Council in May 2022. Whilst the impact appears to have been limited in respect of any data loss and the Council has been able to continue with business as usual, so services have not been directly affected, significant staff resources and some costs have been incurred to rectify the situation. In addition, the resources required to limit and manage the impact of climate change are also potentially significant. In April 2022, Cabinet approved the adoption, delivery and publication of the Vision Derbyshire Climate Change Strategy (2022-2025) which focuses on reducing emissions across Derbyshire.

In May 2021 the County Council elections took place and new and returning councillors were provided with an induction programme. Virtual council meetings could not lawfully take place after 6 May 2021 therefore suitable arrangements were put in place to ensure a safe return in accordance with social distancing requirements which were in place at that time to ensure effective decision making continued. The first such in person meeting was the Covid secure AGM held at Casa Hotel in Chesterfield. Procedures are in place to ensure lawful and efficient decision making, including:

- Implementation of modern.gov system with training provided to officers and mod.gov champions/report co-ordinators established.
- New report templates embedded that ensures reports include an analysis of alternative options, the reasons for the recommendation and an analysis of a range of implications contained within the report.
- New forward plan embedded to not only comply with legal requirements to provide notice of key decisions, but also supports the scrutiny committee work programming and in particular ‘pre decision’ scrutiny.
- Council, Committee and Cabinet reports produced via mod.gov.
- Cabinet Member reports approved and published via mod.gov.

A thorough review of the standards regime by the Governance, Ethics and Standards Committee has resulted in:

- The approval of new arrangements for dealing with code of conduct complaints.

- The approval of a new Code of Conduct based on the LGA model code.
- A reduction in the number of Independent Persons to 2 and a review of the remuneration paid to them.
- Appropriate delegations to the Monitoring Officer to agree dispensations.

The agreed Scrutiny Review action plan has been substantially implemented.

The Corporate Peer Challenge follow-up visit in October 2021 reviewed the progress the Council had made against the recommendations identified by the original report in 2018 where it was considered that the Council's approach to governance appeared to be sound. This follow-up review identified a range of areas where the Council's approach is positive, many of which are fundamental to good governance including leadership, priorities and performance management, partnerships and financial management and decision making. Although generally positive, the review made three recommendations to ensure that the Council maintains its momentum and continues to improve. Whilst the Council considered that it was already making progress in these areas, it outlined and agreed the next steps to address the recommendations within the report and that these would be aligned with the development of the Council Plan refresh 2022-23. A further update on progress will be received and considered in due course.

The Council has created 3 joint ventures with other organisations during 2020 to help deliver property services. In May 2020, PSP (Derbyshire) Limited was created to review, develop, and renew our property and land assets, subsequently changing its name to Develop Renew. In September 2020, Concertus Derbyshire Limited was created to provide design services for capital projects that the Council delivers. At the same time Vertas Derbyshire Limited was created to provide caretaking and cleaning services to schools and the Council's other buildings. In November 2020, Vertas also took over responsibility for the Council's grounds maintenance service.

Governance arrangements are clear for the joint ventures which include the establishment of the DCC Trading Committee to ensure oversight of the performance of the JVs.

The Council has been collaborating with **neighbouring local authorities** and partners in health and the police, to ensure we are best placed for local delivery of the Government's levelling up strategy. This includes work to secure a County Deal across the Derby, Derbyshire, Nottingham, Nottinghamshire area.

At this point it should be noted that the Annual Governance Statement for 2021/22 follows a similar format to that of previous as new CIPFA guidance is expected to be published in 2022 which will shape future statements. It is also considered that the Council's Environmental, Social and Governance (ESG) criteria and approach will be subject to increasing review and scrutiny in future.

The Effectiveness of the Council's Governance Arrangements

As part of this process, an assessment has been made of the Council's performance against each of the seven core principles using the following criteria:-

Category	Definition
Strong	The governance framework is effective and fit for purpose, although some minor weaknesses and improvements may have been identified.
Good	Whilst the governance arrangements are generally effective, there are gaps within the framework which need to be addressed. Should these issued remain unaddressed, there is an increased risk that the Council may be exposed to reputational risk.
Review	Significant weaknesses have been identified in the governance arrangements which expose the Council to reputational risk.
Action	The governance arrangements are considered to be deficient as weaknesses have been identified in a number of key areas rendering the overall framework ineffective and leaving the Council open to a high risk of error/abuse and significant reputational risk/damage.

Arising from this assessment of governance arrangements an Action Plan has been developed and is attached. Detailed actions and dates for completion will be determined to address each area for improvement which will be reported to the Audit Committee who will, in turn, monitor progress.

The Annual Governance Statement summarises the findings of the review of the Council's existing governance arrangements.

The review examined the Council's position against the CIPFA/SOLACE Framework Delivering Good Governance in Local Government which defines the seven core principles, each supported by sub-principles which underpin the governance framework of the Council.

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
Principle A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	**Review**	➢ The Council Plan sets out the Authority's key priorities, values and the outcomes it is seeking to achieve; ➢ The Constitution details the roles of the Cabinet, Committees, full Council, Executive Directors and Statutory Officers and continues to be reviewed and updated; ➢ Codes of Conduct define the standards of behaviour for Members and officers. The Code of Conduct for elected members was reviewed during 2021/22 and a new code based on the LGA model code of conduct was approved by Council on 23 March to come into effect on 1 April 2022; ➢ A robust process for dealing with code of conduct complaints is in place following a review by the Governance, Ethics and Standards Committee and consideration of the LGA guidance on dealing with complaints; ➢ There is an electronic process for officers to make declarations of gifts and hospitality and quarterly reports to departmental management teams have been introduced; ➢ The Authority operates an Equality and Diversity Policy 2022-25, Whistleblowing Policy and Complaints Procedures; the Council's Complaints procedures will be reviewed by Audit Services in 2022/23;	➢ The Employee Code of Conduct was last updated in 2015. The requirements of the Code should be reflected in other policies and not be seen in isolation. This work commenced January 2022. ➢ Work is ongoing to finalise the Officer Declaration of Interests Policy. An officer group has been established to review this; ➢ The Whistleblowing Policy was updated 2021/22 but work is required to develop a Whistleblowing Referral Form and continue to ensure that the policy is communicated widely, understood and embedded; ➢ Complete the implementation of the good practice recommendations following receipt of recent report from the Committee on Standards in Public Life. A revised target date has been set for Summer 2022; ➢ An Anti-Fraud and Anti-Corruption Strategy, and Fraud Response Plan are in place but have not been refreshed since 2015. These will be updated in	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		➢ The Monitoring Officer is responsible for ensuring the lawfulness of decisions taken by Council, Cabinet, Committees and officers; ➢ Reports are considered for legal and financial implications and signed off on behalf of the Chief Financial Officer and Monitoring Officer; ➢ Embedded arrangements for the delivery of Improvement and Scrutiny; ➢ Financial Management Arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016); ➢ The Governance, Ethics and Standards Committee monitors and reviews the operation of the Constitution and has recommended a number of amendments during the year that have been agreed by Council; ➢ Role profiles have been agreed for Members and together with Personal Development Plans inform Member Development programmes; ➢ Clear channels of communication are in place for all sections of the community and stakeholders; ➢ Embedded Financial Regulations and Standing Orders, Procurement policies and practices; ➢ The Council's Corporate Governance Group is chaired by the Managing Director and attended by Departmental Representatives and the Section 151 and Monitoring Officers; ➢ The Council reviews how it best protects its vulnerable residents and seeks to take on	2022/23. The Anti-Money Laundering Policy is reviewed and updated on an annual basis, but is not widely publicised; ➢ The Anti-Fraud arrangements could be more widely communicated and supported by training. A training module has been developed using the Online Learning Platform is available to staff. Further work is needed to encourage better take-up of this training; ➢ The review of the Derbyshire Partnership Toolkit has still to be completed. However, work to review the protocol and toolkit will take place following an audit of Council partnership activity which will create a clear picture of current arrangements; ➢ Training on the new Member Code of Conduct to be delivered to Members April - June 2022; ➢ Mod.gov (committee management system) has been rolled out during 2021/22, but further work is needed to embed processes, in particular timescales to enable approval of reports on behalf of the Chief Financial Officer and Monitoring Officer.	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		board learning from all relevant reviews whether they are Derbyshire focussed or not.		
Principle B Ensuring openness and comprehensive stakeholder engagement	**Good**	➢ The Assistant Director of Finance (Audit) produces an Annual Report which is considered by Audit Committee, highlights both significant areas of good practice and those where improvements can be made. This Report includes the annual internal audit opinion which concludes on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control; ➢ The Authority operates a partnership protocol, toolkit and database with specific requirements of partnership working defined in Financial Regulations; ➢ The Council publishes Member decisions on the website; ➢ The Council engages with the citizens of Derbyshire; ➢ The Council consults stakeholders as part of the decision making process where appropriate; ➢ The Council fulfils its responsibilities on the Duty to Cooperate; ➢ Equality Impact Assessments are undertaken and considered in decision making; ➢ A Communications Strategy is in place; ➢ The Council consults with citizens, trade unions and business ratepayers when setting its budget; ➢ The Council has an "Enterprising Council" Strategy and approach designed to ensure services meet the needs of users, utilising	➢ More active use of parish/town councils and community groups has been considered and actions are required to achieve this. Plans are in place to develop a new consultation, engagement and involvement strategy by December 2022. This will look to review existing mechanisms, identify gaps and outline proposals for the future; ➢ A comprehensive picture of all partnerships is required; work will follow an audit of the protocol and toolkit; ➢ Partnership working arrangements are redesigned using the Thriving Communities approach to create strategic partnership engagement to deliver shared outcomes. The Thriving Communities governance arrangements have been reviewed and Terms of Reference refreshed. Representation from the Vision Derbyshire Communities Chief Executive Lead on the Board has been secured which should lead to a greater understanding by September 2022; ➢ Further development of the mod.gov system is required to	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		the best delivery vehicle in each circumstance; ➢ The Council has an online Committee Management System (mod.gov) to improve access to councillors, decision making and democracy; ➢ Revised report templates were introduced in May 2021 to enable openness and consideration of stakeholder consultation; ➢ Employee engagement is in place through surveys and feedback on outcomes.	provide the necessary platform for the publication of officer decisions.	
Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits	**Review**	➢ The Council Plan outlines the Council's strategy and vision; ➢ Departmental and Service Plans are developed which are consistent with the overarching Council Plan and incorporate a range of performance measures; ➢ Progress against a range of targets is monitored. Performance against financial and performance targets is formally monitored on a quarterly basis within the Performance Monitoring and Budget Monitoring / Forecast Outturn Report; ➢ The Authority has in place an effective risk management framework; with the risk management framework is consistent with the Corporate Risk Management Strategy 2021-25; ➢ The Strategic Risk Register is subject to regular review; ➢ Capital investment is structured and in line with the Investment Strategy; ➢ The Draft Asset Management Strategy will be presented to the Capital Asset Management Strategy Group on 25 April 2022 for consideration/comment;	➢ Ensure key equipment and processes to support business continuity planning are effectively maintained; ➢ A social value approach is in place. The Council has continued to develop this so that social value to ensure that the economic, environmental and social benefits are embedded, realised and captured consistently for Derbyshire when procuring services.	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		➢ Revised report templates were introduced in May 2021: this prompts consideration of a longer term view in the decision making process, with more emphasis placed on measuring and monitoring longer term outcomes as opposed to outputs. The templates also ensure that the decision maker is advised on the wider implications of the decision, including Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding.		
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	**Review**	➢ Financial Regulations and Standing Orders in relation to Contracts are subject to periodic review by officers and the Audit Committee; ➢ Decision making protocols are in place; ➢ Financial, Procurement and ICT Strategies are in place; ➢ Revised report templates were introduced in May 2021 that prompt consideration and explanation of a number of key implications, rather than a statement that specific matters have been considered; ➢ The Council has Improvement and Scrutiny Committees in place; ➢ A new streamlined process for Cabinet Member decisions has been introduced and decisions are now published through Modern.gov.	➢ Work to improve consistency and effectiveness of business cases is in progress as part of the development of the new PPM approach in the Council. This will be completed by August 2022; ➢ The Council is working to develop a more proactive approach to the use of collective intelligence to guide decision making, rather than data. This is expected to be achieved through the development of cloud, SAP S4/HANA, other software, roles and use of intelligence by August 2022; ➢ Revised People Strategy will be useful to ensure consistent council wide approach and guide future investment in skills is drafted but not fully embedded yet. This needs to be fully embedded; ➢ Development of a robust post implementation review process for major projects. CMT approved the	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
			approach to review existing change projects and programmes and embed robust project management across the Council; ➢ Review of officer scheme of delegation to optimise achievement of outcomes; ➢ Further development of the mod.gov system is required to provide the necessary platform for the publication of officer decisions; ➢ The approved Scrutiny Action Plan has been substantially delivered during 2021/22, however further work is required to ensure this is fully embedded; ➢ A governance training package is under development.	
Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it	**Review**	➢ The Council appointed a new Managing Director in 2021 to strengthen leadership capacity; ➢ Members and officers work together to deliver a common purpose with clearly defined functions and roles; ➢ The arrangements for Member training and development are reviewed through the Member Development Working Group; ➢ A comprehensive Member Induction Programme was delivered following the 2021 County elections; ➢ Staff development is supported through the provision of generic and specific skills training including supporting the maintenance of professional standards and qualification training including use of the apprenticeship levy;	➢ Whilst there are areas of good practice relating to staff inductions and MyPlans there are opportunities to develop these processes. The pilot of the new performance management process (PDR) framework has been rolled out across senior leaders with plans to review by April 2023; ➢ Workforce planning support in underway for service areas that have high agency spend and recruitment and retention challenges; ➢ A leadership development programme is being developed in conjunction with revised learning request processes for employees;	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		➢ The approach to engaging, leaders and developing leaders has been reviewed and deployed with the Shaping the Future forum; ➢ The Council is implementing its Performance and Development Review (PDR) framework trial for senior leaders, with MyPlan continuing for all remaining employees; ➢ Staff are able to access training in new technology and IT systems to ensure effective use of systems.	➢ Detailed officer guidance on executive decision making and non-executive decision making is in place and published on mod.gov, however it has not been widely promoted. Further work is required to ensure it is embedded; ➢ A 'governance' training programme covering Local Government Governance Basics; Decision Making basics; Report writing/Producing Effective reports, The Constitution, Understanding the Code of Conduct for Members and Member/Officer Relations, Political awareness, Contracts and Procurement; Anti-Fraud and Corruption and Whistleblowing is to be developed to improve knowledge.	
Principle F Managing risks and performance through robust internal control and strong public financial management	**Good**	➢ The Audit Committee operates in accordance with prescribed terms of reference and holds Statutory Officers to account. The Committee receives, approves and monitors the Audit Plans for internal and external audit; ➢ The Audit Committee monitors the effectiveness of the Authority's risk management arrangements; ➢ Audit Committee Members are provided with relevant training; ➢ The effectiveness of the governance framework including the system of internal control is reviewed annually; ➢ Audit Services review the effectiveness of the Authority's internal controls;	➢ Internal Audit and ICT Services completed a cyber risk assessment in February 2021, but cyber security threats will require ongoing monitoring and development of appropriate responses. The need for a cyber security working group was identified in the 2019-20 Annual Governance Statement but is yet to meet; ➢ The APEX performance system is currently being further developed to include integration of risk. This will support the use of the system to its full capacity;	➢ Develop the process for lessons learnt from internal incidents and external Public Interest Reports.

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		➢ The Council has a Risk Management Strategy 2021-25 in place; ➢ The Strategic Risk Register is subject to regular review; ➢ Emerging risks are identified by horizon scanning activity by Internal Audit Services and Risk Management; ➢ Departmental risk registers are in place and regularly reviewed by management teams; ➢ The Council has been proactive in its approach to the UK General Data Protection Regulation (GDPR) and dealing with data breaches; ➢ Data Protection arrangements are continually monitored by the GDPR Group; ➢ The Council has a Medium Term Financial Plan and effective Budget Monitoring Procedures endorsed in the recent Corporate Peer Review by the Local Government Association; ➢ The Scrutiny Committees scrutinise decisions made, or actions taken in connection with the discharge of any of the Council's functions; ➢ The standards of behaviour and conduct are detailed in the Member and Officer Relationships Protocol and Code of Conduct; ➢ The Whistleblowing Policy enables individuals or organisations to disclose information about malpractice whilst offering protection; ➢ Quarterly corporate performance and financial management reports are produced and presented to Cabinet. This supplements performance management	➢ A new project management approach in under development, once embedded it will strengthen management of change and associated risks; ➢ There have been delays in revaluing property for insurance purposes; ➢ Data Management Strategy was still under review as at March 2022 and is now due for approval in 2022/23; ➢ The follow-up report to the Peer review recommended "Reviewing the financial plan to recognise the new financial environment as the Council emerges from the pandemic".	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		arrangements operating within individual Departments; ➢ Independence of Internal Audit and unrestricted access to all Members and officers as appropriate; ➢ Ensuring compliance with the principles set out in the CIPFA guidance on the Role of the Chief Financial Officer in public service organisations; ➢ The value for money opinions from of ISA260 highlights strong financial management.		
Principle G Implementing good practices in transparency, reporting and audit to deliver effective accountability	**Review**	➢ The Constitution defines how the Council operates and the decision making processes to ensure the Council is efficient, transparent and accountable to local people. This was reviewed and a number of amendments were agreed by Council during 2021/22, to ensure it remains fit for purpose; ➢ Council, Departmental and Service Plans set out objectives and include performance targets; ➢ Council, Cabinet and Committee meetings are open to the public, unless exempt or confidential information is being considered, and minutes are published on the website through the online Committee Management System to aid transparency of the democratic process; ➢ Financial Statements are produced and published on a consistent and timely basis; ➢ Departmental Financial Schemes of Delegation supplement the Council's Financial Regulations and Standing Orders relating to Contracts; ➢ The Assistant Director of Finance (Audit) produces their Annual Report which is	➢ Work is in progress to review the Local Choice functions, Officer Employment Procedure Rules and the Scheme of Delegation; ➢ Continue to improve robust systems for property valuations building on the enhancements completed during recent years; ➢ Continue to action the recommendations of LGA Peer Review follow-up; ➢ Continue to develop systems and protocols to support and monitor partnership working. The initial focus has been to review the Partnership Protocol and approach as overall context for the work plan and future actions; ➢ Embed the process to produce the AGS in a timely manner; ➢ Partnership working arrangements are to be reviewed.	

What is working well and areas for improvement				
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**	
		considered by Audit Committee and highlights both significant areas of good practice and those where improvements can be made; ➢ The Council routinely publishes data and meets the requirements of the Local Government Transparency Code; ➢ Departmental Schemes of Delegation were reviewed during 2021/22; ➢ A Forward Plan of 'key decisions' is now embedded that looks to the future for a period longer than the statutory requirement; ➢ Resource has been made for an Internal Audit Service; and regular progress reports on audit findings are received by Audit Committee to provide assurance on the risk management, governance and internal control arrangements of the Council.		

The Annual Governance Statement & Opinion

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit Committee and it is our opinion that the Council's corporate governance framework is generally fit for purpose and can be considered to be adequate. However, it is recognised that there are areas which could be improved and the Council has a plan to address weaknesses and ensure continuous improvement of the system is in place.

We propose over the coming year to take steps to address those opportunities for improvement highlighted above so as to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements which were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Councillor Barry Lewis
Leader of the Council

Date

Emma Alexander
Managing Director

Date

On behalf of Derbyshire County Council

Action Plan - Areas for Improvement

Principle	Area for Improvement	Agreed Action	Responsible Officer	Completion Date	Position March 2022
Principle A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	➢ The Employee Code of Conduct was last updated in 2015. The requirements of the Code should be reflected in other policies and not be seen in isolation It is anticipated that this will completed by December 2021.	Complete December 2021	Director of Organisation, Development & Policy	December 2021	Commenced review January 2022.
	➢ Officers' declarations of interests and gifts and hospitality are not consistently made and recorded. An officer group has been established to review this;	Officer working group established and met with action plan of activity.	Director of Legal & Democratic Services	March 2022	Work in progress. The review has been completed and proposals for improvement are to be agreed, Further action is required in 2022-23 to progress and agree new process/policy

					A new online process for declaring gifts and hospitality has been introduced to improve consistency and recording.
	➢ The Whistleblowing Policy is currently being updated and will be communicated widely This is scheduled for July 2021;	Revised Policy to be taken to Audit Committee on 21 September. GES on 20 October and Cabinet for formal approval on 18 November 2021.	Director of Legal & Democratic Services	November 2021	Completed
	➢ Implement the good practice recommendations following receipt of recent report from the Committee on Standards in Public Life. A target date has been set for December 2021;	Most have been implemented. Check to be undertaken to ensure that they have been delivered.	Director of Legal & Democratic Services	December 2021	A number of the recommendations were completed in 2020. The recommendations relating to the contents of the Code of Conduct will be addressed through the current review of the Code.

					Revised target Summer 2022.
	➢ The Anti-Fraud arrangements could be more widely communicated and supported by training. A training module has been developed using the Online Learning Platform with the intention of delivering this by December 2021.	Work has commenced to review the Council's Counter Fraud Arrangements against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and the Fighting Fraud and Corruption Locally Strategy.	Assistant Director of Finance (Audit)	Progress will be reported to the Audit Committee alongside the National Fraud Initiative (NFI) update in March 2022.	Fraud Module completed, Fraud letter to be issued shortly and NFI outcomes to reported to Audit Committee in March 2022 Audit Committee – Members Fraud Awareness Session delivered February 2022. Outcome of self-assessment against best practice recommendations reported to Audit Committee March 2022. Further work required to refresh policy, strengthen existing arrangements and communicate for increased awareness.
	➢ Review of the Derbyshire	The review of the toolkit has	Director of Organisation,	September – December 2022	Resources in place and review underway

	Partnership Toolkit	commenced following identification of resources to support both the review and implementation of any identified actions.	Development & Policy		to identify current position on partnerships.
Principle B Ensuring openness and comprehensive stakeholder engagement	➢ Partnership working arrangements are redesigned using the Thriving Communities approach to create strategic partnership engagement to deliver shared outcomes.	The Thriving Communities governance arrangements have been reviewed and Terms of reference refreshed. The Board Representation from the Vision Derbyshire Communities Chief Executive Lead on the Board has been secured and this will support greater links into overarching strategic partnership arrangements over time.	Director of Organisation, Development & Policy	Completed	Completed

Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits	➢ Ensure that decisions are taken with regard to, or are based on the longer term view. The new report templates implemented in May 2021 should meet this requirement;	New templates together with guidance were launched in May 2021.	Director of Legal & Democratic Services	Completed	Completed
	➢ More emphasis could be placed on measuring and monitoring longer term outcomes as opposed to outputs. This should be met using the revised report templates;	Issued	Director of Legal & Democratic Services	Completed	Completed
	➢ Ensure key equipment and processes to support business continuity planning are effectively maintained;	This was a Business Continuity Group action during Covid. This activity is now the responsibility of each department to develop and maintain their Business Continuity Plans with support from	Director of Organisation, Development & Policy	Original action completed	Completed

		Emergency Planning and other functions as required.			
	➢ A social value approach is in place. The Council has continued to develop and embed social value to ensure that the economic, environmental and social benefits are realised and captured consistently for Derbyshire when procuring services;	The procurement of Social Value software has been agreed and will be implemented over the coming months. Value will be optimised over a 12-month period.	Director of Finance & ICT	March 2023	Implementation underway
	➢ Work has been ongoing to develop a comprehensive Asset Management Strategy. The final document will be considered by the Governance Group in 2021.	Work to finalise the comprehensive Asset Management Strategy continues and it will be presented to the Governance Group during 2021/22 for consideration and approval	Director of Finance & ICT / Performance and Engagement Manager (Place)	December 2021	Work commenced on an Asset Management Strategy in 2021; this was due for consideration by Capital Asset Management Group in May 2022

Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	➢ Development of consistent and effective business cases;	Work underway as part of the establishment of the Council's new Programme and Project Management Office	Director of Finance & ICT	Summer 2022	Work in Progress
	➢ The Council could develop a more proactive approach to the use of collective intelligence to guide decision making, rather than data;	This is expected to be achieved through the development of cloud, SAP S4/HANA, other software, roles and use of intelligence.	Director of Finance & ICT	Implementation now scheduled for 1 October 2022	Dependent upon implementation of SAP S4/HANA
	➢ Revised People Strategy will be useful to ensure consistent council wide approach and guide future investment in skills is due to be approved in July 2021. This needs to be fully embedded;	The strategy was approved by Cabinet in July 2021 and work is now underway to develop departmental people plans aligned to the agreed 5 people priorities.	Director of Organisation, Development & Policy	Completed	Completed

	➢ Development of a robust post implementation review process for major projects. CMT approved the approach to review existing change projects and programmes and embed robust project management across the Council;	Work underway as part of the establishment of the Council's new Programme and Project Management Office	Performance and Engagement Manager (Place)	Summer 2022	Reassigned to Director of Organisation, Development & Policy The new Project and Programme management approach will be rolled out over Summer 2022. This will include core processes, templates and will be supported by a Training plan. Business Change Business Partners will be providing support to Directorates and project and programme managers.
	➢ Review of officer scheme of delegation to optimise achievement of outcomes. The use of Modern.Gov to assist the recording of decision making is expected to be	Progressing the use of Modern.gov to support decision making by officers and Members.	Director of Legal & Democratic Services	December 2021	Completed – A new streamlined process for Cabinet Member decisions has been introduced and decisions are now recorded through Modern.gov. Target for Officer decisions to be recorded through Modern.gov - March 2022.

	completed by December 2021.	The wider review of the officer scheme of delegation is a larger project.		March 2022	Revised Target - December 2022
Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it	➢ Whilst there are areas of good practice relating to staff inductions and MyPlans there are opportunities to develop these processes. The launch of the new performance management process (PDR) will be rolled out across the Council by March 2022;	On going	Director of Organisation, Development & Policy	In progress and on track for completion March 2022	Implemented for Grade 14 and above employees. Trial to continue in 2022-23 with review by April 2023.
	➢ Workforce planning support has commenced in service areas that have high agency spend and recruitment and retention charges. Succession Planning has been	On going	Director of Organisation, Development & Policy	On track for completion March 2022	Workforce Plans are in place for all high priority workforce groups. Succession planning pilots have been running and will be reviewed during 2022-23. Agency working group concluded, with

	identified as a priority within the People Strategy. Workforce planning proposals are expected by March 2022;				regular reporting of agency spend at the Budget Strategy Group.
	➢ Consistent training of new staff in the IT systems they are expected to use, alongside refresher training for existing staff to ensure effective use of systems.	This is to be developed as part of the ICT restructure and new systems implementation.	Director of Finance & ICT	Summer 2022	Ongoing
Principle F Managing risks and performance through robust internal control and strong public financial management	➢ Cyber security threats will require ongoing monitoring and development of appropriate responses which is a key work stream for the cyber security working group that was established in April 2021;	Cyber Security Group established. Monitoring and active response to threats.	Director of Finance & ICT	Ongoing	Cyber Security needs to meet and determine its work programme. Actions are to be delivered to address Cyber risks following the advice from the NCSC

	➢ The APEX performance system requires further development to utilise it to its full capacity to integrate performance and financial reporting.	Significant work has taken over the last twelve months to integrate performance and financial reporting through APEX. These actions have been completed. Further integration of risk is now underway.	Director of Organisation, Development & Policy	March 2022	Integration of risk continues to be developed within Apex.
	➢ Develop the process for lessons learnt from internal incidents and external Public Interest Reports.	Create "library" of known incidents and share recommended best practice.	Director of Finance & ICT	Underway	A repository of documents has been added to the Finance Teams site and will continue to be updated as reports become available.
Principle G Implementing good practices in transparency, reporting and audit to deliver effective accountability	➢ Continue to improve robust systems for property valuations building on the enhancements completed during recent years;	Regular liaison with Finance and audit colleagues, early agreement of revaluation schedules on an annual basis. Clear timetable for delivery of valuations.	Director of Corporate Property	Ongoing – annual process	2021 valuations successfully completed. Lessons learnt to be review and implemented in 2022.

	➢ Continue to action the recommendations of LGA Peer Review to aid future improvement. The follow-up visit has been rescheduled for September 2021 with a new draft position statement considered by CMT on 1 June 2021 and working group meetings taking place fortnightly;	Recommendations continue to be implemented. Statement of current position developed in advance of the Follow-Up visit. Visit took place in October 2021.	Director of Organisation, Development & Policy	Completed, subject to implementation of actions identified from the Follow-Up.	Corporate Peer Challenge report reported to Cabinet 10 February. Actions arising from the inspection to be incorporated into the Council Plan refresh.
	➢ Continue to review the Constitution to ensure it remains fit for purpose to deliver effective accountability. This has identified areas for review in 2021-22.	Ongoing.	Director of Legal & Democratic Services	Ongoing	A number of amendments were agreed by Council during 2021-22. Currently work is in progress to review the Local Choice functions, Officer Employment Procedure Rules and the Scheme of Delegation.

	➢ Continue to develop systems and protocols to support and monitor partnership working.	The initial focus has been to review the Partnership Protocol and approach as overall context for the work plan and future actions. Once the review has been undertaken priority actions to implement new approach will be identified.	Director of Organisation, Development & Policy	March 2022 onwards	See partnership action above.
	➢ Embed the process for the production of the AGS in a timely manner.	Ongoing	Director of Finance & ICT and Director of Legal & Democratic Services	Ongoing	Ongoing