

# Wirral Council Statement of Accounts 2021/22

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## Narrative Report

The Statement of Accounts sets out the financial performance of the Council for the 2021/22 financial year and shows the year-end financial position at 31 March 2022. The Statement of Accounts is produced annually to give electors, local taxpayers, Members of the Council, employees, and other interested parties clear information about the Council's finances. Whilst plain language has been used wherever possible, technical language is required in some areas. To assist with understanding of the accounts a glossary of terms has been included at the end of the Statement of Accounts.

The narrative report provides a short summary of the Council's overall financial and non-financial achievements for the year and assists in the interpretation of the financial statements.

The narrative report is structured as follows:

1. About Wirral
2. Strategic priorities
3. Main influences on the Council and accounts in 2021/22
4. Key outcomes
5. Summary of financial performance for 2021/22
6. Going Concern
7. About the Statement of Accounts
8. Acknowledgements

### 1. About Wirral

Wirral is a unique place in the Northwest of England. A compact peninsula of 60 square miles in the Northwest of England, it is bounded to the west by the River Dee, which acts as boundary with Wales, the Irish Sea to the north, and the River Mersey to the East.

With a wealth of parks and countryside and over 20 miles of coastline Wirral is a combination of beautiful, rural countryside alongside cutting edge technology and advanced manufacturing industries and has a long and storied history of entrepreneurialism and culture.

The latest Census held in 2021 shows that the population of Wirral is 320,200, with a higher proportion of older (65+) people compared to England (22.0% compared to 18.4% in England), and a lower proportion of working age (15-64) people (61.1% compared to 64.2% in England). The latest population projections by the Office for National Statistics (ONS) show that the population in Wirral is estimated to increase by 4.1% to 336,300 between 2018 and 2043. Although a small increase, this hides large variations when looking at smaller age groups, with the population of children and young people (0-14) decreasing by 8.2%, while the population of older people (90+) is projected to increase by 96.3%.

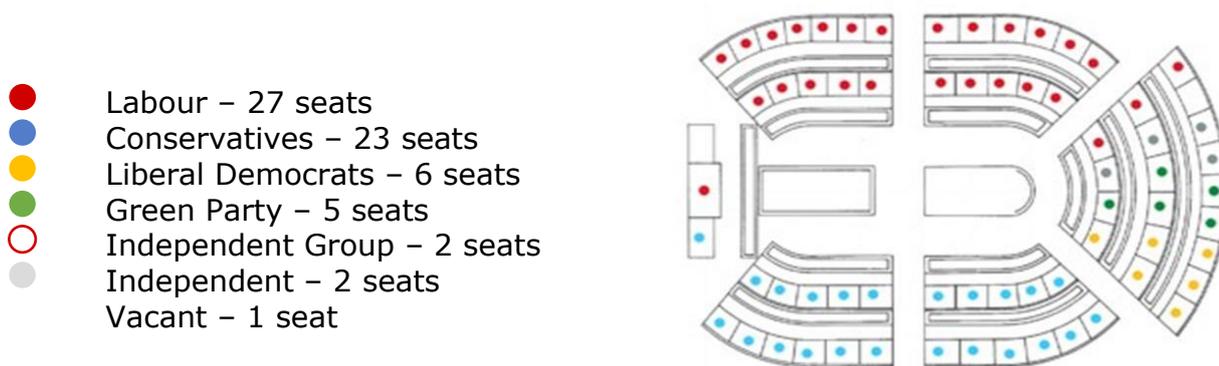


This increase in the elderly population, has implications for statutory services, given that older people are the largest users of health and social care services.

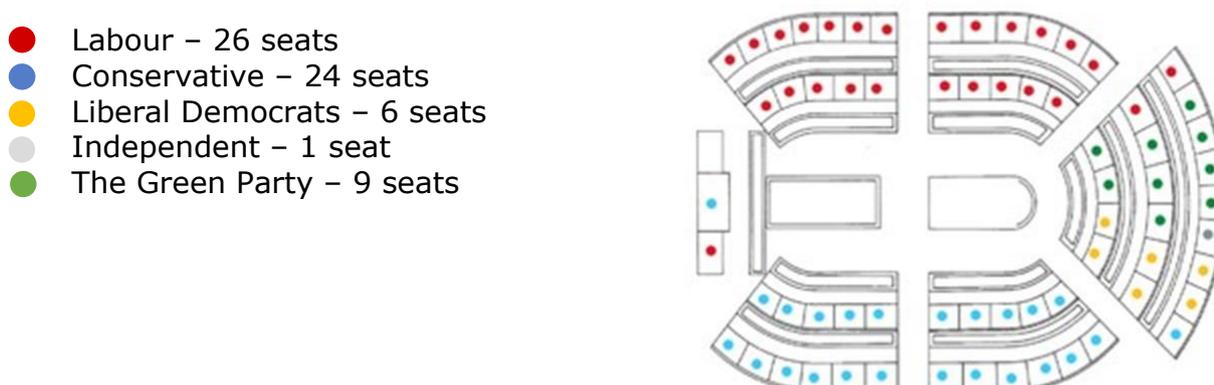
There is a large variation in the life expectancy in different parts of Wirral, ranging from 70 years in Birkenhead and Tranmere to 83 years in Greasby, Frankby and Irby for men in 2018-20, and 75 years in Birkenhead and Tranmere to 87 years in Greasby, Frankby and Irby for women in 2018-20. Healthy Life Expectancy data indicates that males and females in Wirral spend slightly over three quarters of their life in good health which, for males, is lower than the national average, but for females is higher. The Black and Minority Ethnic (BAME) population of Wirral accounts for 3% of the Wirral population while there are an estimated 8,500 – 9,000 people in Wirral who identify as Lesbian, Gay, and Bisexual (LGB).

The Council is responsible for providing a range of services to residents, businesses, and visitors to the Borough. These include education, safeguarding vulnerable children and adults, social care, public health, highways, leisure, culture, waste collection, planning, housing benefits, regeneration, community engagement and many more. In addition to providing or commissioning services the Council is also responsible for the collection of local taxation in the form of Council Tax and Non-Domestic Rates on behalf of itself and local agencies such as Police and Fire authorities.

Wirral Council is made up of 66 locally elected Councillors across 22 electoral wards. As at the 31<sup>st</sup> March 2022 there was one vacant Councillor position for Leasowe and Moreton East Ward. The political composition of the Council at the end of 2021/22 was:



Local elections were held on 5<sup>th</sup> May 2022, with the Green Party gaining 4 seats (including 1 Independent Councillor that joined them), the Conservative Party gaining 1 seat, the Labour Party lost 1 seat and the Independent Group lost both existing Councillors, leaving 1 Independent Councillor and no party group. The revised political composition is as follows:



A by-election for Liscard Ward was held on 14 July 2022, with Labour retaining the seat. The political composition of the Council remains the same as after the Local Elections held on 5 May 2022.

### *Council Structures and Operating Model*

The Council employs over 3,000 people in full time and part time posts, led by The Chief Executive, Paul Satoor and the Senior Leadership Team. The Council went through a number of important changes during 2020/21 that continued in 2021/22 to ensuring the decision-making and the structure of the Council is aligned to the delivery of its services and to the Wirral Plan.

The structure that was in place during 2021/22 is further detailed below, with summary information on the services and operations undertaken by each Directorate provided.

The Chief Executive of Wirral Council is Paul Satoor.  
The Assistant Chief Executive is David Armstrong.

#### *Chief Executive's Office*

The Director responsible for the Chief Executive's Office is Nicola Butterworth

The function includes:  
Communications, Strategy, Policy, and Partnerships, Customer Feedback and Members Enquires, Quality and Organisational Effectiveness.

#### *Resources:*

The Director for Resources (Section 151 Officer) is Shaer Halewood

The function includes:  
Strategic Change, Digital and ICT, HR/OD, Finance and Investment including Procurement and Accounts Payable, Internal Audit, Risk and Business Continuity, Revenues and Benefits including Accounts Receivable and the Merseyside Pension Fund hosting function.

#### *Law and Governance:*

The Director for Law and Governance (Monitoring Officer) is Philip McCourt.

The function includes:

Legal Services, Licensing, Registrars, Committee Services, Electoral, Coroners Civic Services.

#### *Neighbourhood Services:*

The Director of Neighbourhood Services is Nicola Butterworth.

The function includes:

Highways, Traffic and Road Safety, Street Scene, Highways Design and Maintenance, Network Management, Traffic Management, Road Safety, Community Safety, Emergency

Planning Assisted Travel, Major Events, Leisure, Libraries, Parks and Countryside, Trading Standards, Environmental Health, Waste and Environment, Climate change.

*Regeneration and Place:*

The Director for Regeneration and Place is Alan Evans.

The function includes:

Major Planning and projects including Wirral Growth Company, Regeneration, Inward investment, Strategic Transport, Assets and Facilities Management, Housing, Supported housing and homelessness services, Development Management and Building Control, Culture strategy and Visitor Economy.

*Adult Care and Health and Strategic Commissioning:*

The Director for Adults' Care and Health is Graham Hodgkinson.

The function includes:

Commissioning Older People and Mental Health and Disability Services, Care standards, Strategic Commissioning, Public Health, Wirral Intelligence Service.

*Children, Families and Education:*

The Director of Children, Families and Education is Simone White.

The function includes:

Assessment and Intervention, Permanence, Fostering, Adoption and Placement Commissioning, Safeguarding, Quality Assurance and Practice Improvement, Early Childhood Services, Integrated Front Door, Multi Agency Safeguarding Hub, Safeguarding, Youth Service, Schools Improvement, Education and Lifelong Learning, Special Education Needs and Disabilities and Inclusion, Performance Improvement Modernisation, Business Support.

## 2. Strategic Priorities

### Wirral Plan 2021-26

The Wirral Plan 2021-26 was approved by Council on 6 September 2021 and was adopted part way through the year, reflecting the Council's re-set from the emergency management arrangements in response to the pandemic and to resumption of normal business delivery during 2021/22. As the Council moves to a four yearly cycle of elections in 2023, there is an opportunity to re-set the Wirral Plan as a four-year plan for the full term of the new administration. This work will be conducted during 2022/23 to enable a new 2023/27 plan to be adopted from Autumn 2023.

The Wirral Plan sets out the vision for the borough: 'To create equity for people and place and opportunities for all to secure the best possible future for our residents, communities and businesses'. The Plan is built around the following five strategic priorities for the Council and its partners:

- Sustainable Environment
- Brighter Futures
- Inclusive Economy
- Safe and Pleasant Communities
- Active and Healthy Lives.



# The Vision

Our vision is to create equity for people and place and opportunities for all to secure the best possible future for our residents, communities and businesses. The vision has been developed to build on five thematic priorities that focus on improving outcomes for whole population groups.

Sustainable Environment
Working towards a clean-energy, <i>sustainable borough</i> that leads the way in its response to the climate emergency and is environmentally friendly.
Brighter Futures
Working together for <i>brighter futures</i> for our children, young people and their families by breaking the cycle of poor outcomes for all regardless of their background.
Inclusive Economy
Working for a prosperous, <i>inclusive economy</i> - helping businesses to thrive and creating jobs and opportunities for all.
Safe and Pleasant Communities
Working for <i>safe and pleasant communities</i> where our residents feel safe, and are proud to live and raise their families.
Active and Healthy Lives
Working to provide happy, <i>active and healthy lives</i> for all, with the right care, at the right time to enable residents to live longer and healthier lives.

For 2022/23, there are specific priorities the Council will focus on to help achieve the Wirral Plan vision. These are summarised below and will be worked up through more detailed delivery plans through our committee work programmes.

Wirral Plan 2022 – 2023 Plan on a Page				
VISION: To create equity for people and place and opportunities for all to secure the best possible future for our residents, communities, and businesses.				
Inclusive Economy	Active & Healthy Lives	Brighter Futures	Sustainable Environment	Safe & Vibrant Communities
Aims				
<ul style="list-style-type: none"> <li>• Deliver regeneration, transport, and growth ambitions</li> <li>• Deliver Local Plan</li> <li>• Create community wealth/social value.</li> <li>• Create jobs and support local businesses</li> <li>• Develop quality, affordable, and sustainable homes</li> <li>• Prevent and relieve homelessness</li> </ul>	<ul style="list-style-type: none"> <li>• Work with partner agencies to improve mental wellbeing</li> <li>• Encourage active living</li> <li>• Support people to live independently</li> <li>• Deliver the public health services and actions to improve wider determinants of health</li> <li>• Tackle health inequalities</li> </ul>	<ul style="list-style-type: none"> <li>• Break the cycle of poor outcome</li> <li>• Reduce educational attainment inequalities</li> <li>• Raise the aspirations of all children and young people</li> </ul>	<ul style="list-style-type: none"> <li>• Respond to the climate change emergency</li> <li>• Protect our cherished local environment</li> <li>• Improve street cleanliness</li> <li>• Support active travel networks</li> </ul>	<ul style="list-style-type: none"> <li>• Work with partner agencies to reduce crime and tackle Anti-social behaviour</li> <li>• Tackle rough sleeping and homelessness</li> <li>• Deliver everyday neighbourhood services to the best possible standard</li> </ul>
2022/23 Deliverables				
<ul style="list-style-type: none"> <li>• Submit Local Plan for examination</li> <li>• Continue the delivery of the Birkenhead 2040 Strategy</li> <li>• Continue to work with Peel to deliver the Wirral Waters Regeneration area</li> <li>• Continue to implement the regeneration of New Ferry</li> <li>• Continue to improve the quality off Wirral's Housing offer</li> <li>• Refresh Wirral asset management strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Health Protection and living with Covid</li> <li>• Development of Wirral Health Protection Service</li> <li>• Mental Health and Wellbeing transformation programme</li> <li>• Healthy Wirral Key Improvement Programme</li> <li>• Health &amp; Wellbeing Strategy</li> <li>• Rollout the Digital Telecare System</li> <li>• New Adult Social Care Model</li> <li>• Develop a partnership approach to the cost-of-living crisis</li> </ul>	<ul style="list-style-type: none"> <li>• Support the 'Breaking the Cycle' prevention programme</li> <li>• Deliver the Wirral School Improvement Strategy</li> <li>• Deliver the SEND Transformation Programme</li> <li>• Deliver an improved Healthy Child Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Re-establish the Council's Carbon Budget and reporting</li> <li>• Annually review the Council's Environment &amp; Climate Emergency Policy and Action Plan</li> <li>• Coordinate the Climate Emergency Action Group</li> <li>• Invest in the tree planning programme and plant 21,000 trees per year for 10 years</li> </ul>	<ul style="list-style-type: none"> <li>• Deliver the Wirral Community Safety Strategy 2021 – 2026</li> <li>• Review and restructure the Neighbourhood Engagement Team</li> <li>• Deliver the Building Resilient Communities programme</li> <li>• Implementation of Active Travel Schemes in Partnership with the Liverpool City Region</li> </ul>

To help us achieve our vision and aims, there are a number of key plans and strategies that will inform how we deliver the Wirral Plan priorities. These are set out below:

Wirral Strategic Delivery Framework				
Cross-Cutting Strategies to Support the Wirral Plan				
Local Plan 2035	Health and Wellbeing Strategy	Prevention Framework	Neighbourhoods Working	
Climate Emergency Action Plan	Stronger Economy Plan	Community Safety Strategy	Healthy Wirral Plan	
Key Underpinning Strategies linked to Wirral Plan Themes				
Inclusive Economy	Active & Healthy Lives	Brighter Futures	Sustainable Environment	Safe & Vibrant Communities
Strategic Regeneration Framework Birkenhead 2040 Community Wealth Building Strategy	Leisure & Physical Activity Strategy	Schools Sufficiency & Assets Schools Improvement Strategy SEND Strategy Apprenticeship Strategy	Cool Wirral 2 Highways Infrastructure & Assets Management Strategy Tree Strategy	Community Safety Strategy Domestic Abuse Strategy Libraries Strategy

### The Improvement Plan

Wirral Council applied to the government for exceptional financial support in 2020/21 due to financial pressures that were exacerbated by the Covid 19 pandemic, and the application was approved. A further request for support in 2021/22 was granted in principle subject to the outcome of an external assurance review. The review, conducted in summer 2021, focused on the Council's governance arrangements and financial position. The two resulting reports, produced by Ada Burns and CIPFA, were published on 2 November 2021 along with a ministerial letter inviting the Council to set out how it planned to respond to the recommendations in the two reports.

At its meeting on 30 November 2021, the Policy and Resources Committee accepted the contents of the external assurance review reports. Since then, officers and Members have undertaken significant work to respond to the recommendations in both reports to demonstrate the Council's commitment to improvement and comply with the conditions of the government's exceptional financial support (capitalisation directive). The Council was granted approval for the 2021/22 offer of exceptional financial support in May 2022 and the Policy and Resources Committee formally accepted this, along with specific conditions at its meeting on 8 June 2022.

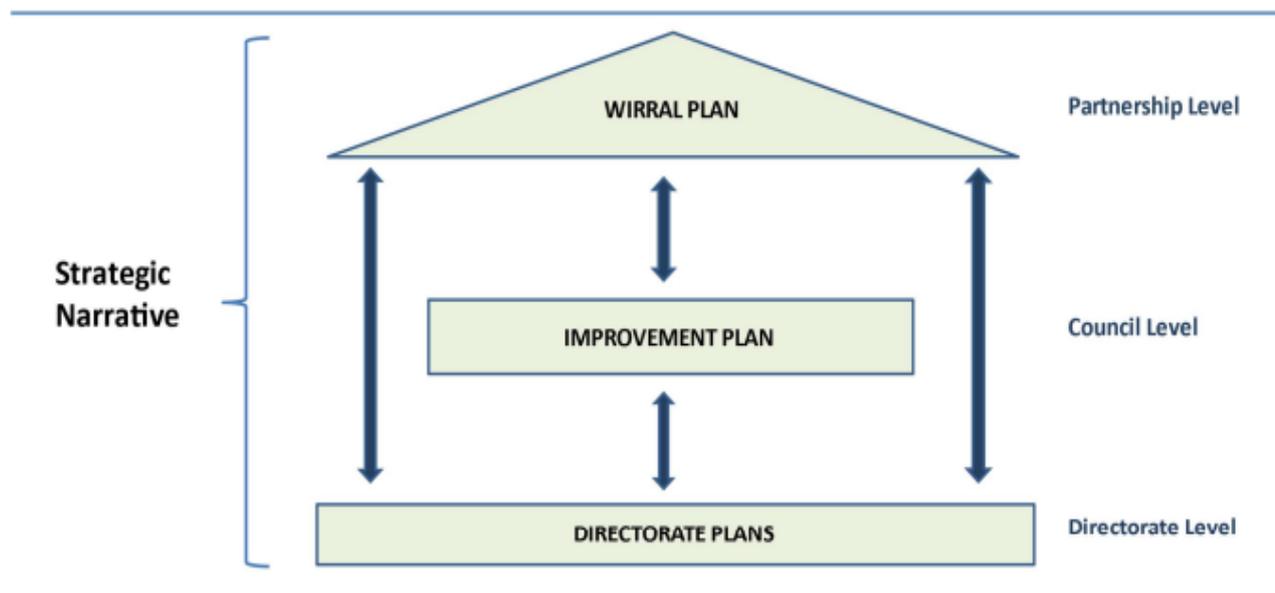
An Independent Assurance Panel was appointed by the Chief Executive in December 2021. The Panel is made up of external professionals with expertise in local government finance, law, governance and assets. The Panel meets monthly and operates in an advisory capacity, providing support and guidance to the Council. It also provides assurance to the Department for Levelling Up, Housing and Communities (DLUHC), with

formal reporting twice a year on the progress the Council is making in response to the recommendations from the external assurance review. The Panel will have a key role overseeing the Council’s delivery of the Improvement Plan to ensure the desired outcomes are achieved to the timelines specified. The first report of the panel was presented to the Policy and Resources Committee at its meeting on 8 June 2022 and was approved by full Council later that month.

The Improvement Plan sets out the vision for the organisation we are seeking to create to deliver the outcomes set out in the Wirral Plan to best meet the needs of local residents. The plan details how we will secure the Council’s financial stability and how we will develop an effective organisation with a clear sense of priorities backed up by strong leadership and good governance. It provides a framework and schedule for systematically re-designing our services to ensure they are fit for purpose, deliver value for money and secure the best outcomes for Wirral residents.

The Plan also sets out how we will harness the support of all partners to work collectively around a neighbourhood model of delivery that tailor’s interventions to best meet local need and maximise investment through joint planning and commissioning. The Improvement Plan will be realised through the Council’s Strategic Change and Improvement Programme which will provide a strong control environment, with clear governance and the required resourcing through the Corporate Programme Management Office. This will ensure the Plan is delivered to the required timeframe and quality requirements.

## PLAN HIERARCHY



## Partnerships

Partnerships have a unique strategic role in shaping Wirral as a place, and Wirral has a strong track record of excellent collaboration and partnership working. Since the adoption of the Wirral Plan, the Council has been leading discussions with Partners about future joint priorities and how we can work together to deliver the Wirral Plan as our collective vision for the Borough. There is a strong appetite across the public, private and voluntary sectors for a shared strategic plan and partnership that supports collective ambitions, acknowledging that we can only achieve our goals by working together. Wirral is a borough of contrasts, of incredible community spirit and strong local partnerships.

Wirral Health and Care Commissioning (WHCC) is a key example of the Council's partnerships, which enable us to deliver on our priorities. WHCC is a partnership between Wirral Council and NHS Wirral Clinical Commissioning Group. The integrated organisation commissions most of the health and care services in Wirral and the integrated approach means that we can work together to provide more seamless and effective services to people. The aim is to commission health and care services that are of a high standard, safe and equitable. We want to enable all people in Wirral to live longer and healthier lives by supporting them to lead healthy lifestyles and enabling people and communities to become active partners in their health and wellbeing. Further details can be found on <https://www.wchc.nhs.uk/about>

The Council has continued and will continue to work on delivering increased investment in the area through Wirral Growth Company LLP, a Limited Liability Partnership (LLP) which is a joint venture with national regeneration specialists Muse Developments. The partnership was formally established in early 2019 to deliver regeneration across the Borough over the next 10 to 15 years, through a number of schemes such as commercial, retail and residential accommodation. Following a recent review of the Council's priorities a decision has been made to continue with the current developments through the Wirral Growth Company but bring the remaining projects back into the Council with further third party stakeholders to be brought on board to deliver the remaining programme.

The Council is a member of the Liverpool City Region Combined Authority. The Authority's purpose is to bring about closer partnership working on larger scale City regional strategies on transport, housing, economic development, and skills.

## Forward Looking Financial Scenario

Wirral, and the local government sector as a whole, has faced significant funding challenges in recent years and uncertainty in relation to funding is a matter that all Council's face. Over the next five years, Wirral Council is planning for rising costs, alongside rising demand for services, coupled with changes to central government funding – a situation that may result in further financial challenges with a need to modify operations in line with resources available.

Our challenge for 2022/23 and beyond is to deliver the Wirral Plan 2026, through reducing costs of council services by only providing services that generate the most beneficial outcomes; generating income to bridge the gap between resources; managing the changes to government funding and increasing demand, whilst delivering services that are vital to residents in an efficient manner as possible.

In February 2022, the Council approved a budget for 2022/23 together with an indicative budget for the following four years. At the time the budget was approved the Council

estimated a budget gap of £71.64m over the period to 2026/27, although this assumes a series of savings are agreed, ranging from (£18.29m) in 2022/23 to (£4.62m) in 2026/27.

### 3. Main influences on the Council and accounts in 2021/22

There have been several developments in 2021/22 that have impacted on the Council during the year, some of these have influenced the presentation of the 2021/22 Accounts and the reported financial position of the Council. Below are some of the key events.

- Government funding
- Ofsted inspection
- Spending and recruitment freeze
- Covid-19 pandemic
- Birkenhead 2040 Framework
- Wirral Waters' Hythe
- Wirral Waters residential scheme known as the Miller's Quay
- New Development in Birkenhead Town Centre
- Draft Local Plan
- Better Care Fund
- Integrated Care System for Wirral
- Changes in pension estimates

#### Government funding

On 17<sup>th</sup> December 2020, the government confirmed details of its Local Government Funding Settlement. The impact on Wirral was positive with an increase in core spending power through council tax rises of up to 4.99% including a 3% adult social care precept, increased Social Care Grant and new Lower Tier Services funding. Also confirmed was further Covid funding as referred to above through additional emergency grant funding, council tax support, and an extension of the Sales Fees and Charges compensation, as well as a contribution to Council Tax and Business Rates income losses.

In February 2021, the Department for Levelling Up, Housing and Community confirmed that the Secretary of State was minded to approve a capitalisation direction of a total not exceeding £10.7m for 2021/22. This was subject to the consideration of a number of factors, including providing the Department with evidence of a plan to address the recommendations outlined in an External Assurance Review commissioned by the Department. The review was published on 2 November 2021. A draft plan was provided addressing the recommendations, and the feedback given from the Department, was that the Council has made positive progress implementing 13 recommendations set out in the review. On 17 February 2022, Wirral officers wrote to the Department to confirm that they were reducing the request for a capitalisation direction in 2021/22, from £10.7 million to £6.36m.

The main reasons for this reduction was additional grant support provided by Government, and Council underspends over the course of the financial year 2021/22. Ministers fully considered the Council's updated capitalisation and have approved a total capitalisation direction to fund revenue expenditure not exceeding £6.36m, subject to conditions. The final position following the closure of the 2021/22 accounts, subject to External Audit is a drawdown of the capitalisation direction of £5.846m.

The economic uncertainty resulting from the impact of the Covid-19 pandemic, the new way of operating post Covid and rising inflation such as energy costs, will continue to increase pressure on the sustainability of services as further costs are reduced. The Council continues to develop proposals that deliver services in line with priorities and key objectives, included in which is supporting the most vulnerable members of our local community, within the constraints of limited financial resources.

The Department for Levelling Up, Housing and Communities (DLUHC) assurance reviews published during the year identified some significant risks to the Council regarding its ability to balance its budget over the period of the Medium Term Financial Strategy (MTFS). During 2021/22 the Council was reliant on exceptional financial support (Capitalisation Directive) to achieve a year-end balanced position although the support required did reduce to £5.8m from an initial anticipated value of £10.7m. External reviews subsequent to the DHLUC Assurance reports, including Local Government Association Corporate Peer Challenge (CPC) and Independent Panel, have highlighted that there is an improving recognition of the Council's financial context and the Council had an improved grip on its finances. For 2022/23 the Council set a balanced budget without the use of reserves.

Challenges remain however and this is acknowledged in the Council's Annual Governance Statement for 2021/22 along with a recognition that progress needs be maintained. The Council faces challenging savings and efficiencies targets for 2022/23 and an ambitious capital programme provides increased revenue pressure in future years. The CPC recognised that there is a need for the management of the budget to be a shared priority and to ensure that there is total commitment and prioritisation to deliver the agreed budget proposals.

The Council's Financial Recovery Plan, reported under Financial Sustainability in the Council's wider Improvement Action Plan, includes a series of actions the Council has either taken, is in the process of implementing or plans to implement in 2022 and beyond in the areas of strengthening medium term financial planning. Implementing robust planning and monitoring of savings, increasing reserves, improving financial governance and oversight, and the management of capital and assets. It is essential that progress in this area continues at pace.

#### [Ofsted Inspection](#)

The Improvement Notice issued by the Secretary of State for Education was formally lifted in July 2019 following the Inspection of Local Authority Children's Services (ILACS), inspection of children's services in 2016.

The inspection recognised that leadership in Wirral Children's Services is good and that social care practice to help and protect children and young people required improvement and was no longer inadequate. The inspection outlined five key areas for continued improvement to be monitored as part of the 'supervision and support' arrangement with the Department for Education (DfE).

Since March 2020, the authority has not been inspected due to inspection activity being ceased due to Covid-19. However, the authority has been subject to weekly monitoring by the DfE on behalf of Ofsted to ensure that we have been actively meeting our statutory responsibilities regarding safeguarding children and enabling those most vulnerable to attend school.

The formal review was ended by the DfE in 2020/21 due to progress made. In addition to the weekly meetings and increased scrutiny from the DfE the authority has also had to supply biweekly data reports on key performance indicators which have allowed DfE and Ofsted to monitor our progress in keeping children safe.

Ofsted commenced its inspection activities in June 2021. During September 2021 Ofsted and the Care Quality Commission (CQC) conducted a joint inspection of the local area of Wirral to judge the effectiveness of the area in implementing the special educational needs and/or disabilities (SEND) reforms, as set out in the Children and Families Act 2014. The inspection identified a number priority actions. As a result, a statement of action has been produced and has been agreed by Ofsted and CQC. Progress on the Statement is being monitored monthly by the DfE.

A focused visit to Wirral children's services took place in January 2022, which looked at the local authority's arrangements for planning and achieving permanence, with a particular focus on children at home on placement with parent regulations, children living with connected carers, and special guardianship orders. Improvements have been achieved but further work is required to ensure that assessment and permanence planning is consistent for all children.

#### Spending and vacancy controls

The Council faced a significant overspend on the 2019/20 budget in late 2019. The Council took further prudent steps to mitigate this and introduced a set of actions which included more severe restrictions on non-essential spending and a more rigorous position on recruitment to tackle the budget gap. These restrictions on recruitment have continued through 2020/21 to 2022/23.

#### Covid-19 Pandemic

The Council during 2021/22 supported residents through the easing out of lockdown and now attentions have turned towards the economic recovery from the pandemic. This, as well as the health and mental health recovery and backlogs at Wirral University Hospital Trust, means that the Council's role as community leader through the pandemic does not end with social restrictions. Instead, full recovery is expected to last for at least a further two to three years, and the Council will need to be ready to respond and react as things progress.

More than 70 community groups from across Wirral received funding to help them re-open their buildings and safely welcome back members and customers. Almost £250,000 was awarded to the groups from Wirral Council's 'Social Sector Setting Road to Recovery Fund', which is part of the authority's Covid Winter Grant Fund from the Department for Work and Pensions. A wide range of community buildings have benefited from the awards - including sports clubs, church halls, guides and scout huts, community centres and play groups - where the funding was used towards a range of safety measures including ventilation improvements, deep-cleaning and Personal Protective Equipment (PPE). It also allowed many of the groups to provide new and improved outdoor spaces so they can provide more of their services outside and give users extra space to socially distance in the fresh air.

The successful projects include:

- Leasowe Play Youth & Community Association
- Tomorrow's Women Wirral
- Number 7 Café and Social Supermarket
- Ferries Family Groups
- Age UK Wirral
- Royal Air Forces Association
- Byrne Avenue Trust
- Wirral Change
- Rock Ferry Salvation Army
- Wirral Youth Zone
- 8th Bebington (Brackenwood) Scout Group
- Eastham Community Centre
- Irby Cricket Club

In September 2021 a new project in Wirral delivered a huge 112 pallet-loads of food to local schools in an effort to help families in need through the first few weeks of the new school year. Known as the 'Welcome Back to School Food Support Project', special 'pantries' were set up in 40 local schools, allowing them to put together free food packs containing a range of essential items for the children to take home. The £123,750 'Welcome Back' project was co-ordinated on behalf of the council by local charity Neo Community and was part of Wirral's £1.153 million summer food support programme which was made possible by a Covid Local Support Grant from the Department for Work and Pensions.



#### [Birkenhead 2040 Framework](#)

Following the borough's successful Town Deal bid, which brought in £25m of Government funding for Birkenhead; ten milestone projects will help transform the town as part of the wider regeneration taking place across Wirral. This follows a major consultation asking local people and businesses what they believe is special about Birkenhead and what work could be done to enhance the area for everyone, as well as the work of the Town Deal Board who developed a vision and plan for how the funding could be used.



The Board has now agreed how the funding will be divided between the ten projects - this is in line with delivering the vision for Birkenhead as set out in the Birkenhead 2040 Framework which was recently consulted on. The 2040 Framework is a key part of the Local Plan, which is continuing to be developed, and fits in with the wider regeneration we have planned right across the borough. The projects are the Transport Visitor Attraction Future Yard, Waterfront, animation and connectivity, EXPO village, Wellbeing and Opportunity Centre, Argyle Street Creative, Sustainability Central, Start Yard, Education Engagement Network, and Egerton House. The aim is to deliver a range of projects that support business and entrepreneurship, drive economic growth and job creation as well as

supporting training and the development of necessary skills.

Birkenhead was one of only 101 towns invited by the Government to apply for this funding last year. It means that more than £100m has now been secured towards major regeneration projects in Birkenhead in the last year. The £25m Town Deal funding follows £24.6m which was awarded through the Government's Future High Streets fund at the end of last year to support the transformation of the town centre, plus funding awarded by the Liverpool City Region Combined Authority to support the removal of the flyovers into the town and a further £1m for Town Deal accelerator funds to help bring forward projects, particularly in the Argyle Street area. More recently Wirral Council was awarded £19.6m from the Government's Levelling Up Fund to transform the waterfront at Woodside.

### Wirral Waters' Hythe

Wirral Waters' brand-new high-tech business hub, Birkenhead's first office development in more than a decade, was completed during 2021/22.

Hythe, Peel L&P's Grade A office building, boasts stunning panoramic views across the Wirral Waters waterfront and the Liverpool City skyline, as well as the latest digital connectivity and excellent green credentials. Hythe was designed by award winning architects Glenn

Howells to maximise the health and wellbeing of workers and to accommodate the latest innovations in digital connectivity. Located within the Four Bridges neighbourhood of Wirral Waters, Hythe sets high standards in sustainability with its BREEAM-Excellent rating, placing it in the top 10% of all buildings for its green credentials. Constructed by GMI Construction, Hythe offers over 25,000 sq ft over three floors of high quality, flexible office space for entrepreneurs and local businesses.



Throughout its construction, and in close collaboration with GMI Construction, Peel L&P has engaged with local supply chains and offered extensive learning opportunities to construction students at Wirral Met College. This has included a programme of activities to promote work experience and apprenticeships for its students. Hythe has been funded by Peel L&P, the Liverpool City Region Combined Authority, through the Local Growth Fund, and the Merseyside Pension Fund, managed by CBRE's Investment Advisory team, part of CBRE Capital Advisors. Local Growth Funding is awarded to the Liverpool City Region Local Enterprise Partnership (LEP) and invested through the Liverpool City Region Combined Authority's Strategic Investment Fund.

A PUT/CALL option is in place whereby Peel Holding and Wirral Council have an agreement to sell/acquire the Hythe Office Development for a maximum period of three years post practical completion. This option applies if at any point the value exceeds the option price of £4.98m. Where the value exceeds £4.98m the Put cannot be called upon.

### Wirral Waters residential scheme to be known as Miller's Quay

A new brand and identity have been unveiled by Peel L&P for its £130m Northbank residential scheme at Wirral Waters. The development, which will comprise 500 highly sustainable and energy efficient homes, has been named Miller's Quay, rooting it firmly with the site's industrial heritage. The name refers to the historical use of the site as a flour mill and a copper-rolling mill with 'Quay' symbolising a positive change which echoes the dock's industrial past, while reclaiming the waterfront for the local community.



In January 2022, Pension Insurance Corporation plc (PIC) signed an agreement with Peel L&P to fund the cornerstone residential scheme, which is set to be the biggest single development at Wirral Waters. Then, in February 2022, construction company Graham was announced as the contractor for the scheme, with construction work to begin in spring of 2022. Miller's Quay, which has previously held the working titles of Legacy and Wirral Waters One, will include 500 one and two-bedroom waterfront apartments, including 100 affordable new homes. Rents on the affordable homes will be a maximum of 80% of open market value, delivering significant social impact. With Wirral Waters believed to be one of the largest regeneration projects in the UK, Miller's Quay has been designed with sustainability at its core. The energy and resource efficient homes have been designed to reduce water and energy consumption, prioritise natural lighting, reduce wastage and use sustainable, energy efficient heating. Miller's Quay will be surrounded by parks, green spaces, dockside walkways and cycle routes, with homes having access to cycling storage and electric vehicle charging points.

Part of the project at Miller's Quay will see the Council take 1,100 homes into its ownership from year 10 after practical completion.

### New Development in Birkenhead Town Centre

Following the announcement of a £75m forward funding deal, Wirral Growth Company partners joined together in January 2022 to celebrate the start on site of two Grade A office buildings in Birkenhead town centre. Wirral Growth Company is a 50:50 joint venture partnership between Wirral Council and national urban regeneration specialists, Muse Developments, developing the new town centre office blocks.



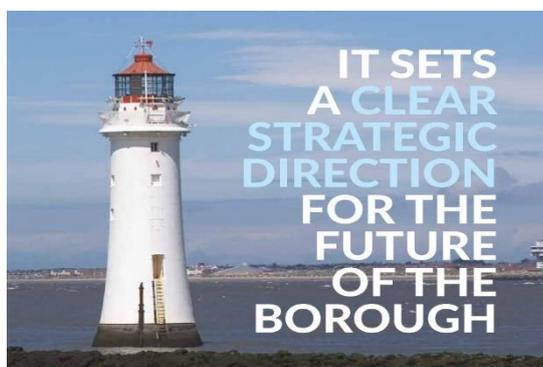
Totalling 150,000 sq ft, the BREEAM Excellent-rated office buildings have been forward funded by institutional investor Canada Life Asset Management and are due for completion in autumn 2023, with Morgan Sindall Construction named as its contractor. The two new office buildings mark a significant milestone in the transformation of Birkenhead, being the second Grade-A development in the area since the Queensgate development in 2014. They form the central hub of an exciting new business and leisure quarter being developed in the heart of Birkenhead, which will enable the borough to attract further significant investment and create more opportunities for local people.

One of the two five-storey office developments will be occupied by Wirral Council, with the other available for businesses to lease. Once complete, the office buildings will be connected by new outdoor public realm and open, adaptable spaces for occupiers, residents, and visitors to enjoy, as well as providing opportunities for events and pop-up activities stimulating the daytime and evening economy in the town centre. The Government's Future High Streets Fund is providing financial support to the new sub-station for the Town Centre to provide power, new public realm and the Conway Street Crossing. It will also be funding a new Market development moving it from where the market is currently located onto the site of the former House of Fraser department store.



### Draft Local Plan

The Submission Draft Local Plan has been published and during 2022/23 there will be an opportunity for local communities, businesses and other interested stakeholders to make formal representations on the document's "soundness" and "legal compliance". This follows on from the full public consultation in 2020 where the 26,000 responses were then used to develop the final Submission Draft Local Plan document.



At the heart of Wirral's Local Plan is the regeneration of the 'LeftBank' of the River Mersey, from New Ferry through Birkenhead including the Wirral Waters dockland area, Seacombe, Liscard and New Brighton. The proposals set out in the

Submission Draft will transform the LeftBank area addressing the decline and the existing social and economic deprivation. It will also show how future development in the area will ensure that the right number of homes and employment floorspace are met.

The Local Plan is important for showing where development is planned, and therefore where resources and possible additional infrastructure such as walking and cycling links, or new schools are needed. The plan will also ensure that Wirral protects its fantastic built heritage, its Green Belt and outstanding natural environment.

### Pooled Budgets

In line with policy requirements, Wirral NHS Clinical Commissioning Group (CCG) and Wirral Council have entered into a pooled budget arrangement under section 75 of the NHS Act 2006; The pool incentivises the NHS and local government to work more closely together around vulnerable people, placing their well-being as the focus of care and health services. The pooled budget is hosted by Wirral Council and commenced on 1 April 2015; it includes but is not limited to services funded by the Better Care Fund.

Locally, the primary aims of the pooled fund are:

- Supporting independence in the community by place-based activity,
- Reducing non-elective admissions and reducing residential admissions by providing the right care and support within the community,
- Facilitating earlier hospital discharge.

The pooled revenue budget in 2021/22 was £241m, which included £56m of Better Care Funding.

### Integrated Care System for Wirral

Integrated care is about giving people the support they need, joined up across local council's, the NHS, and other partners. It removes traditional divisions between hospitals and family doctors, between physical and mental health, and between NHS and council services. In the past, these divisions have meant that too many people experienced disjointed care. Integrated Care Systems are partnerships between the organisations that meet health and care needs across an area, to coordinate services and to plan in a way that improves population health and reduces inequalities between different groups. Since 2018, they have been deepening the relationship in many areas between the NHS, local council's, and other important strategic partners such as the voluntary, community and social enterprise sector. They have developed better and more convenient services, invested in keeping people healthy and out of hospital and set shared priorities for the future.

Wirral is part of the Cheshire and Merseyside ICS. The area has a population of approx. 2.6mn and is the second largest ICS footprint in England. Within the Cheshire and Merseyside ICS there are nine 'Places' of which Wirral is one.

By working together, making shared decisions about how the local health and care resources can best be used, we know that we can drastically improve population health, delivering more joined up care, focused on a person's individual needs and providing them with the support to manage their own care. The Cheshire and Merseyside ICS was established on 1 July 2022.

### Changes in the Pension liability

The Local Government Pension Scheme (LGPS) is a statutory pension scheme funded over the long term to meet the pension promises to scheme members and their beneficiaries. The Council participates in the scheme through the Merseyside Pension Fund.

The Accounts show an annual position of the scheme for the share that relates to the Council. Any change in the assets or liabilities of the scheme due to the size and the Council's share can have a significant impact on the Balance Sheet and its Unusable reserves. The assets of the scheme for the Council are £1.430bn and liabilities of £1.950bn. The net change in the scheme for 2021/22 was an increase of the net liabilities of £42.8m. Most of this movement relates to the change in financial assumptions.

The purpose of the actuarial valuation is for the administering authority to determine:

- The expected cost of providing the benefits built up by members at the valuation date (the “liabilities”), and compare this against the funds held by the Fund (the “assets”)
- The contributions needed to cover the cost of the benefits that active members will build up in the future and other costs incurred in running the Fund (the “Primary Contribution Rate”)
- An appropriate plan for making up the shortfall if the Fund has less assets than liabilities. The plan will cover the amounts which will need to be paid (the Secondary Contribution Rate) and the timeframe over which they will be paid (the Recovery Period)

The next triennial valuation is at 31 March 2022, the results of this valuation will be discussed and agreed with employers during 2022/23 and new employer contributions rates will be set for the next 3 years from 1 April 2023.

#### 4. Key Outcomes

##### Birkenhead Central Library

Wirral Libraries service in 2021/22 was awarded a grant of £125,251 by the Department for Digital, Culture, Media and Sports, delivered by Arts Council England, to create a “Connect and Inspire” Hub at Birkenhead Central Library. Wirral’s funding is from the Libraries Improvement Fund which aims to transform library services in England by helping them upgrade their buildings and digital infrastructure so they



can respond to the changing ways people use them. In 2022/23 a programme of works is underway which will reconfigure and refit the current IT suite based at the library into a modern flexible digital hub, investing in internal upgrading and digital infrastructure to substantially improve the service’s offer, whilst providing a multi-purpose community space to learn, connect and work. The suite will be re-decorated and new furniture installed. Additionally, there will be new technology, including the upgrade to wi-fi coverage, wi-fi printing, charging points, loanable tablets and improved self-service functionality to improve user experience.

##### New Libraries facilities opened at Seacombe Children’s Centre

The library is home to a broad selection of books for visitors of all ages to borrow, as well as publicly accessible IT equipment. The services are provided in an area of the centre that was previously a nursery. Free, improved WiFi has been installed at the building to enable customers to connect quickly and effectively to the digital world. Library staff are on hand during opening times to assist visitors with any enquiries.



### New CCTV control room up and running

Wirral Council's existing CCTV network has been upgraded, overhauling the system with the latest technology to help reduce crime and anti-social behaviour. More than £1m has been spent on a new CCTV control room, 34 new camera installations and upgrades at 112 existing sites. The first phase – funded by the Home Office as part of the Safer Streets Initiative and Town Deal Accelerated Grant – is already complete with a new control room fully operational with a state-of-the-art digital video management system installed and 24/7 monitoring of the CCTV network. Safer Streets two is almost complete in Seacombe and Birkenhead with the third and final phase to replace all remaining analogue cameras across the borough already underway.



A partnership of Wirral Council, Merseyside Police, the Office of the Police & Crime Commissioner for Merseyside successfully bid to the Home Office for the funds. Liscard Town Centre is also benefitting from two additional CCTV cameras on Liscard Way thanks to funding from Liverpool City Region, as well as a new CCTV camera which is being installed in the area around the new Pump Track in Central Park. The new and improved cameras are all designed and manufactured in the UK and have improved image quality which will help increase detection of crime and convictions from CCTV evidence. The cameras also use less power than the previous analogue models, reducing their carbon footprint. All CCTV columns will have the capacity to provide a network connection for any device requiring access to the internet such as air quality sensors, public address systems, Wi-Fi hotspots or traffic counters providing further savings and opportunities to the Council in the future.

### Traffic signs installed in Wirral to increase driver safety

Across the borough, 30 new vehicle-activated signs have been installed at speeding hotspots. The signs use radar technology to detect oncoming vehicles and warn drivers of any impending danger due to excessive speeds or unforeseen hazards. By only illuminating when they detect of a vehicle, the signs also avoid any wasted energy and can be powered off-grid or by renewable energy sources (where possible), helping to meet the council's goal of achieving 'net zero' carbon emissions by 2030. The new signs, installed by the council's contractor [TWM Traffic Group](#), will help to make roads across the region safer



by encouraging road users to slow down and increase speed awareness. Locations for the signs have been chosen based on known areas of speeding and since installation, the signs have seen up to 16% reduction in speed across some areas.

### New 3G Facility opens at Tranmere Rovers Training Ground, The Campus

In November 2021 the Mayor and Mayoress of Wirral conducted the formal opening of the new 3G pitch at The Campus - Tranmere Rovers' training ground in Leasowe. The work was carried out by Tranmere Rovers in partnership with Wirral Council, with construction beginning in April 2021. The gates first opened for Community use on 1st September 2021. The construction of this pitch fits in with Wirral Council's strategy to address the demand for facilities such as these in the borough. Since opening to the public, the 3G pitch is already fully used in peak hours with the community and local organisations, clubs and schools all feeling the benefits.



### Tiny Forests taking shape thanks to Wirral children

More than 1,200 new trees have been planted at Citrine Road in Seacombe and The Delph, Wallasey, by pupils from a number of local primary and secondary schools supported by families and community groups. The Tiny Forest initiative is led by Earthwatch Europe, an environmental charity with science at its heart. They are densely planted native woodlands the size of a tennis court that can help mitigate the impacts of climate change, support urban wildlife and reconnect people with nature, offering multiple co-benefits for a community. These miniature forests grow rapidly, becoming more biodiverse and impactful more quickly than monoculture forests or isolated trees. More than 3,000 Tiny Forests have already been planted around the world, with Earthwatch Europe pioneering the movement in the UK. The tree planting session at Citrine Road, supported by DEFRA's Green Recovery Challenge Fund and MINI Electric, is part of a wider local environmental project called the 'Citrine Citizen Science Forest Project', which gives pupils the chance to work alongside forest schools, universities, community groups and other specialists to broaden their awareness of 'green' issues.



### Children's Centres gain UNICEF Baby Friendly Award

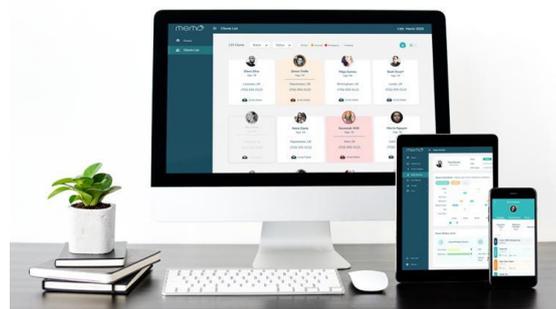
Wirral's children's centres have been awarded the prestigious Baby Friendly Award, gaining much-deserved recognition from the UK Committee for UNICEF (UNICEF UK) Baby Friendly Initiative. The Baby Friendly Initiative (BFI) is a global programme which aims to transform healthcare for babies and their families as part of a wider global partnership between UNICEF and the World Health Organization (WHO). The initiative also focuses on enabling public services to better support families with all kinds of feeding methods



and developing close, loving relationships, ensuring that all babies get the best possible start in life.

### Digital telecare transformation at borough-wide scale

The innovative new Council programme will see upwards of a £1.5m invested to transform telecare services for thousands of residents in Wirral over the next few years. Telecare is care and support provided to people remotely for example, through phone services or safety alarms that enable people to call for help if they need it. Currently, more than 3,500 Wirral residents have been assessed as eligible for the borough's telecare offer. The new pilot scheme will see the Council introduce next generation telecare services – shifting the focus from reacting to crisis events (such as accidents or falls), to preventing them.



The pilot will be delivered alongside Wirral's commissioned community equipment and telecare provider, Medequip, and care technology specialists, Alcuris. Wirral Council is one of the UK's first local authorities to transfer residents from analogue telecare systems to new next generation services at this scale. The digital system will create opportunities for early, preventative interventions and reduce hospital admissions. New devices that can detect signs of health deterioration, such as smart plugs and movement sensors, during 2021/22. Recognising the signs of someone becoming unwell or noticing a change in habits that may indicate a problem, enables families and services to intervene and prevent small issues from becoming big problems.

### 'Our Space' – dedicated hub opens for Wirral Care Leavers aged 16-25

Although developed and set up by Wirral Council, 'Our Space' comes entirely from the ideas of local young people who have left care, and older Children Looked After. It is designed to be a welcoming safe space to give care leavers a place for developmental, supportive, and recreational opportunities. When we asked our young people what they wanted, they told us they would like a safe space they could call their own. A place where they could access a range of services dedicated to them and also a place where they could access activities; a place where they could see professionals in an informal way without having to go to four or five different places to get an answer, a place where they could come if they were in need and a place, they would feel comfortable in. (At Our Space) They can drop-in and relax or meet with their workers from both the council and other partner organisations. They can learn to cook, design, and make their own clothes, or develop their skills in living independently. Or they can simply come for a chat, a hot drink, and a bite to eat. The space has a hall that is zoned into four areas: 'Performance' has a stage, the 'Urban' zone has a pool table and games, the beach area has huts with laptops in and the chill out areas has a woodland theme. There is also a café bar in this space so young people will have access to food and drink. There is also a kitchen for



cooking sessions, rooms for gaming, parenting and arts and crafts where our young people recently been designing and making their own clothes. There is a conference room which has a more professional feel and where the Children in Care and Care Leavers council's meet. The building also includes office space for our staff who work with Care Leavers. Wirral Council supports around 400 Care Leavers at any one time. These young people have had some of the most disrupted childhoods possible and may experience significant disadvantage and vulnerability throughout their lives. Wirral Children's Department, the Leaving Care Service, and other partner agencies work together to redress the balance by offering the best possible support for young people to achieve their potential.

### LED replacement programme

A programme to replace more than 27,000 streetlights in Wirral with energy-saving LED lanterns was completed during 2021/22. As well as the upgrade to the lanterns themselves, more than 9,000 old streetlight columns have been replaced too as part of this work, which has been carried out under contract by SSE, the council's contractors for the LED Replacement project. During 2021/22, SSE also installed 50 on-street electric vehicle charging points on lighting columns as part of a pilot project, which is aimed at delivering environmental improvements. As well as helping to meet carbon reduction targets by dramatically reducing energy use each year, the new LED lights reduce running costs as the lamps last longer than the original fittings and need less maintenance. They also seem to be proving more reliable with a notable reduction in the number of report streetlight faults over the last two years – 145 in August 2021, compared to 429 in August 2019. The new LED lights create a white light effect and are directed onto the pavement and road to help increase visibility for residents and improve the footage for CCTV cameras where they are in use. The LED Replacement Programme in numbers:



- 27,565 lanterns and 9,884 columns have been replaced
- 1,423 tonnes of carbon emissions will have been avoided between 2019 and 2021 as a result of the programme
- 7,700 tonnes of carbon emissions will have been avoided by 2030 as a result of the programme, compared with the emissions that would have been produced by the previous lantern types
- £240,714 – that is the social value delivered by the SSE contract, which includes the direct employment of local Wirral residents on the works
- £12.9m – total investment in the infrastructure improvements by the end of the programme; funding from a combination of the council's Capital Programme and interest-free borrowing from the government's Salix scheme

Wirral awarded 30 Green Flag Awards for the second year running

208 Green Flags have been awarded to parks and green spaces in the Northwest, with 30 of those awarded to Wirral alone – that’s 14% of the Green Flags in the region. All 30 of last year’s winners have been awarded with a Green Flag to celebrate the dedication of parks and countryside staff, as well as Friends Groups and members of the public who volunteer their time and effort, to make improvements to these important areas. The international awards recognise good quality parks and green spaces around the borough and each of the sites must have good environmental standards, be well maintained, and provide clean and safe visitor facilities to be honoured with a Green Flag.



### Drug-related health harms and crime

During 2021/22 Wirral was selected to be a part of a national scheme to tackle drug-related crime and health impacts. The funds are part of the Government’s ‘Project ADDER’, (Addiction, Diversion, Disruption, Enforcement and Recovery), a joint programme between the Home Office, Department of Health and Social Care and Public Health England. Locally, the scheme will develop enhanced support for those leaving prison, people experiencing homelessness and recovery support around employment. A key focus of the Wirral programme is related to improving access to local NHS services for support for physical and mental health conditions, as well as support for families.

### £2.0m for Wirral children and families in the summer of 2021

Thousands of children and young people had the chance to enjoy new activities and learn new skills during the summer of 2021, thanks to a network of 54 holiday clubs that will be operating through schools, charities and community groups across Wirral over the school break. Up to 6,000 places were available in the huge programme of activities, which includes music, dance, drama, art, sport and cooking. The scheme was coordinated by education services provider Edsential - a community interest company owned by Wirral and Cheshire West & Chester Council’s - and their local partner Neo Community. A nutritious meal was provided each day to all those taking part in the holiday clubs.



The summer programme targeted those who were eligible for free school meals and was made possible thanks to an award of £800,000 from the Department for Education’s Holiday Activity Fund. Families on a budget and who needed to make their money go further were invited to take part in a ‘Summer Cooking on a Budget Challenge’ which will provided all the ingredients – and a sprinkling of cooking advice and encouragement – to prepare a range of balanced meals for all the whole family to enjoy. All those taking part in the challenge received nutritional food packs containing all the ingredients and recipes needed to make meals together. The Summer Cooking on a Budget Challenge supported up to 4000 local families and is part of package of support that has been made possible following an award of £1.153m from the Department for Work and Pensions for an extension to Wirral’s Covid Local Support Grant.

## 5. Summary of Financial Performance for 2021/22

## Revenue expenditure

Revenue expenditure relates to those items that are used within the year on the provision of services to the people of Wirral. Before the start of the financial year, the Council prepares its annual Budget which is approved by Members, which sets out the income and expenditure required during the year to provide services. In March 2021, the Council agreed a net budget of £329.4m for 2021/22.

The net spend of the Council is met from a combination of government grants, the local taxpayer through Council Tax and other income. In 2021/22, the Council Tax band D charge was £1,991.24, representing a general increase of 1.99% and 3.00% ringfenced increase to Adult Social Care.

Throughout the year spend against the approved Budget was monitored and reported monthly to maintain an approach of robust financial management to ensure the maintenance of services.

The table below shows the budget and actual spend for each directorate as reported and monitored in year. The Statement of Accounts report the same expenditure and income but in a different format to comply with the statutory external reporting requirements.

This incorporates additional costs such as depreciation or changes to the value of property which, under regulation, is not chargeable to usable reserves in the year. The impact of such costs in the Accounts is set out in the Expenditure and Funding Analysis note to the accompanying statements.

In 2021/22 the Council reported an adverse variance of £4.854m within Directorates. Exceptional financial support via the capitalisation directive from MHCLG results in a balanced outturn position for this financial year.

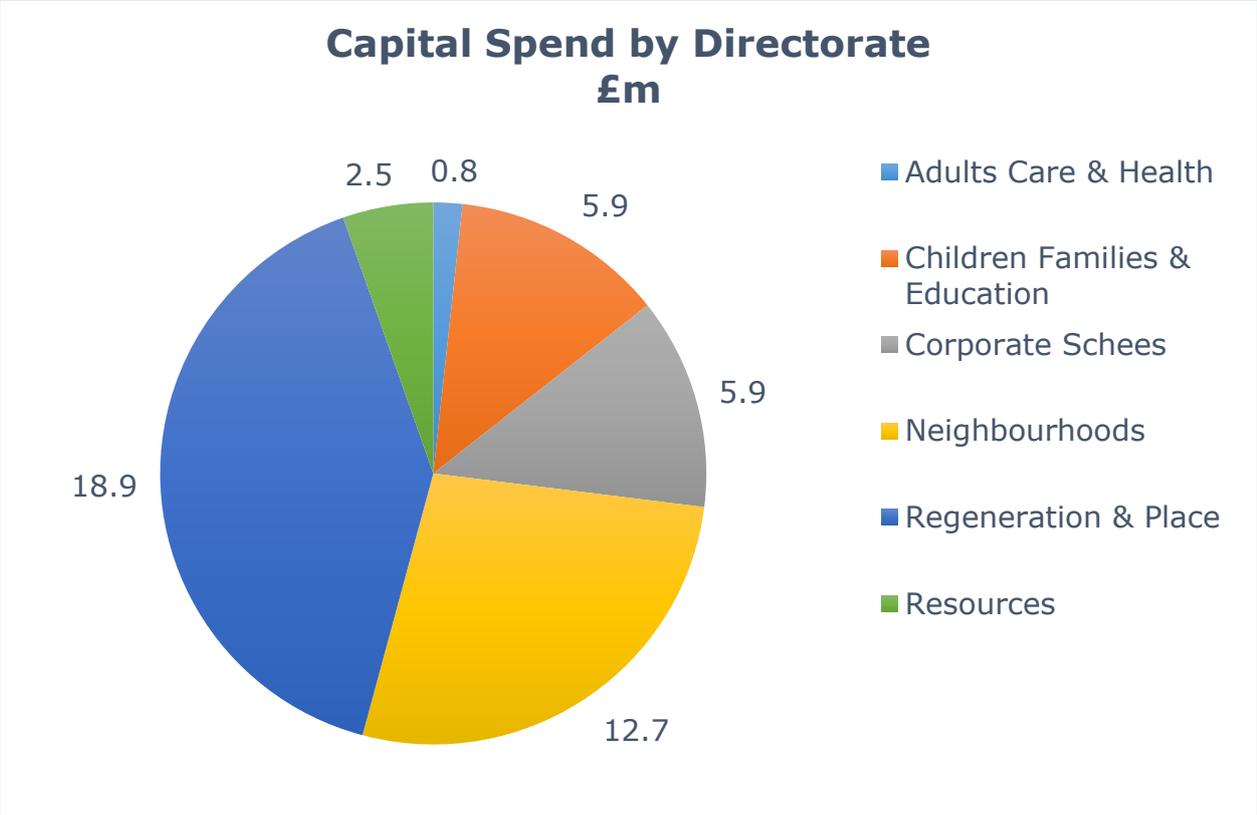
The General Fund balance remains unchanged at £10.67m.

**TABLE 1 2021/22 REVENUE BUDGET & OUTTURN**

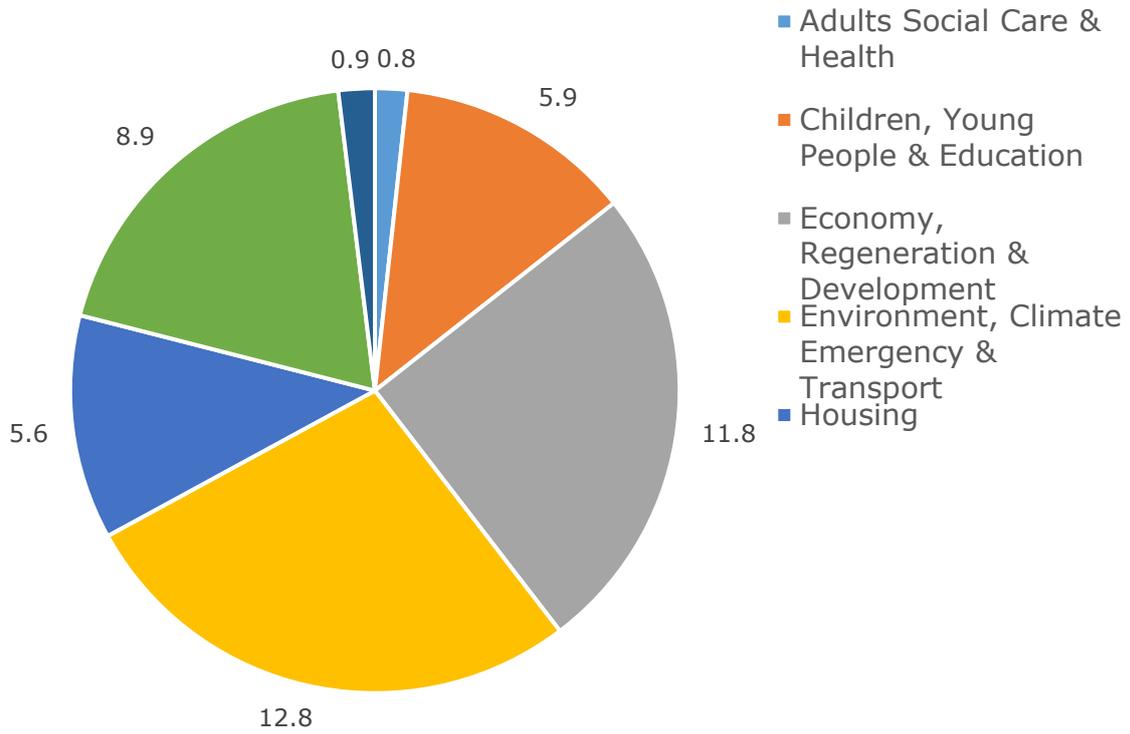
	Budget £000	Outturn £000	Variance		Adverse/ Favourable
			(+ Fav / - Adv) £000	%	
Adult Care & Health	113,651	112,592	1,059	1%	Favourable
Chief Executive Office	1,977	2,000	-23	-1%	Adverse
Children, Families & Education	87,318	86,678	640	1%	Favourable
Law & Governance	3,903	3,904	-1	0%	Adverse
Neighbourhoods Services	54,532	54,443	89	0%	Favourable
Regeneration and Place	34,278	34,407	-129	0%	Adverse
Resources	33,692	33,473	219	1%	Favourable
<b>Total Surplus / (Deficit)</b>	<b>329,351</b>	<b>327,497</b>	<b>1,854</b>	<b>1%</b>	<b>Favourable</b>
Additional value to offset EFS			<b>3,000</b>		Favourable
<b>For Information:</b>					
Included as part of budget funding:					
<b>Exceptional Financial Support</b>	<b>-10,700</b>	<b>-5,846</b>	<b>-4,854</b>	<b>45%</b>	

## Capital Expenditure

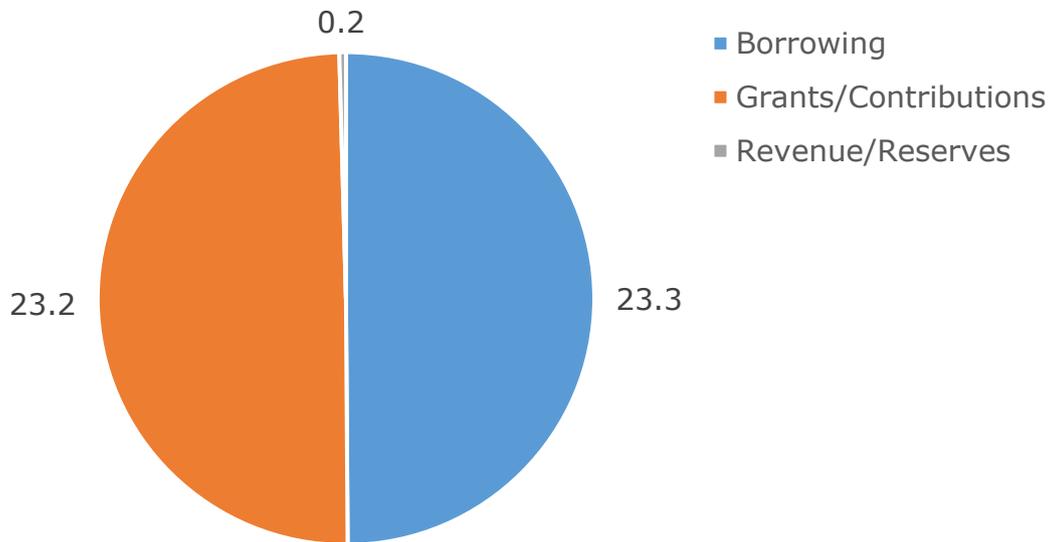
Capital expenditure is different from revenue expenditure, in that it is investment in services and the area (such as buildings, roads and land) that will provide benefits over more than one year. The capital programme for the period 2021–2026 is £141.5m. The capital spend for 2021/22 was £46.7m (2020/21 £46.5m).



### Capital Spend by Committee £m



### Sources of Capital Funding £m



## Summary of the Council's Cashflow and Balance Sheet

The Council's Balance Sheet shows the financial position at the year-end and reflects everything that the Council owns and has control over. As a result of the Comprehensive Income and Expenditure Statement the final position of the General Fund balance as at 31 March 2022 is £10.676m, which is still in line with the Council's approved policy to provide a prudent financial safety net for unforeseen events.

The Balance Sheet as at 31 March 2022 shows a net liability of £76.2m (2020/21 (£56.1m)). The net asset worth of the Council excluding the Pension Liability is £496.5m (2020/21 £475.7m). The movement for 2021/22 of (£20.1m) is explained in the sections below. The Council has reviewed its financial performance for 2021/22 and the budget for 2021/22 and considers that the Council may be viewed as a going concern.

### Long-Term Assets

	2020/21	2021/22	Change
	£000	£000	£000
Property, Plant and Equipment	671,002	681,845	10,843
Heritage Assets	18,411	18,883	472
Investment Properties	19,033	18,914	(119)
Intangible Assets	19	0	(19)
Investments	9,963	11,317	1,354
Debtors	22,327	18,463	(3,864)
<b>Total</b>	<b>740,755</b>	<b>749,422</b>	<b>8,667</b>

The £8.7m increase in Long Term Assets is due to capital expenditure of £31.7m, property and heritage, including valuations increase of £22.4m, off-set by depreciation and disposals of £42.9m. Long-term debtors have reduced primarily due to the repayment relating to the Merseyside Residual Debt Fund and a reduction in housing loans.

The portfolio of investment properties is valued annually, while the property and land within the Property, Plant and Equipment (PPE) note to the account are valued on a short cycle basis, which is a maximum of every five years.

A breakdown of the assets can be found in the Property, Plant and Equipment, Heritage Assets, Investment Properties, and Intangible Assets notes to the accounts.

## Current Assets / Liabilities

	2020/21	2021/22	Change
	£000	£000	£000
<b>Current Assets</b>			
Short-Term Investments	6,974	8,306	1,332
Inventories	226	410	184
Short-Term Debtors	89,240	84,824	(4,416)
Cash and Cash Equivalents	29,856	46,982	17,126
<b>Total Current Assets</b>	<b>126,296</b>	<b>140,522</b>	<b>14,226</b>
<b>Current Liabilities</b>			
Cash and Cash Equivalents	(8,586)	(6,195)	2,391
Short-Term Borrowing	(101,198)	(71,919)	29,279
Short-Term Creditors	(81,443)	(121,570)	(40,127)
Provisions	(12,084)	(12,680)	(596)
<b>Total Current Liabilities</b>	<b>(203,311)</b>	<b>(212,364)</b>	<b>(9,053)</b>
<b>Total</b>	<b>(77,015)</b>	<b>(71,842)</b>	<b>5,173</b>

Total current assets in the Balance Sheet (Investments, debtors including other debtors and cash and cash equivalents) are £140.5m off-set by current liabilities (short term borrowing, creditors and provisions) of £212.4m, giving a net current liability of £71.8m.

Short-term investments have increased by £1.3m, and cash by £17m. Throughout 21/22 the temporary loan market had stabilised and additional funding from central government was received, lessening the need for short-term borrowing at the end of 21/22, resulting in a reduction of £29.3m short-term borrowing. Further details can be found in the Financial Instruments note to the accounts.

Creditors have increased by £40.1m and Provisions increased by £0.6m (see Creditors and Provisions notes to the accounts respectively). These movements are generally due to increased suppliers and accruals at year-end and the release of provisions during the year.

## Long-Term Liabilities

	2020/21	2021/22	Change
	£000	£000	£000
Provisions	(3,444)	(3,876)	(432)
Long-Term Borrowing	(149,434)	(145,268)	4,166
Other Long-Term Liabilities	(34,877)	(31,675)	3,202
Pension Liability	(531,815)	(572,706)	(40,891)
Grants Receipts in Advance - Capital	(257)	(255)	2
<b>Total</b>	<b>(719,827)</b>	<b>(753,780)</b>	<b>(33,953)</b>

The most significant change in long-term liabilities is the increase in the net Pension liability of £40.9m (2020/21 it increased by £59.4m). This is made up of a £42.7 increase for the Local Government Pension Scheme (LGPS), and a £1.8m decrease for the Unfunded Teachers' element. This change is recognising the actuarial changes in a number of factors including financial assumptions, changes to the Consumer Price Index (CPI), pay and inflation. Details of these can be found in the Defined Benefit Pension Scheme note to the accounts.

## Reserves

The Council holds Usable Reserves of £153.7m (2020/21 £150.9m), consisting of Earmarked Reserves of £97.2m (2020/21 £114.6m), General Fund Balances of £10.7m (2020/21 £10.7m), Capital Receipts of £6.2m (2020/21 £1.2m) and Capital Grants Unapplied of £39.6m (2020/21 £24.4m). A breakdown of these can be found in the Usable Reserves note to the accounts.

Earmarked reserves are regularly reviewed to assess their adequacy for the purpose intended and whether they are still required. Movements during 2021/22 are summarised in the table below, with more detail provided in the Transfers to/from Earmarked Reserves note to the accounts.

	Balance as at 31 March 2021	Transfers in 2021/22	Transfers out 2021/22	Balance as at 31 March 2022
School Reserves	(14,960)	(3,245)	49	(18,156)
Covid 19 Reserves	(63,465)	(16,066)	49,460	(30,071)
Ringfenced Reserves	(18,846)	(12,736)	6,348	(25,234)
Other Reserves	(17,361)	(13,433)	7,069	(23,725)
<b>Total Earmarked Reserves</b>	<b>(114,632)</b>	<b>(45,480)</b>	<b>62,926</b>	<b>(97,186)</b>

Unusable Reserves are held for managing the statutory accounting adjustments that are not permitted to be reported in Outturn and therefore to support service budgets. The worsening position in Unusable reserves of £22.9m is due primarily to the change in pensions liability of £40.9m, and movement on the Collection Fund Adjustment Account of £25.6m. Further information can be found in the Unusable Reserves note and the Collection Fund statement and notes.

## 6. Going Concern

In February 2022 the Council approved a budget for 2022/23 and were provided with an indicative budget for the following four years. At the time the budget was approved the Council was forecasting a deficit of £71.6m over the period 2023-27. The Council had

submitted a request for exceptional financial support to HM Treasury via DLUHC in 2020, which was evaluated by Local Government Association (LGA) for years 20/21 and 21/22. DLUHC approved financial support for 20/21 of £9m of which £6.5m was finally utilised. In May 2022 confirmation was received that the application for exceptional support was approved for the year 2021/22 of a sum not exceeding of £6.36m and is likely to draw down of £5.8m.

At 31 March 2022 the council's balanced budget showed general fund reserves of £10.7m which is in line with but at the lower of its agreed levels, and earmarked reserves of £97.2m, of which £30.1m are Covid-19 related including compensation for Business Rates reliefs and Local Income Tax losses. It is projected that Earmarked reserves by the end of 2022/23 should be in the region of £56.4m, with all Covid-19 reserves used and the general fund of £13.2m.

The Council is closely monitoring the budget position and where necessary taking corrective action to ensure a balanced position is maintained for 2022/23 and 2023/24. Work has been on-going as part of the budget process to identify income and savings and reduce cost pressures, which will continue to be reviewed.

To ensure financial stability amidst the financial challenges that are being faced requires a shift in the way services are delivered and funded - this will be achieved via a medium to long term programme of cost savings, then income, investment and growth in future years. This has meant that the Council has had to review what its most critical services are, determine which are required to still be operational and this is being achieved through the service reviews. This may also require the Council to review the structural position of its budget and how that needs to change in the future.

As the nation has now come out of lockdown and the new norm is being established, it is difficult to determine with any degree of certainty the long-term impact of Covid-19 will have had, but there may be an on-going financial pressure on the Council.

During 2022/23 in the approved budget there were no planned use of earmarked reserves to underpin the Council's budget.

The Council is constantly monitoring and reviewing how it delivers its services, along with service reviews planned. Any changes to service delivery from an operational approach will ensure it focuses on the prioritising services in line with the Wirral Plan 2026 and these will be reflected in the Medium-Term Financial Plan (MTFP) to achieve financial sustainability through the use of benchmarking and other monitoring activity, in a manner that continues to give consideration to the Council's strategic objectives. Over the five years to 2026/27 the Council reported a forecast that shows a current deficit. Work continues to ensure this deficit is mitigated and a balanced five-year plan can be achieved.

Cash flows are monitored, and requirements forecast on a daily basis in line with good treasury practices and to maximise interest costs. The forecast to March 2023 carries a degree of estimation, however there are not believed to be any cash flow issues. The Council has a good history of managing its cash flow and does not anticipate any issues with borrowing either on a short or long-term basis as indicated by our brokers. The facilities to borrow and how we borrow are continuously monitored, and the Council considers its' ability to borrow on both a short and long-term basis strong. The Council continues to utilise short-term borrowing, due to competitive interest rates; and as long-term borrowing becomes more competitive the Council will give consideration to this

facility to maximise interest costs and long-term cash flow demands i.e. Short-term borrowing at 31 March 2022 was £70m, of which £58m was peer to peer borrowing.

## Conclusion

The entities which Wirral Council has an investment in has been adequately provided for in the Council's single entity accounts as at 31 March 2022, and regular board meeting are held where the viability of these entities is discussed and any risk associated would then be assessed and appropriate decisions made. The Council believes it is adequately protected for the known risks associated with these entities.

## 7. About the Statement of Accounts

The Statement of Accounts brings together the financial performance for the Council for the year and its financial standing as at the 31 March 2022. They contain both revenue and capital transactions across all services.

The Council is required to produce an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices, comprising of the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) supported by International Financial Reporting Standards (IFRS).

For 2021/22 the Council has adopted a capitalisation directive policy. In October 2020, the Council requested for exceptional financial support (capitalisation directive) from the Ministry of Housing, Communities and Local Government (MHCLG) to enable a balanced budget to be reported for 2020/21 and 2021/22. The Ministry have approved a capitalisation directive up to a maximum value of £6.36m for 2021/22, subject to conditions.

This directs the Council to treat as capital expenditure, expenditure which is either:

- Revenue expenditure and meets the definition of an additional cost pressure as identified and agreed with MHCLG through the Council's formal request for exceptional financial support; or
- Any revenue expenditure not exceeding the value of income losses in the financial period 2021/22 as identified and agreed with MHCLG through the application.

The costs that can be capitalised are expenditure costs as they are incurred, the Council will charge a Minimum Revenue Provision (MRP) over the life of the assets, no more than 20 years. Where capital financing is increased as a result of the capitalisation directive, further borrowing will be obtained from the PWLB (Public Works Loan Board) and charged interest at 1% higher than the loan would otherwise be subject to.

The Council reviews annually any interests in companies and other entities for any financial arrangements that may require the production of Group Accounts. In 2021/22 there were no material transactions that require this.

The following provides brief descriptions of the purpose of the various statements:

- **Narrative Report** provides an overview of the Council's financial and non-financial position for 2021/22.

- **Statement of Responsibilities for the Statement of Accounts** details the responsibilities of the Council and of the Director of Finance (S151).
- **Independent Auditor's Report**, is the Council external Auditor's report to Members of Wirral Council including the conclusion of arrangements for securing Value for Money. This will be added to the Statement of Accounts following completion of the audit by our external auditors Grant Thornton.

The **Core Financial Statements** comprise four key statements:

1. **Comprehensive Income and Expenditure Statement**, which shows all income and expenditure for the Council during 2021/22;
2. **Movement in Reserves Statement**, which shows the movement during the year on the different reserves that the Council holds;
3. **Balance Sheet**, which shows the financial standing of the Council at 31 March 2022, summarising all assets and liabilities;
4. **Cash Flow Statement**, which shows the inflows and outflows of cash arising from transactions with other parties.

The **Notes to the Core Financial Statements** provide further detail and explanation of the items contained within the four Core Financial Statements.

There are **Additional Financial Statements** for:

- The **Collection Fund** (and notes), which covers Council Tax and Non-Domestic Rates collected and the amounts paid to precepting authorities.
- The **Merseyside Pension Fund Accounts** covering the financial position of the Merseyside Pension Fund, which is administered by Wirral Council.

The **Annual Governance Statement**, which does not form part of the formal Statement of Accounts is a separate publication which sets out to:

- Give public assurance that the Council has proper arrangements in place to manage its affairs. The Statement summarises the Council's responsibilities and shows the effectiveness of the arrangements in place to manage its affairs. Show the actions agreed by the Leader and Chief Executive to address those matters identified as requiring action to further enhance the governance arrangements.

## 8. Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services, who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

Matthew Bennett  
 Director of Finance  
 S151 Officer

## Statement of Responsibilities for the Statement of Accounts

### 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. The responsible officer is designated as the Chief Financial Officer, or equivalent. In this Council, that officer is the Director of Finance (S151).
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### The Chief Finance Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practice as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

### Certification of the Accounts

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

Signed by Matthew Bennett  
Director of Finance (S151 Officer)

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Independent Auditor's Report

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# Core Financial Statements

## Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to, or from, Earmarked Reserves undertaken by the Council.

Further details of these reserves and the in-year movements can be found in the Transfers to/from Earmarked Reserves note, and the Usable Reserves and Unusable Reserves notes.

The opening 2020/21 balance was adjusted to reflect an amendment to The Local Authorities (Capital Finance and Accounting) Regulations 2020, which states where a Local Authority has a deficit in respect of its schools budget it must be charged to an account used solely for the purpose of recognising deficits in respect of its schools' budget. The closing 2019/20 schools budget deficit was therefore transferred from earmarked reserves to a dedicated account within Unusable Reserves.

	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2021	(10,676)	(114,632)	(125,308)	(1,190)	(24,429)	(150,927)	207,014	56,087
<b>Movement in reserves during 2021/22</b>								
Surplus or deficit on the provision of services	36,929	0	36,929	0	0	36,929	0	36,929
Other Comprehensive Income / Expenditure	0	0	0	0	0	0	(16,816)	(16,816)
<b>Total Comprehensive Income and Expenditure</b>	<b>36,929</b>	<b>0</b>	<b>36,929</b>	<b>0</b>	<b>0</b>	<b>36,929</b>	<b>(16,816)</b>	<b>20,113</b>
Adjustments between accounting basis and funding basis under regulations	(19,482)	0	(19,482)	(4,992)	(15,229)	(39,703)	39,703	0
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>17,447</b>	<b>0</b>	<b>17,447</b>	<b>(4,992)</b>	<b>(15,229)</b>	<b>(2,774)</b>	<b>22,887</b>	<b>20,113</b>
Transfers to / from Earmarked Reserves	(17,447)	17,447	0	0	0	0	0	0
<b>Increase or Decrease in 2021/22</b>	<b>0</b>	<b>17,447</b>	<b>17,447</b>	<b>(4,992)</b>	<b>(15,229)</b>	<b>(2,774)</b>	<b>22,887</b>	<b>20,113</b>
<b>Balance at 31 March 2022</b>	<b>(10,676)</b>	<b>(97,185)</b>	<b>(107,861)</b>	<b>(6,182)</b>	<b>(39,658)</b>	<b>(153,701)</b>	<b>229,901</b>	<b>76,200</b>

	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Un- applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2020</b>	(10,676)	(66,768)	<b>(77,444)</b>	(513)	(19,453)	<b>(97,410)</b>	99,820	<b>2,410</b>
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020	0	(1,265)	<b>(1,265)</b>	0	0	<b>(1,265)</b>	1,265	<b>0</b>
<b>Revised balance at 1 April 2020</b>	<b>(10,676)</b>	<b>(68,033)</b>	<b>(78,709)</b>	<b>(513)</b>	<b>(19,453)</b>	<b>(98,675)</b>	<b>101,085</b>	<b>2,410</b>
<b>Movement in reserves during 2020/21</b>								
Surplus or deficit on the provision of services	41,594	0	<b>41,594</b>	0	0	<b>41,594</b>	0	<b>41,594</b>
Other Comprehensive Income / Expenditure	0	0	<b>0</b>	0	0	<b>0</b>	12,083	<b>12,083</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>41,594</b>	<b>0</b>	<b>41,594</b>	<b>0</b>	<b>0</b>	<b>41,594</b>	<b>12,083</b>	<b>53,677</b>
Adjustments between accounting basis and funding basis under regulations	(89,350)	0	<b>(89,350)</b>	(677)	(3,819)	<b>(93,846)</b>	93,846	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(47,756)</b>	<b>0</b>	<b>(47,756)</b>	<b>(677)</b>	<b>(3,819)</b>	<b>(52,252)</b>	<b>105,929</b>	<b>53,677</b>
Transfers to / from Earmarked Reserves	47,756	(46,599)	<b>1,157</b>	0	(1,157)	<b>0</b>	0	<b>0</b>
<b>Increase or Decrease in 2020/21</b>	<b>0</b>	<b>(46,599)</b>	<b>(46,599)</b>	<b>(677)</b>	<b>(4,976)</b>	<b>(52,252)</b>	<b>105,929</b>	<b>53,677</b>
<b>Balance at 31 March 2021</b>	<b>(10,676)</b>	<b>(114,632)</b>	<b>(125,308)</b>	<b>(1,190)</b>	<b>(24,429)</b>	<b>(150,927)</b>	<b>207,014</b>	<b>56,087</b>

## Comprehensive Income and Expenditure Statement

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

The figures for 2020/21 have been restated and re-presented to reflect a small number of internally recharged activities that were not disclosed in 2020/21, see note 46 for full restatement comparative.

2020/21 (restated)			2021/22		
Expenditure	Income	Net	Expenditure	Income	Net
£000	£000	£000	£000	£000	£000
1,987	(16)	1,971	2,238	(108)	2,130
34,285	(29,949)	4,336	0	0	0
132,610	(102,773)	29,837	152,481	(110,507)	41,974
75,486	(12,444)	63,042	86,638	(24,593)	62,045
8,531	(1,029)	7,502	7,744	(1,757)	5,987
37,054	(9,131)	27,923	38,059	(15,767)	22,292
315,840	(230,736)	85,104	333,520	(240,727)	92,793
180,331	(87,935)	92,396	195,844	(83,158)	112,686
325	(3,643)	(3,318)	0	0	0
<b>786,449</b>	<b>(477,656)</b>	<b>308,793</b>	<b>816,524</b>	<b>(476,617)</b>	<b>339,907</b>
		<b>Cost of Services</b>			
43,367	0	43,367	48,251	0	48,251
34,364	(510)	33,854	25,203	(1,970)	23,233
0	(344,420)	(344,420)	0	(374,462)	(374,462)
<b>864,180</b>	<b>(822,586)</b>	<b>41,594</b>	<b>889,978</b>	<b>(853,049)</b>	<b>36,929</b>
		<b>Surplus or Deficit on Provision of Services</b>			
		(22,831)			(21,682)
		0			47
		4			45
		34,910			4,774
		<b>12,083</b>			<b>(16,816)</b>
		<b>Other Comprehensive Income and Expenditure</b>			
		<b>53,677</b>			<b>20,113</b>
		<b>Total Comprehensive Income and Expenditure</b>			

## Balance Sheet

This shows the value of the assets and liabilities recognised by the Council at the Balance Sheet date. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories, usable and unusable reserves. Usable reserves are those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.'

<b>31 March 2021</b>			<b>31 March 2022</b>
<b>£000</b>	<b>Notes</b>		<b>£000</b>
671,002	14	Property, Plant and Equipment	681,845
18,411	15	Heritage Assets	18,883
19,033	16	Investment Property	18,914
19	17	Intangible Assets	0
9,963	18	Long-Term Investments	11,317
22,327	18 & 19	Long-Term Debtors	18,463
<b>740,755</b>		<b>Long Term Assets</b>	<b>749,422</b>
6,974	18	Short-Term Investments	8,306
226		Inventories	410
89,240	19	Short-Term Debtors	84,824
29,856	21	Cash and Cash Equivalents	46,982
<b>126,296</b>		<b>Current Assets</b>	<b>140,522</b>
(8,586)	21	Cash and Cash Equivalents	(6,195)
(101,198)	18 & 29	Short-Term Borrowing	(71,919)
(81,443)	22	Short-Term Creditors	(121,570)
(12,084)	23	Provisions	(12,680)
<b>(203,311)</b>		<b>Current Liabilities</b>	<b>(212,364)</b>
(3,444)	23	Provisions	(3,876)
(149,434)	18 & 29	Long-Term Borrowing	(145,268)
(34,877)	18, 22 & 29	Other Long-Term Liabilities	(31,675)
(531,815)	42	Pension Liability	(572,706)
(257)	36	Grants Receipts in Advance - Capital	(255)
<b>(719,827)</b>		<b>Long Term Liabilities</b>	<b>(753,780)</b>
<b>(56,087)</b>		<b>Net (Liabilities)/ Assets</b>	<b>(76,200)</b>
(150,927)	24	Usable Reserves	(153,702)
207,014	25	Unusable Reserves	229,902
<b>56,087</b>		<b>Total Reserves</b>	<b>76,200</b>

## Cash Flow Statement

The Cash Flow Statement shows the changes in Cash and Cash Equivalents of the Council during the reporting period.

The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or by raising income from the recipients of services provided by the Council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>	<b>Notes</b>	<b>£000</b>
<b>41,594</b>	<b>Net (surplus) or deficit on the provision of services</b>	<b>36,929</b>
(79,473)	26 Adjustment to surplus or deficit on the provision of services for noncash movements	(97,424)
25,582	26 Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	39,462
<b>(12,297)</b>	<b>Net cash flows from operating activities</b>	<b>(21,033)</b>
(15,558)	27 Net cash flows from investing activities	(8,728)
(4,547)	28 Net cash flows from financing activities	10,248
<b>(32,402)</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>(19,513)</b>
53,672	21 Cash and cash equivalents at the beginning of the reporting period	21,270
21,270	21 Cash and cash equivalents at the end of the reporting period	40,787
<b>32,402</b>	<b>21 Cash and cash equivalents movement during reporting period</b>	<b>(19,517)</b>



# Notes to the Core Financial Statements

## Note 1 - Accounting Policies

### Significant Accounting Policies

#### General Principles

The purpose of Note 1 is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. The accounting policies are the main principles, bases, conventions, rules and practices that specify how these transactions and other events are reflected in the financial statements.

The Statement of Accounts summarise the Council's transactions for the 2021/22 financial year and its position at the year-end of 31st March 2022. The Council is required to produce an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit Regulations 2015. For 2021/22, these practices are 'The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22' ('the Code') supported by International Financial Reporting Standards (IFRS), where CIPFA has provided guidance notes and the amendment to 2021/22 CIPFA Code in respect to the measurement and disclosures for infrastructure assets.

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

The Statement of Accounts has been adjusted to reflect events after 31st March 2022 and before the date the Accounts were authorised for issue only where the events provide material evidence of conditions that existed at 31st March.

The Council's over-arching accounting policies are set out below. Further detail on the accounting treatment adopted for specific transactions and balances is included in relevant disclosure notes.

#### 1.0 Accruals of Income and Expenditure

##### 1.1 Revenue Recognition

Revenue is a sub-set of income and is defined as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth. Revenue is defined as income arising from the result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient. Revenue is measured as the amount of the contract/transaction price which is allocated to that performance obligation when met. Where the Council is acting as an agent of another organisation the amounts collected are excluded from revenue.

##### 1.2 Income and Expenditure

Income and expenditure are accounted for on an accrual basis in the year the activity takes place; income is recorded when it is earned not when it is received and expenditure when it is incurred not paid.

Activity is accounted for in the year that it takes place rather than when cash payments are made or received:

- Revenue from sales, fees, charges and rents due from customers are accounted for as income at the date the Council has satisfied a performance obligation by transferring promised goods and services to the recipient;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventory on the Balance Sheet;
- Interest receivable on investments and payable on borrowings is accounted for per the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made, the asset is impaired and written down to the recoverable amount and a charge made to the revenue for income that might not be collected;
- Where payment is made or income received in advance of a service being received or delivered then a prepayment or receipt in advance is recorded in the Balance Sheet;
- Income from the sale of non-current assets is recognised only when all material conditions of sale have been met and is measured as the sums due under the sale contract; and
- Accruals are recognised where the value is equal to or exceeds £5,000 for any individual debtor or creditor

The amounts included are based on actual invoices raised or received and, where actual amounts are not known, estimates are included based on an assessment of the value of goods and services rendered or received in the financial year. Any estimates are calculated using the best available information.

Income from Council Tax and National Non-Domestic Rates is recognised within the Comprehensive Income and Expenditure Statement (CIES) as the amount due to the Council for the financial year, including its share of the Collection Fund balances for these items at the end of the financial year. This value is subsequently amended through the Movement in Reserves Statement and the Collection Fund Adjustment Account to reflect the amount to be credited to the General Fund for the Council's Council Tax Requirement and income from National Non-Domestic Rates.

## 2.0 Assets Held for Sale

When it becomes probable an asset will be sold rather than in its continued use as an operational or investment asset, it will be reclassified within current assets as held for sale subject to strict criteria being met. The asset must be available for immediate sale, actively marketed and must have a high probability of being sold within one year of the date of classification. Held for sale assets are carried at the lower of cost or the fair value less costs to sell and not depreciated.

## 3.0 Capital Receipts

Sales of assets give rise to capital receipts if the receipt is greater than or equal to £10,000. These are recorded on an accrual basis and, if required, are divided into a

reserved part (based on applicable statutory requirements) and a useable part (the balance). Receipts under £10,000 in value remain as credits within the General Fund.

The Secretary of State has determined that, under provisions included in the Local Government Act 2003, the Council is required to pay over to the Department of Levelling Up Housing and Communities, a proportion of receipts derived from the disposal of housing land.

The Council has and continues to use the flexibilities over the use of capital receipts to support a range of transformational activities.

#### 4.0 Capitalisation Directive

In October 2020, the Council requested for exceptional financial support (capitalisation directive) from the Department of Levelling Up Housing and Communities (DLUHC) formally Ministry of Housing, Communities and Local Government (MHCLG) to enable a balanced budget to be reported for 2020/21 and 2021/22. The Secretary of State has approved a capitalisation direction of a total not exceeding £6.36m for 2021/22, subject to conditions set out in capitalisation direction.

This directs the Council to treat as capital expenditure, expenditure which is either:

- Revenue expenditure and meets the definition of an additional cost pressure as identified and agreed with DLUHC through the Council's formal request for exceptional financial support; or
- Any revenue expenditure not exceeding the value of income losses in the financial period 2021/22 as identified and agreed with DLUHC through the application

The costs that can be capitalised are expenditure costs as they are incurred, the Council will charge a Minimum Revenue Provision (MRP) over the life of the assets, no more than 20 years; the aim, as requested by DLUHC, is to repay early, over a 5 year period, using capital receipts. Where capital financing is increased as a result of the capitalisation directive, further borrowing will be obtained from the PWLB (Public Works Loan Board) and charged interest at 1% higher than the loan would otherwise be subject to.

#### 5.0 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions recoverable on-demand, with a notice period of not more than 24 hours without material penalty. Cash equivalents are short-term, highly liquid investments which are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

#### 6.0 Employee Benefits

##### 6.1 Benefits payable during employment

The Council recognises the costs of benefits received by current employees (other than termination benefits). They include benefits such as salaries, wages and paid annual leave and are recognised as an expense for services in the year in which employees render service. An accrual is made for the cost of outstanding annual leave that staff have earned but not taken before the year-end and charged to the CIES to ensure that the cost of annual leave is charged to revenue in the financial year to which it relates. An annual accrual is undertaken to reflect these untaken entitlements at current rates of pay, as any

change to current rates of pay for which the entitlement is paid is deemed not material and therefore no uplift has been accrued.

To prevent fluctuations from impacting on Council Tax, the year-on-year change in costs generated by this accrual is transferred to a specific reserve via the Movement in Reserves Statement.

## 6.2 Termination benefits

Termination benefits are dealt with separately from other employee benefits because the event which gives rise to an obligation is termination rather than employee service.

Termination benefits are payable from either:

- the Council's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits

Termination benefits are often lump-sum payments. The liability for termination benefits is charged on an accrual basis to the CIES when either the Council can no longer withdraw the offer of those benefits or when the Council recognises restructuring costs which involve the payment of termination benefits, whichever is earlier. However, enhanced retirement benefits, paid via the Pension Fund, are charged to the General Fund in accordance with the pension regulations.

## 6.3 Post-employment benefits

Most employees of the Council participate in one of three separate pension schemes which provide members with defined benefits (retirement lump sums and pensions) related to pay and service. The schemes are as follows:

- The Teachers' Pension Scheme, which is a defined benefit scheme administered by the Teachers Pensions Agency (TPA), on behalf of the Department for Education (DfE). The scheme is unfunded, the Government operates a notional fund as the basis for calculating employers' contributions. The CIES is charged with the employer's contributions payable to the Teachers' Pensions Scheme in the year. The scheme is accounted for as a defined contribution scheme and no liability for future payments is recognised in the Balance Sheet.
- The National Health Service (NHS) Pension Scheme, which is an unfunded defined benefit scheme that covers NHS employers, general practices and other bodies, covering staff transferred to the employment of the Council following the transfer of public health services on 1 April 2013. It is not possible for the Council to identify its share of the underlying scheme liabilities. The scheme is accounted for as a defined contribution scheme, and therefore no liability for future payments is recognised in the Balance Sheet.
- The Local Government Pension Scheme (LGPS) administered by the Merseyside Pension Fund for all other employees that are eligible to join subject to certain qualifying criteria. This operates as a defined benefit scheme and the liabilities attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method. This method is based on an assessment of the future payments that will be made to members of the scheme in relation to future retirement benefits earned to-

date; using assumptions about mortality rates, employee turnover and projected earnings for current members and discounted to their present date equivalent using the indicative rate or return on a high quality corporate bond. The scheme is governed by the Public Services Pensions Act 2013 and administered with the following secondary legislation on behalf of all participating employees:

- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds) Regulations 2016

Post-employment benefits are accounted for in accordance with International Account Standard 19 (IAS19) on Employee Benefits. Retirement benefits are therefore accounted for at the point that a commitment arises, even if the actual payment will be many years in the future. This reflects the Council's long-term commitment to increase contributions to make up any shortfall in attributable net assets in the LGPS.

The assets of the Merseyside Pension Fund attributable to the Council are included in the Balance Sheet at their fair value, as determined by:

- Quoted securities - market value, based on prices quoted to sellers in the market ("bid price")
- Unquoted securities - based on professional estimate
- Unitised securities - the average of the price quoted to sellers ("bid price") and the price offered to buyers in the market (the "offer price"), *and*
- Property - market value

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

A) **Service Costs**

- i. Current service cost – any increase in liabilities as a result of years of service earned in the financial year;
- ii. Past service cost/gains – changes arising from in-year decisions where the effect relates to years of service earned previously. Curtailments are additional employer liabilities incurred when a member stops contributing to the scheme earlier than expected e.g. following redundancy, but without a reduced pension;
- iii. Gains/Losses on settlement – the result of actions that change the scope of the Council's future pension liability, for example a group of staff transferring to a different employer;

B) **Net interest on the net defined benefit liability** – difference between the increase in the present value of liabilities as they move a year closer to payment and the expected return on investments over the same period;

C) **Remeasurement on the defined benefit liability** – the impact of changes to the assumptions underpinning the actuarial estimates of the value of assets and liabilities are charged to the Pension Reserve as Other Comprehensive Income and Expenditure. These could be due to changes in assumed mortality rates, discount rates, inflation or because the actual level of investment returns is different from the long-term averages assumed under B;

- D) **Contributions paid to the Fund** – employer’s contributions paid to the Pension Fund;
- E) **Administration costs**

Statutory provisions require the General Fund balance to be charged with the amount payable to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve, to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

The Council has restricted powers to make discretionary awards of retirement benefits in cases of early retirement. Any liabilities estimated to arise from an award to any member of staff (including teachers) are either accrued in-year or reimbursed to the Pension Fund over a five-year period.

#### 7.0 Events after the Balance Sheet date

Events after the Balance Sheet date are those, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period (the Statement of Accounts is adjusted to reflect such events);
- those that are indicative of changes in conditions after the reporting period. The Statement of Accounts is not adjusted to reflect such events but where they will have a material impact, disclosure is made in the Notes of the nature of these events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the accounts, see Events after the Balance Sheet Note for details.

#### 8.0 Fair Value Measurement

Some non-financial assets such as Investment Properties and surplus assets are measured at fair value and its financial instruments at amortised costs or fair value at each reporting date. All fair value is the price that would be received to sell an asset or paid to transfer a liability. A fair value assessment assumes that the transaction to sell the asset or transfer the liability occurs either:

- in the principal market for the asset or liability, *or*
- in the most advantageous market for the asset or liability (if no principal market exists)

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

When measuring the fair value of a non-financial asset, the Council takes into account a market participant’s ability to generate economic benefits by using the asset in its highest

and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs, which considers three levels of categories from inputs to valuations for fair value assets or liabilities:

- Level 1 – Quoted prices;
- Level 2 – Inputs other than quoted prices that are observable, either directly or indirectly;
- Level 3 – Unobservable inputs

## 9.0 Financial Instruments

### 9.1 Recognition and Measurement

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or equity instrument in another. The term “financial instrument” includes, amongst others, trade receivables and payables, borrowings, financial guarantees, bank deposits and loans receivable.

### 9.2 Initial Recognition

Financial instruments are recognised in the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument, i.e. when the purchasers become committed to the purchase or, in the case of the loan, cash changes hands. Sales and disposals of financial assets are recognised in the same way.

Trade receivables and payables are, in contrast, only recognised when the goods and services are delivered or received.

### 9.3 Initial Measurement

Financial assets and liabilities are measured initially at fair value less transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability and carried at amortised cost (carrying value).

### 9.4 Financial Assets

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

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

The Council’s business model is to buy and hold investments to collect contractual cash flows i.e. payments of interest over the term of the asset and repayment of the principal amount invested at the end. Most of the Council’s financial assets are therefore classified as being at amortised cost.

### **i. Measured at amortised cost**

For most of the financial instruments held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to CIES is the amount receivable for the year in the loan agreement. Any profit or loss on the sale of the financial instrument is debited/credited to the Financing and Investment Income and Expenditure line in the CIES in the year of sale.

### **ii. Measured at fair value through Other Comprehensive Income (FVOCI)**

The Council has made an irrevocable election to designate certain financial assets as FVOCI on the basis they are not held for trading but held for longer-term strategic purposes.

The asset is initially measured and subsequently re-measured to current fair value at each balance sheet date. Dividend income is credited to Financing and Investment Income and Expenditure in the CIES when it becomes receivable by the Council. Changes in fair value between balance sheet dates are charged / credited to Other Comprehensive Income and Expenditure and are matched by an entry in the Financial Instruments Revaluation Reserve. This matching entry means that there is no impact on the Surplus or Deficit on the Provision of Services at that time. When the assets concerned are finally sold the cumulative profits or losses previously recognised in Other Comprehensive Income and Expenditure (i.e. sale proceeds less original cost) are transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on Provision of Services (SDPS).

### **iii. Measured at fair value through Profit and Loss (FVTPL)**

These are measured and carried at fair value (market price). At each balance sheet date, the asset's fair value is re-measured to the current fair value and any change is reported in the SDPS. On disposal any gains and losses are recognised in the Financing and Investment Income line in the CIES. The fair value measurement is based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in the section on Fair Value Measurement.

## **9.5 Impairments to Financial Assets Measured at Amortised Cost**

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.

## **9.6 Expected Credit Loss Model**

The Council recognises expected credit losses (i.e. non-payment of principal and / or interest) on all its financial assets held at amortised cost (or where relevant FVOCI). Usually only credit losses arising in the next twelve months are calculated. Lifetime losses are only recognised when the risk of the amount lent out not being made in full increases significantly over the year. Trade receivables (debtors) are permitted to use the simplified approach to expected credit losses. Impairment losses are calculated to reflect the

expectation that the future cash flows might not take place because the borrower could default on their obligations.

## 9.7 Financial Liabilities

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost (carrying value). The amount presented in the Balance Sheet is therefore the outstanding principal repayable (plus accrued interest). Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the CIES in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down is spread over the life of the loan by an adjustment to the effective interest rate. This is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium payable or discount receivable when it was repaid.

## 9.8 Disclosure of the nature and risk arising from Financial Instruments

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

- Credit risk – the risk that other parties might fail to pay amounts due;
- Liquidity risk – insufficient funds available to meet commitments;
- Market risk – financial loss from changes in interest rates

To minimise these risks, the Council complies with the CIPFA Prudential Code, the CIPFA Treasury Management in Public Services Code of Practice and Investment Guidance issued to meet the requirements of the Local Government Act 2003.

## 10.0 Government Grants and Other Contributions

Government grants and other contributions are accounted for on an accrual basis in the CIES, when there is reasonable assurance that the money will be received and all conditions attached to the funding will be met. Where conditions attached to grants and contributions remain outstanding, monies received to date are carried forward in the Balance Sheet as Creditors (Receipts in Advance) until the conditions have been satisfied.

Capital grants are treated as income within the CIES, within the Taxation and Non-specific Grant Income and Expenditure Note, when the conditions regarding their use are met. A corresponding amount is transferred, as shown in the Movement in Reserves Statement,

from the General Fund Balance to the Capital Adjustment Account in the Unusable Reserves Note, if the grant has been used to finance capital expenditure in the year, or to the Capital Grants Unapplied Account until it is used. Capital grants with conditions attached are held as receipts in advance in the Capital Grants Unapplied Account until such time as the conditions are met and the grant applied to finance capital expenditure. Where a capital grant has been received but the conditions regarding its use are not met, it is transferred to Capital Grants Received in Advance until such time as the grant conditions are met, when it is recognised as a capital grant within the CIES.

Separate accounts are maintained for capital and revenue grants in accordance with the Code.

Covid grants have been received during the year and these are classified into passported (where the Council is the Agent) and not reported in the CIES but are held in the balance sheet and then paid over to the respective body, company etc. Covid grants where the Council uses the grants (ringfenced or un-ringfenced) in accordance with the conditions of the grant, are reported in the CIES as they are spent and any unused grant is held in an Earmarked Reserve for future use. A number of grants have a hybrid approach passported or not depending on the conditions and use; these are either charged to the CIES, held in Earmarked Reserves or passported to the respective body or held as a creditor in the balance sheet for future passporting.

#### 11.0 Interests in Companies and Other Entities

Group Accounts are referred to in IFRS10 Consolidated Financial Statements, IFRS11 Joint Arrangements, IFRS12 Disclosure of Interests in Other Entities, International Accounting Standard (IAS) 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

An assessment of the criteria for the completion of Group Accounts has been undertaken and the conclusion reached that there was no requirement to produce such accounts. The Council has interests in other entities that fall within the group boundary of the Council on the grounds of control and significant influence in-line with the Code. However, as the Council's interests in total are not material, when reviewing both quantitative and qualitative information, group accounts have not been produced. Further details are covered in the Notes on Related Party Transactions and Involvement with Companies and only the Council's share of Joint Operations has been included in this Statement of Accounts.

#### 12.0 Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken in conjunction with other joint operators involve the use of the assets and resources of those joint operators. The Council as a joint operator recognises on its Balance Sheet its share of the assets and liabilities generated by the operation, and the Cost of Services within the CIES includes its share of the expenditure incurred and of income earned from the activity.

Under Section 75 of the Health Act 2006, the Council is able to establish joint working arrangements with NHS bodies and to pool funds from the two organisations to create a single budget. Where pooled budgets are established, the Council's accounts reflect only

the Council's share of the overall budget and exclude the share attributable to partner organisations.

### 13.0 Leases

Leases are classified as either **finance** or **operating** leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. Whether a lease is a finance or an operating lease depends on the substance of the transaction rather than the form of any legal agreement. Leases are classified as finance leases where the terms of the lease transfer most of the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Land and building elements of a lease are considered separately for lease classification.

#### 13.1 Finance Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. This judgement is made at the inception of the lease using criteria set out in IAS 17. Arrangements that are not legally leases but convey the right of use in return for a payment are subject to the same accounting treatment as if they were in fact a lease.

Where the Council grants a finance lease (lessor) over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a Debtor in the Balance Sheet. Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the leased asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the Debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

## 13.2 Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased assets. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

## 14.0 Minimum Revenue Provision

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement. Regulation 28 of the 2003 Regulations requires a local authority to calculate in each financial year an amount of MRP that it considers to be prudent.

## 15. Non-Current Assets

### 15.1 Property, Plant and Equipment

These are tangible assets that have physical substance and are held for use in the provision of services, for rental to others or for administrative purposes, and which are expected to be used for more than one year. Property, Plant and Equipment (PPE) includes expenditure on such things as the acquisition of land and buildings, vehicles, plant and equipment and the construction and enhancement of roads, buildings and other structures. This category does not typically include Assets Held for Sale, as they would normally be expected to be sold within twelve months; properties held solely for the purpose of generating a financial return (see Investment Property Note 16) and those held primarily for their contribution to knowledge and culture (see Heritage Assets Note 15).

### 15.2 Initial Recognition and Valuation

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accrual basis if it yields benefit for more than one year; the cost is equal to or exceeds the minimum threshold for capitalisation of £10,000; and the cost can be measured reliably. Expenditure that maintains but does not enhance the benefit that an asset can provide – such as repairs and maintenance – is charged as an expense to revenue when it is incurred.

The Council does not capitalise borrowing costs against capital projects, which are incurred when borrowing takes place to finance capital spending on assets under construction. Such costs are charged as an expense to revenue within the CIES under Financing and Investment Income and Expenditure.

The categories of PPE are as follows:

- Land and buildings;
- Vehicles, plant and equipment;
- Infrastructure assets – from which benefit can be obtained only from continued use, for example, highways and bridges;
- Community assets - from which the Council intends to hold in perpetuity which have no determinable finite useful life and may have restrictions on their disposal, for example, parks;
- Surplus assets – those not essential to the operation of the Council or its services;
- Assets under construction – those currently being built, and not available for use in providing services in the current accounting year

### 15.3 Measurement

PPE is valued on the basis recommended by the Code and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS).

Assets are initially measured at the direct cost of bringing the asset into working condition for its intended use and subsequently using professionally undertaken valuations using bases recommended by RICS:

- Historic cost – Infrastructure, Community and Assets under construction
- Current value – All other PPE assets

Infrastructure, community assets, assets under construction and vehicles, plant and equipment are then carried in the Balance Sheet at depreciated historic cost (DHC). Other categories of PPE are subsequently re-measured at existing use or fair value, as per the table below:

<b>Asset class</b>	<b>Accounting Basis in CIES</b>
Land and Buildings	Where prices for comparable properties are available in an active market, properties are valued at market value considering the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost
Surplus Assets	Fair value

The Code definition of current value requires PPE that are operational are recognised in the Accounts at their service potential value and not their fair value, which means that some specialised assets with no available market will be valued at Depreciated Replacement Cost (DRC), which uses a Modern Equivalent Asset methodology to estimate the value of an asset based on the cost of replacing it with a new asset that can deliver the same services.

Assets are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Assets are revalued in accordance with the methodologies and requirements of the Royal Institute of Professional Valuers.

### 15.4 Revaluation

All assets held at current value are subject to revaluation (this includes Investment Property). Property assets are revalued when due under the five year cycle (the short period as defined by the Code) or earlier where there has been a change in circumstances either for the specific asset or the wider asset group, which may have a material impact on value. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains, however if the asset had previously been impaired or suffered a revaluation decrease which was charged to the CIES then the gain is instead credited to the CIES. Where decreases in value are identified, they are accounted for as follows:

- 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 gain);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES;
- where valuation gains or losses are recognised in the CIES, equivalent amounts are transferred into the Capital Adjustment Account

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

### 15.5 Impairment

Assets are assessed at each year-end for indications of impairment and where conditions exist and possible differences are estimated to be material, the recoverable amount is estimated and, where this is less than the carrying amount, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for in the same way as revaluation losses. When an asset is disposed of or decommissioned, the carrying amount in the Balance Sheet (whether PPE or Assets Held for Sale) is written-off to the Other Operating Expenditure line in the CIES against any receipts arising from the disposal as a gain or loss. To avoid impairment becoming a charge against Council Tax the value of such impairments is reversed out within the Movement in Reserves Statement and charged to the Capital Adjustment Account.

### 15.6 Depreciation

Depreciation is charged to the CIES to reflect the usage of assets over their estimated useful life. It is provided for on all PPE assets with the exception of:

- Land or other assets without a determinable useful life; and
- Assets under construction as they are not being used yet

Depreciation is calculated on the following bases:

- Buildings - straight-line allocation over the useful life of the property as estimated by a qualified valuer
- Vehicles, plant, furniture and equipment - straight line allocation over the estimated useful life of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- Infrastructure - straight-line allocation over the estimated useful life of the asset

The Code requires that each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately. Where assets are material, with individual component valuations comprising significant proportions of the total cost of the asset (greater than 10% of the asset value) but with markedly different useful lives, the components are depreciated separately. Only material assets with a value equal to or in excess of £2million are componentised. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Within the Council's asset portfolio there are asset classes where componentisation will not be considered for the following reasons:

- Equipment – considered immaterial;
- Asset classes which are not depreciated – such as land, investment property, heritage assets, community assets, surplus assets and assets held for sale

The remaining assets, which are contained with the operational portfolio, are often of a specialised nature such as schools and leisure centres. The Council's valuers are asked to provide component information for each asset which is reviewed to assess if inclusion of different components will have a material impact.

Charges commence when the asset becomes available for use and cease on derecognition.

### 15.7 Derecognition of Assets

Any disposal receipts equal to and above £10,000 are categorised as capital receipts on an accruals basis and are credited to the Capital Receipts Reserve. A proportion of receipts relating to housing disposals are paid over to Central Government as a 'housing pooled capital receipt'. This is charged to Net Operating Cost within the CIES and the same amount is appropriated from the useable Capital Receipts Reserve and credited to the Movement in Reserves Statement.

The written off value of disposals is not a charge against Council Tax but is subject to separate arrangements for capital financing. Amounts reflected in the CIES are appropriated to the Capital Adjustment Account via the Movement in Reserves Statement.

An asset is derecognised by disposal when no future economic benefit or service potential is expected from its use. When an asset is disposed of or decommissioned, the carrying amount of the asset is de-recognised in the Balance Sheet. This amount, net of any receipts from disposal, are accounted for as a gain or loss on disposal and taken to the Other Operating Expenditure line in the CIES. Any revaluation gains previously accounted for in the Revaluation Reserve are transferred to the Capital Adjustment Account. Receipts from disposals are credited to Other Operating Expenditure within the CIES as part of the gain or loss on disposal (i.e. offset against the carrying value at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

### 15.8 Charges to Revenue for Non-current Assets

The CIES is charged with the following amounts to record the real cost of non-current assets used in the provision of services during the year:

- Depreciation attributable to the assets used by the relevant service
- Impairment/revaluation losses on assets used by the service
- Amortisation of intangible assets attributable to the service
- Profit and loss on disposal of assets

The financing of capital expenditure from revenue is disclosed separately as an appropriation in the Movement in Reserves Statement.

## 15.9 Heritage Assets

These assets have historic, artistic, scientific, geophysical or environmental qualities and are held principally for their contribution to art and culture; and are recognised in the Balance Sheet when their value is equal to or exceeds the capitalisation threshold of £10,000. Their value at the time of recognition is, wherever possible, at either valuation or cost. If this has not been possible, particularly in respect of the art collection assets and civic regalia, where the distinctive and rare nature of these assets can make valuations complicated (and in some cases unobtainable), the assets are not included as a value on the Balance Sheet but are detailed in notes to the Statement of Accounts. Such assets are deemed to have infinite lives and are not subject to depreciation, but the carrying amounts are reviewed where there is evidence of impairment such as physical damage. Any impairment is recognised and measured in accordance with the Council's general accounting policy on impairment. The following categories summarise the current collections held:

- **Decorative Art & Other Collections**

Collections of art and ceramics, drawings, glass, metalwork, jewellery, furniture, maritime models, ethnography, artefacts, geology and others.

- **Buildings**

There are two buildings included in the valuation of heritage assets: Bidston Hill Windmill and Leasowe Lighthouse,

- **Civic Regalia**

This includes items connected with civic functions undertaken as part of the mayoral role and civic events, including mayoral badges, chains, borough maces, etc., as well as memorabilia commemorating past events.

- **Transport**

Various historic trams and buses.

- **Fine Art**

These include important British watercolours and drawings of the 18th and 19th century, by artists including the Liverpool School artist, Philip Wilson Steer and other leading local artists. There are two key pieces of fine artwork both valued at £2m each, within a collection of 5,000 separate pieces. Valuations are based on the latest insurance estimates from November 2018.

## 15.10 Investment Properties

Investment properties are held exclusively for revenue generation or for capital gain and not used directly to deliver services. Such assets are measured initially at cost and subsequently at fair value and are not depreciated but are revalued annually according to market conditions at the year-end.

Net rental income together with any revaluation gains and losses or impairments are recognised in the Financing and Investment Income and Expenditure line within the CIES. However, regulations do not permit unrealised gains and losses to impact the General Fund balance. Therefore, gains and losses are reversed via the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds equal to and above £10,000) to the Capital Receipts Reserve.

### 15.11 Intangible Assets

Intangible assets do not have physical substance but are identifiable and are controlled through custody or legal rights. Purchased intangibles, such as software licences, are capitalised at cost, whilst internally developed intangibles are only capitalised where there is a readily ascertainable market value for them.

These assets are capitalised on the Balance Sheet where they are separately identifiable and controlled and are expected to bring benefits for more than one financial year. Intangible assets are only capitalised if their value equals or exceeds the capital threshold of £10,000. Intangible assets are reviewed for impairment at the end of the first full financial year following operation.

### 16.0 Overheads and Support Service Costs

Services are analysed in the CIES and Expenditure and Funding Analysis (EFA) in line with the organisational structure of the Council and in accordance with the Code for:

- Corporate and Democratic
- Trading Accounts

Income and Expenditure is allocated to services to reflect the way the Council operates its services and reported to management. The full costs of overheads, such as utility bills, are apportioned to services within the Net Cost of Services section of the CIES and the EFA. Central support recharges and Corporate costs are reported in accordance with the Code as Corporate Services within the CIES and EFA. Overheads and support services for trading accounts are allocated in accordance with the Code and CIPFA Service Reporting Code of Practice (SeRCOP).

### 17.0 Prior Year Adjustments and Changes in Accounting Policies

Prior year adjustments may arise because of changes in accounting policies and are made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions. Material adjustments from changes in accounting policies or the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and supporting notes.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more clear and reliable information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior year as if the new policy had always been applied. The Council has not adopted any new accounting standards or amendments with a significant impact on the Council's position during 2021/22.

## 18.0 Private Finance Initiative (PFI) and Service Concession Arrangements

PFI and similar contracts are agreements for the Council (grantor) to receive services, where the responsibility for making available the PPE needed to provide the services passes to the PFI contractor (Operator). As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the PPE will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as PPE, except in relation to schools which have transferred to Academy status.

The original recognition of these assets at fair value (based on the cost to purchase PPE) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The Council recognises the asset and liability on the Balance Sheet, and accounts for it as if it were a finance lease. Non-current PFI assets recognised on the Balance Sheet are revalued and depreciated in the same way as PPE owned by the Council. The amounts payable to the PFI operator each year are analysed as follows:

- **Service costs** - charged to the relevant service in the CIES;
- **Finance Cost** – An interest charge on the outstanding Balance Sheet Liability, charged to the Financing and Investment Income and Expenditure line in the CIES. The interest rate is calculated for the scheme so that the Balance Sheet liability is zero at the end of the contract;
- **Contingent Rent** – increases in the amounts to be paid for the property arising during the contract, are charged to the Financing and Investment Income and Expenditure line in the CIES;
- **Payment towards liability** – applied to write-down the balance sheet liability towards the PFI operator (the profile of write-downs is calculated on the same basis as for a finance lease)
- **Lifecycle costs** – recognised as expenditure on non-current assets and added to the assets on the Balance Sheet

The cost of the PFI is partly-funded from Government Grant. This grant is treated as non-specific and credited to the Taxation and Non-Specific Grant Income line in the CIES.

## 19.0 Provisions, Contingent Assets and Contingent Liabilities

Provisions are recognised where there is a present legal or constructive obligation arising from past event(s) which has placed the Council in a position where it has an obligation that is likely to lead to it incurring a cost. The precise timing and value of the cost may be unknown but can be reliably estimated. Provisions are charged as an expense to the appropriate service line in the CIES in the year the Council becomes aware of the obligation, based on a best estimate of the likely settlement.

Where some or all of the payment required to settle a provision is expected to be recovered from a third party, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation. When payments for expenditure are incurred to which the provision relates, they are charged directly to the provision.

Provision estimates are reviewed at the Balance Sheet date and adjusted as necessary to reflect the current best estimate in the CIES. When payments relating to the provision are made, they are charged to the provision created in the Balance Sheet.

Contingent Assets and Contingent Liabilities are obligations or assets arising from past events where:

- The existence or value of the obligation is dependent on future events which are outside the control of the Council;
- It is not probable that a flow of economic benefits will be required to settle the obligation; and
- The obligation/contingent asset cannot be easily quantified

Contingent assets and liabilities are not recognised in the Balance Sheet and are disclosed in the notes to the accounts. The notes set out the scale of the potential costs and the likelihood of them being realised.

## 20.0 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement.

Where expenditure has been incurred which is to be financed from an earmarked reserve, the expenditure is charged to the relevant service within the SDPS line within the CIES. An amount is then transferred from the earmarked reserve to the General Fund Balance via an entry in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Reserves are categorised as either "useable" or "unusable". Useable reserves are those which may be used to fund revenue or capital expenditure. Unusable reserves are kept for managing the accounting treatment of non-current assets, financial instruments, retirement and employee benefits; and do not represent useable resources.

## 21.0 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

REFCUS is expenditure of a capital nature that does not result in the creation of a non-current asset on the Balance Sheet, but which have been charged to the CIES. Legislation requires defined items of revenue expenditure charged to services to be treated as capital expenditure; such expenditure is transferred from the General Fund balance via the Movement in Reserves Statement to the Capital Adjustment Account. These items are normally written-off in the year of payment. If financed from existing capital resources or borrowing, a transfer to the Capital Adjustment Account from the Movement in Reserves Statement is used to offset the amounts charged to the CIES, so there is no impact on Council Tax.

## 22.0 Schools

Where the balance of control for maintained schools lies with the Council, i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended, then the income, expenditure, assets, liabilities and cash flows are recognised in the Council's main financial statements, rather than within Group Accounts. Other types of school, such as academies and free schools are outside of the Council's control and therefore not included in the Council's accounts.

Schools' non-current assets (school buildings and playing fields) are recognised on the Balance Sheet where the Council directly owns the assets, where the Council holds the

balance of control of the assets or where the school, or the school governing body own the assets or have had the right to use the assets transferred to them.

When a maintained school converts to an Academy, the school's non-current assets held on the Council's Balance Sheet are treated as a disposal. The carrying value of the asset is written off to Financing and Investment Income and Expenditure within the CIES. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. The written-off asset is not a charge to the General Fund, as the cost is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### 23.0 Value Added Tax (VAT)

Income and Expenditure excludes any amounts relating to VAT and will be included as an expense only if it is irrecoverable from Her Majesty's Revenue and Customs.

## Note 2 - Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the Council to disclose information setting out the impact of accounting changes by a new accounting standard that has been issued but not yet adopted by the Code. The following changes have been identified:

### Changes to Accounting Standards

The standards introduced by the 2022/23 Code where disclosures are required in the 2021/22 financial statements in accordance with the requirements of the Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 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.
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.
- 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.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

The various changes above are considered relatively minor updates to the accounting standards framework as it applies to the Council, and none are assessed to have a material impact on this Statement of Accounts.

### IFRS 16: Leases (effective on or after 1st April 2023)

IFRS 16 will bring most leases on-balance sheet including operating leases, thereby removing the distinction between finance and operating leases; there is a recognition that low-value and short-term leases may be exempt. The estimated impact based on current operating lease non-cancellable obligations is £1.2m (£1.5m 20/21). Further details can be found in the Leases note to the accounts. This is applicable when either the authority or group companies are the lessee.

### Note 3 - Critical Judgements in Applying Accounting Policies

The following significant accounting judgements have been made in applying the accounting policies. The Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events.

#### Funding Levels

There is a high degree of uncertainty about the future levels of funding for local government, the impact on the economy following Covid-19 and leaving the European Union. However, the Council has undertaken a robust review of its finances and secured a capitalisation direction from Department for Levelling Up, Housing and Communities (DLUHC) and HM Treasury, and has determined that the Council is not impaired as a result of a need to close facilities, significantly remodel Council services or reduce levels of service provision.

#### Group Boundary

The Council has interests in a number of external entities either as direct owner or in partnership with other organisations. The nature of these relationships has been assessed under IFRS 11, IAS 27 and IAS 28 (Accounting for Joint Arrangements, Subsidiaries and Associates). The Council has one operational company; Wirral Evolutions Ltd, two operational joint ventures/Partnership; Edsential Community Interest Company and Wirral Growth Company Limited Liability Partnership (LLP). There are two dormant companies Wirral Growth Company Nominee and Wirral Holding Ltd. For 2021/22 the Council did not have any interests it considers material in the form of both qualitative and quantitative measures and therefore, the Council has only produced accounts on a single entity basis rather than group accounts. Non-consolidation of these entities is based on a number of factors including the extent of the Council's interest and power to influence and control, materiality, investment and transparency. A full list of Council members can be found in the Related Parties note.

#### Pooled Budgets

The Section 75 agreement by which Better Care Fund resources have been pooled between the Council and Wirral NHS Clinical Commissioning Group and has been assessed against the appropriate Accounting Standards mainly IFRS 10 and IFRS 11. The arrangement has been assessed to be classified as a Joint Operation given the governance and control arrangements of the pool. As such each party accounts separately for its assets, liabilities, revenues and expenses relating to its involvement in the Joint Operation. The details are included in the Pooled Budgets note.

#### Treatment of Schools

The Council recognises Community schools land and buildings on its Balance Sheet where it directly owns or has right of use and control of the assets. However, where the school, Diocese or governing body own the assets or have right of use, these assets have been transferred to the relevant body and removed from the Council Balance Sheet. The Council does however include within its Balance Sheet the value of the land and building for schools where control through ownership remains.

Schools governing bodies are separate entities to the Council but (with the exception of Academies and Free Schools) for the purpose of preparing the financial statements they

are within the group boundary and their activities must be reported. In recognition of the unique nature of the relationship, Council's are required to report any material expenditure, income, assets and liabilities of these schools within its primary statements.

Where Schools have converted to Academy status, the land and building are not recognised on the Council Balance Sheet but disposed of at nil consideration in the year the school formally converts to an Academy. No schools converted to an Academy during 2021/22 and there are two pending conversions.

The Council has completed an assessment of the different types of schools within the Borough and the numbers and types of schools recognised within the financial statements on the basis disclosed follows for 2021/22:

	<b>Total Schools</b>	<b>Council Controlled Schools (on Balance Sheet)</b>	<b>Schools Outside Council Control (off Balance Sheet)</b>
Community Schools:			
Nursery	3	3	0
Primary	49	49	0
Secondary	1	1	0
Special	11	11	0
Foundation Schools	3	2	1
Voluntary Controlled	5	0	5
Voluntary Aided	23	3	20
Academies	30	0	30
<b>Total</b>	<b>125</b>	<b>69</b>	<b>56</b>

## Note 4 - Assumptions made about future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates take into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could materially differ from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- **Property Valuations**

### Uncertainty

The Council re-values its assets on a five-year rolling cycle (excluding investment assets, surplus assets and assets held for sale), with one fifth of these assets being reviewed each year and all investment properties surplus and assets held for sale reviewed annually, together with any valuations which exceeds the materiality threshold. It is possible that property, plant and equipment values could fluctuate within this five-year timeframe.

The Council bases its valuations on assumptions about asset conditions, useful lives, residual values and market conditions. These judgements are underpinned by the best available information and made by qualified valuation officers but are still based on estimates.

### Effect if Results Differ from Assumptions

A 1% fluctuation in property values would amount to a +/- £5.1m change to the Non-Current Assets value on the Balance Sheet.

Should remaining asset lives fall by an average of 10%, then there would be a corresponding 10% increase in relevant annual depreciation charges, approx. £0.2m across operational land and building assets.

- **Pension Liability**

### Uncertainty

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council is advised on the assumptions it makes by Mercer, a firm of professional actuaries. Assumptions are disclosed in the Defined Benefit Pension Scheme note and reflects best advice on reasonable judgements at 31 March 2022.

### Effect if Results Differ from Assumptions

The Fund has significant unquoted investments within Private Equity, Infrastructure, Property and other Alternative investments. These are valued within the financial statements using valuations from the Managers of the respective assets. There are clear accounting standards for these valuations and the Fund has in place procedures for

ensuring that valuations applied by Managers comply with these standards and any other relevant best practice. The value of unquoted assets as at 31 March 2022 was £5,391 million (£4,745 million at 31 March 2021).

Private Equity investments are valued at fair value in accordance with International Private Equity and British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Hedge Funds are valued at the sum of the fair values provided by the Administrators of the underlying Funds plus adjustments that the Hedge Fund Directors or Independent Administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Direct property and pooled property funds use valuation techniques to determine the carrying amount. Where possible these valuations are based on observable data, but where this is not possible management uses the best available data. With regards to the Fund's level 3 investments, these are well diversified between sectors and also vintage year (year in which first influx of investment capital is delivered to a project or company) meaning that there will be a wide dispersion between the potential valuation effects. Some of the underlying level 3 investment assets could have seen positive uplifts to their valuations (e.g. broadband/telecommunications infrastructure providers), as well as those which will have seen negative (e.g. transport sectors due to short-term demand shocks).

### Public Works Loan Board (PWLB) Loans

Both the carry value and the fair value of PWLB loans are included in disclosures within the Financial Instruments notes. The fair values disclosed have been determined by discounting the contractual cash flows over the life of the loan at the market rate for local authority loans. PWLB loans are carried at amortised cost and their fair value is disclosed for information only.

Should the loan be cancelled or reissued with the PWLB at today's interest rates the value would differ to the carry value disclosed in the accounts. This would depend on prevailing interest rates at this point in time and the formula used by the PWLB to determine the early redemption 'penalty'. If interest rates changed by +/- 10% the fair value of PWLB loans would change by +/- £29.3m.

- **Business Rates**

#### Uncertainty

The Council which is part of the Liverpool City Region 100% Business Rates Retention Pilot, of which in 2021/22 the Council retained 99% (£72.3m) of the business rates income it collected.

#### Effect if actual results differ

If business rates income fell by 10%, the impact on the Council would be approximately £7.2m. In response to the COVID-19 pandemic, Central Government announced a number of Business Rates reliefs, for which Council's were compensated through additional grants. However, the long-term impact of COVID-19 on business rates is uncertain at this stage. In response to the pandemic Wirral granted a three month deferral on rates bills, and recovery action through the courts was suspended despite virtual courts being in operation

since January 2021. Such recovery action resumed from May 2021 although the longer-term impact is unclear and as more business fail then the loss of business rates income could fall significantly. The impact of inflation and the war in Ukraine is increasing the cost of living and this is likely to have a further impact on the collection rates.

- **Debt Impairment**

#### Uncertainty

If collection rates or recovery of debtor and loans were to deteriorate an increase in the amount of the impairment would be required.

#### Effect if uncollected debt changes

At 31st March 2022, the Council had a debtors and specific loans of (short and long term) of £150.8m. A review of significant balances suggested that an impairment of expected credit losses of £38.7m was appropriate.

### Note 5 - Material Items of Income and Expense

Exceptional items are ones that fall within the ordinary activities of the Council but are material in terms of the Council's overall expenditure and not expected to recur frequently or regularly. Exceptional items are included on the face of the Comprehensive Income and Expenditure Statement (CIES) where it is felt that the costs are so significant as to warrant a separate disclosure.

The Council has received significant COVID grant support that is reported in the CIES with corresponding expenditure of in £54.1m.

### Note 6 - Events After the Balance Sheet Date

Relevant events after the balance sheet date have been considered up to 24 October 2023. This is the date the final accounts were authorised by the Director of Finance (S151 Officer).

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions which existed as at 31<sup>st</sup> March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The revaluation impact on the Council's property assets (non-current assets) following the world-wide and national economic conditions, and using external evidence, it is considered that there is no requirement to reflect these changes in the 2021/22 accounts. The current economic climate is likely to have an adverse impact on future provisions and possibly the pension liability, however, until further information is available these are under observation and no change has been made to the accounts to 31 March 2022.

## Note 7 - Expenditure and Funding Analysis

This analysis shows how annual expenditure is used and funded from annual resources (government grants, rents, council tax and business rates) by the Council in comparison with those economic resources consumed or earned by the Council in accordance with generally accepted accounting practices.

The Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's Functions. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2020/21			2021/22			
Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	
£000	£000	£000	£000	£000	£000	
1,793	178	1,971	Chief Executive Officer	2,019	111	2,130
4,336	0	4,336	Covid-19	0	0	0
29,686	151	29,837	Resources	29,526	12,448	41,974
49,676	13,366	63,042	Neighbourhood Services	37,601	24,444	62,045
7,242	260	7,502	Law & Governance	3,755	2,232	5,987
15,377	12,543	27,920	Regeneration & Place	10,626	11,666	22,292
69,357	15,750	85,107	Children, Families & Education	83,262	9,531	92,793
91,708	688	92,396	Adults Care and Health and Strategic Commissioning	115,048	(2,362)	112,686
(8,418)	5,100	(3,318)	Corporate	0	0	0
<b>260,757</b>	<b>48,036</b>	<b>308,793</b>	<b>Net Cost of Services</b>	<b>281,837</b>	<b>58,070</b>	<b>339,907</b>
(308,513)	41,314	(267,199)	Other Income and Expenditure	(264,390)	(38,588)	(302,978)
<b>(47,756)</b>	<b>89,350</b>	<b>41,594</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>17,447</b>	<b>19,482</b>	<b>36,929</b>
(78,709)			Opening Combined General Fund Balance	(125,308)		
(47,756)			Plus / less Surplus or Deficit on the General Fund Balance for the Year (Statutory basis)	17,447		
1,157			Transfers to / from Earmarked Reserves	0		
<b>(125,308)</b>			<b>Closing Combined General Fund Balance</b>	<b>(107,861)</b>	<b>0</b>	<b>0</b>

## Note 7a - Note to the Expenditure and Funding Analysis

	2021/22			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Chief Executive Officer	5	273	(167)	111
Resources	(2,173)	3,077	11,544	12,448
Neighbourhood Services	22,077	4,885	(2,518)	24,444
Law & Governance	(3)	598	1,637	2,232
Regeneration & Place	7,482	1,657	2,527	11,666
Children, Families & Education	3,949	13,220	(7,638)	9,531
Adults Care and Health and Strategic	229	794	(3,385)	(2,362)
<b>Net Cost of Services</b>	<b>31,566</b>	<b>24,504</b>	<b>2,000</b>	<b>58,070</b>
Other Income and Expenditure	(24,644)	11,613	(25,557)	(38,588)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>6,922</b>	<b>36,117</b>	<b>(23,557)</b>	<b>19,482</b>

	2020/21			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Chief Executive Officer	5	173	0	178
Covid-19	0	0	0	0
Resources	(2,373)	2,660	(136)	151
Neighbourhood Services	10,464	2,902	0	13,366
Law & Governance	6	254	0	260
Regeneration & Place	11,509	1,034	0	12,543
Children, Families & Education	7,883	7,453	414	15,750
Adults Care and Health and Strategic	362	326	0	688
Corporate	7,507	(2,407)	0	5,100
<b>Net Cost of Services</b>	<b>35,363</b>	<b>12,395</b>	<b>278</b>	<b>48,036</b>
Other Income and Expenditure	(12,696)	11,694	42,316	41,314
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>22,667</b>	<b>24,089</b>	<b>42,594</b>	<b>89,350</b>

## Adjustments to the General Fund

Balances to meet the requirements of generally accepted accounting practices, this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on 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 receivable in the year without conditions or for which conditions were satisfied in the year.

## Net Pension Adjustments

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

- For services this represents the removal of the employer pension contributions made by the Council as permitted by statute and the replacement with current service costs and past service costs
- For Other Operating Expenditure this is the cost of the Pensions Administration as part of the IAS 19 adjustment
- For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

## Other Statutory Adjustments

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

- For Financing and Investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing difference for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and 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 the timing difference as any difference will be brought forward in future surplus and deficit on the Collection Fund.

## Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations

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 the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2021/22	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>				
Pension cost (transferred to (or from) the Pensions Reserve)	(36,117)	0	0	36,117
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	45	0	0	(45)
Changes in fair value of pooled investments	0	0	0	0
Council tax and NDR (transfers to or from the Collection Fund Adjustment Account)	25,556	0	0	(25,556)
Holiday pay (transferred to the Accumulated Absences reserve)	(2,033)	0	0	2,033
Equal pay settlements (transferred to the Unequal Pay / Back Pay Account)	0	0	0	0
In-year Dedicated Schools Grant (DSG) deficit (transferred to DSG Adjustment Account)	(11)	0	0	11
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(43,832)	(153)	0	43,985
<b>Total Adjustments to Revenue Resources</b>	<b>(56,392)</b>	<b>(153)</b>	<b>0</b>	<b>56,545</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,133	(2,133)	0	0
Repayment of MRDF debt	0	(4,469)	0	4,469
Repayment of debt - Group company loan - Wirral Growth Company	0	(2,250)	0	2,250
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(250)	(456)	0	706
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	7,537	0	0	(7,537)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	158	0	0	(158)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>9,578</b>	<b>(9,308)</b>	<b>0</b>	<b>(270)</b>
<b>Adjustments to Capital Resources</b>				
Write off MRDF receipt to LT debtors	0	4,469	0	(4,469)
Application of capital grants to finance capital expenditure	27,332	0	(15,229)	(12,103)
<b>Total Adjustments to Capital Resources</b>	<b>27,332</b>	<b>4,469</b>	<b>(15,229)</b>	<b>(16,572)</b>
<b>Total Adjustments</b>	<b>(19,482)</b>	<b>(4,992)</b>	<b>(15,229)</b>	<b>39,703</b>

2020/21	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(24,516)	0	0	24,516
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	238	0	0	(238)
Changes in fair value of pooled investments	0	0	0	
Council tax and NDR (transfers to or from the Collection Fund Adjustment Account)	(42,417)	0	0	42,417
Holiday pay (transferred to the Accumulated Absences reserve)	427	0	0	(427)
Equal pay settlements (transferred to the Unequal Pay / Back Pay Account)	0	0	0	-
In-year Dedicated Schools Grant (DSG) deficit (transferred to DSG Adjustment Account)	(415)	0	0	415
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(44,672)	(135)	0	44,807
<b>Total Adjustments to Revenue Resources</b>	<b>(111,355)</b>	<b>(135)</b>	<b>0</b>	<b>111,490</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,326	(1,326)	0	0
Repayment of MRDF debt	0	(4,469)	0	4,469
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0	0	0	0
Allowable debt element of Right to Buy capital receipts taken to the HRA	0	0	0	0
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	0	0	0	0
Borrowing or liabilities met from the Major Repairs Reserve	0	0	0	0
Borrowing or liabilities met from the Housing Revenue Account	0	0	0	0
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	906	-	0	(906)
Mitigation of operating leases as lessee reclassified as finance leases upon transition to IFRS	0	0	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	6,716	0	0	(6,716)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	99	0	0	(99)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>9,047</b>	<b>(5,795)</b>	<b>0</b>	<b>(3,252)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	784	0	(784)
Write off MRDF receipt to LT debtors	0	4,469	0	(4,469)
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0
Application of capital grants to finance capital expenditure	12,958		(4,975)	(3,819)
Cash payments in relation to deferred capital receipts	0	0	0	0
<b>Total Adjustments to Capital Resources</b>	<b>12,958</b>	<b>5,253</b>	<b>(4,975)</b>	<b>(9,072)</b>
Other adjustments	0	0	0	0
<b>Total Adjustments</b>	<b>(89,350)</b>	<b>(677)</b>	<b>(4,975)</b>	<b>99,166</b>

## Note 9 - Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in Earmarked Reserves to provide financing for future expenditure plans and the amounts transferred back from Earmarked Reserves to meet expenditure in 2021/22 and 2020/21. The reserves held at 31st March 2022 include £30.1m of funding relating to the emergency response associated with COVID-19. This is made up of Covid-19 Emergency Fund and other Covid-19 grants totalling of £14.1m, the NNDR Section 31 Grants reserve of £11.8m, Local Council Tax Support Grant reserve of £3.9m, and £0.3m for the Local Income Tax Guarantee.

	Balance at 1 April 2020 £000	Adjust opening balance	Transfers in 2020/21 £000	Transfers out 2020/21 £000	Balance at 31 March 2021 £000	Adjust opening balance £000	Transfers in 2021/22 £000	Transfers out 2021/22 £000	Balance at 31 March 2022 £000
<b>School Reserves</b>									
School Balances	(7,923)	0	(5,649)	91	(13,481)	0	(2,875)	49	(16,307)
School Improvement	0	0	(723)	0	(723)	0	(370)	0	(1,093)
Schools Causing Concern	0	0	(500)	0	(500)	0	0	0	(500)
Schools Capital Schemes	(361)	0	0	105	(256)	0	0	0	(256)
Dedicated Schools Grant	1,264	(1,264)	0	0	0	0	0	0	0
<b>Total Schools Reserves</b>	<b>(7,020)</b>	<b>(1,264)</b>	<b>(6,872)</b>	<b>196</b>	<b>(14,960)</b>	<b>0</b>	<b>(3,245)</b>	<b>49</b>	<b>(18,156)</b>
<b>Covid-19 Reserves</b>									
Covid-19 reserves	(11,862)	0	(26,592)	12,258	(26,196)	0	(329)	12,463	(14,062)
NNDR Section 31 Grants	(13,357)	0	(33,430)	13,357	(33,430)	0	(11,794)	33,430	(11,794)
Local Council Tax Support Grant	0	0	0	0	0	0	(3,943)	0	(3,943)
Local Income Tax Guarantee	0	0	(3,839)	0	(3,839)	0	0	3,567	(272)
<b>Total Covid-19 Reserves</b>	<b>(25,219)</b>	<b>0</b>	<b>(63,861)</b>	<b>25,615</b>	<b>(63,465)</b>	<b>0</b>	<b>(16,066)</b>	<b>49,460</b>	<b>(30,071)</b>
<b>Ringfenced Reserves</b>									
Insurance Fund	(8,694)	0	(751)	0	(9,445)	0	(327)	0	(9,772)
Public Health Outcomes	(1,204)	0	(2,489)	11	(3,682)	0	(2,912)	0	(6,594)
Social Care Fund	0	0	0	0	0	0	(3,340)	0	(3,340)
Selective Licensing	(538)	0	0	0	(538)	0	(816)	0	(1,354)
Resettlement Programme Grant	0	0	0	0	0	0	(992)	0	(992)
Domestic Abuse Bill Grant	0	0	0	0	0	0	(602)	0	(602)
Wirral Ways to Work	(377)	0	0	104	(273)	0	(223)	0	(496)
Building Control	(242)	0	(112)	93	(261)	0	(283)	75	(469)
Champs Contact Tracing	0	0	(1,962)	0	(1,962)	0	(1,932)	3,461	(433)
Champs Innovation Fund	(696)	0	(1,723)	0	(2,419)	0	(744)	2,812	(351)
Ringfenced income from rents for property repairs	(127)	0	(7)	112	(22)	0	(254)	0	(276)
Other ringfenced reserves	(257)	0	(60)	73	(244)	0	(311)	0	(555)
<b>Total Ringfenced Reserves</b>	<b>(12,135)</b>	<b>0</b>	<b>(7,104)</b>	<b>393</b>	<b>(18,846)</b>	<b>0</b>	<b>(12,736)</b>	<b>6,348</b>	<b>(25,234)</b>
<b>Other Reserves</b>									
Business Rates Equalisation	(4,664)	0	0	0	(4,664)	0	(2,336)	0	(7,000)
Financial Instrument Equalisation	(2,127)	0	0	1	(2,126)	0	0	3	(2,123)
Termination Payments	0	0	(1,000)	0	(1,000)	0	(2,455)	1,572	(1,883)
Digital Transformation	0	0	0	0	0	0	(1,566)	0	(1,566)
Regeneration & Inward Investment	(285)	0	(278)	0	(563)	0	(860)	0	(1,423)
Financial Resilience	(857)	0	(4,901)	3,065	(2,693)	0	(1,900)	3,705	(888)
SEND Improvement Action Plans	0	0	0	0	0	0	(775)	0	(775)
Enterprise Zone Investment	(403)	0	(81)	2	(482)	0	(128)	0	(610)
Intensive Family Intervention	(500)	0	(231)	226	(505)	0	0	0	(505)
Looked After Children Placements	0	0	0	0	0	0	(470)	0	(470)
H & S Flood Prevention	(504)	0	0	49	(455)	0	0	0	(455)
Urban Development Corporation	0	0	(420)	0	(420)	0	(190)	200	(410)
Asset Consolidation	0	0	(444)	0	(444)	0	0	45	(399)
16 -19 Care Leaver Accommodation Development	0	0	0	0	0	0	(358)	0	(358)
Economic Growth	0	0	0	0	0	0	(342)	0	(342)
Environmental Health	0	0	(300)	0	(300)	0	0	0	(300)
SEND OFSTED Inspection Support	0	0	(105)	0	(105)	0	(171)	0	(276)
Community Safety Initiatives	(407)	0	(172)	24	(555)	0	(517)	877	(195)
Parks Tree Maintenance	(599)	0	(28)	253	(374)	0	0	187	(187)
Other reserves	(12,048)	0	(1,297)	10,670	(2,675)	0	(1,365)	480	(3,560)
<b>Total Other Reserves</b>	<b>(22,394)</b>	<b>0</b>	<b>(9,257)</b>	<b>14,290</b>	<b>(17,361)</b>	<b>0</b>	<b>(13,433)</b>	<b>7,069</b>	<b>(23,725)</b>
<b>Total Earmarked Reserves</b>	<b>(66,768)</b>	<b>(1,264)</b>	<b>(87,094)</b>	<b>40,494</b>	<b>(114,632)</b>	<b>0</b>	<b>(45,480)</b>	<b>62,926</b>	<b>(97,186)</b>

## School Balances

These are earmarked for use purely by the schools. The balance consists of 83 maintained schools with a combined surplus balance of £18.2m, partially offset by 12 maintained schools with a combined deficit balance of £1.9m.

## School Improvement

This reserve is held to support preparation for the governments education white paper and to enhance the Council's significant school improvement programme at a time of significant change that will require investment in education services. It will be used to deliver an enhanced offer to schools to 'catch-up' with the statutory requirements due to the impact of COVID-19.

## Schools Causing Concern

There is a risk to the Council that if schools with a deficit balance are forced to convert to Academy status, their deficit may be left with the Local Authority to fund. As there are currently 12 maintained schools with a deficit balance, this reserve is held to mitigate this risk.

## Covid-19 reserves

Since the start of the Covid-19 pandemic various streams of funding have been received from Central Government to support various initiatives as part of the response and recovery. Covid funding remains in reserves as there is committed expenditure within the financial year 2022-23 that relate to managing pressures and the impact of Covid-19 as follows:

	<b>Balance at 31 March 2021</b>	<b>Balance at 31 March 2022</b>
<b>Covid-19 Reserves</b>	<b>£000</b>	<b>£000</b>
Covid-19 emergency fund	(11,879)	(8,615)
Public Health Test & Trace Contain Outbreak Management Fund	(10,699)	(4,492)
Clinically Extremely Vulnerable (CEV)	(252)	(581)
Hardship Fund	(2,139)	(270)
Test & Trace Contain Outbreak Management Fund (COMF) - Enforceme	(285)	(103)
Local Restriction Support Grants	(1)	(1)
Hospitality & Leisure Support Grant	(858)	0
LA Practical Support for Those Self-Isolating	(83)	0
<b>Total Covid reserves</b>	<b>(26,196)</b>	<b>(14,062)</b>

## [NNDR Section 31 Grants](#)

Section 31 Grants are received to compensate Local Authorities for Business Rates reliefs applied to bills because of decisions made by Central Government. The S31 grants for 2021/22 were received in advance as a one-off measure to assist Local Authorities with cashflow because of the COVID-19 pandemic and were subsequently released back to fund 2021/22 expenditure. Additional Business Rates reliefs were awarded during 2021/22 in response to the Covid-19 pandemic with Council's receiving S31 grants to compensate for the loss. These will be held in reserve to fund Wirral's share of the resulting Collection Fund deficit in future years.

## [Local Council Tax Support Grant](#)

This reserve holds grant income from the Local Council Tax Support Grant that was received as part of Central Government's response to the Covid-19 pandemic and was approved as part of the 2022/23 budget setting process as funding to support the net revenue budget and offset the collection fund deficit resulting from the Covid-19 pandemic.

## [Insurance Fund](#)

This is required to cover possible liability insurance claims. The overall estimate of the amount required to cover these is based on an actuarial investigation which seeks to estimate the ultimate claims arising in respect of each risk period, adjusted to allow for any subsequent deterioration in the Council's claims experience. The basis for calculation of the provision is claims not yet reported but anticipated. In some circumstances the Council may be notified of a claim many years after an event has occurred, hence the insurance reserve is required to factor in the likelihood and size of such claims.

## [Public Health Outcomes](#)

This reserve was set up to meet future commitments in relation to Public Health in accordance with the terms of the Public Health Grant provided by the Department of Health and a five-year plan has been agreed for its use.

## [Champs Contact Tracing](#)

This is ring fenced Public Health Covid grant which will contribute to the continuing costs of the Track & Trace Hub.

## [Social Care Fund](#)

This reserve holds ringfenced Social Care Grant not fully utilised as intended due to additional funding being received during 2021/22. The impact of Covid-19 is expected to continue to add strain on both adult and children's social care, while the longer-term impact of Covid is unknown. This reserve will be used to fund any unforeseen demand increases in future years.

### Champs Innovation Fund

This is Wirral's share of a collective fund from the 9 Local Authorities for the Champs-Public Health team whom Wirral host. The objective is to pool funding for collective Public Health investments.

### Selective Licencing

This reserve holds income ringfenced by statute under the Housing Act 2004 that is raised from the two selective licensing schemes to enable the Council to continue operation of the schemes for a 5-year period to 31st March 2024 and 30th September 2025 respectively.

### Resettlement Programme Grant

The Council receives front loaded funding for the resettlement of refugees as part of the local authority pledge for the UKVS Resettlement programme. This grant award is front loaded in earlier years but is for the 5-year period following arrival to provide continued support and the resettlement service. Payments are staggered for each intake arrival and money is passported across to other services over the 5-year period as required including schools funding, school uniforms and staff costs for the management and support service provided.

### Domestic Abuse Bill Grant

The Domestic Abuse (DA) ringfenced grant is held in reserve to be allocated to respond to the new DA bill requirements and is to be spent on these projects which have been commissioned or agreed with housing and children's services.

### Business Rates Equalisation

This reserve is held to meet fluctuations in the income received from business rates. Although the Council has benefited from participation in the Liverpool City Region 100% Business Rates Retention Pilot, the future is unclear with the pilot being reviewed by DLUHC and only confirmed until 31st March 2023. The effects of the operation of the national 75% Business Rate Retention is unclear, although its introduction has been delayed due to the Covid-19 pandemic. To smooth any variation in income this reserve aims to mitigate against changes in the amount of business rates received in 2023/24.

### Financial Instrument Equalisation Reserve

Following reassessment of borrowings that are shown on the balance sheet due to the adoption of IFRS 9, this reserve has been set up to hold the impact of the assessment and will be assessed annually over the remaining life of the loans.

### Termination Payments

This reserve will be used to fund severance payments to employees who leave in 2022/23 via an Early Voluntary Retirement or Voluntary Severance agreement.

## Digital Transformation

Following the commencement of the prototype for a service review, this will be used in future years to generate and accelerate long-term savings for the Council by redesigning services to operate in different ways, and more efficiently and in line with the Council's priorities in the Wirral Plan.

## Regeneration & Inward Investment

This reserve will be used to promote and support delivery of the Council's ambitious regeneration programme.

## Project ADDER

This additional one-off funding awarded as part of the ADDER (Addiction, Diversion, Disruption, Enforcement, Recovery) / Accelerator programme will be utilised in 2022/23 to support the National Drug Treatment and Recovery Programme.

## Community Safety Initiatives

This is Wirral's share of partnership funding from the Police & Crime Commissioner for several ongoing partnership projects that are still in progress and will fund ongoing costs and demand such as Safer Streets, Alleygates, Violence and Hate Crime and Community Safety Partnership.

## SEND Improvement Action Plans

This reserve will fund the work required to deliver the aims of the Written Statement of Action following the Local Area SEND Inspection Outcomes report and will support the necessary progress and improvement in identified areas of weakness in the service for children and young people with Special Education Needs and Disability.

## Financial Resilience

The Council's Medium Term Financial Strategy shows that there are further future financial pressures. It is prudent to retain a reserve that is specifically designed so that future spending reductions can be implemented in a planned and efficient fashion. This reserve will serve this purpose and is to facilitate budget strategy management.

## Enterprise Zone Investment

This reserve holds the growth in Business Rates income received above an initial baseline from Businesses within the Wirral Waters Enterprise Zone. This growth above the baseline is ringfenced for further investment within the enterprise zone and will fund financing costs of Wirral's contribution to the regeneration of Wirral Waters as development begins to gather pace.

## Note 10 - Other Operating Expenditure

Other Operating Expenditure disclosed in the Comprehensive Income and Expenditure Statement is detailed below.

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
40,033	Levies	40,741
2,730	Gains/losses on the Disposal of Non-Current Assets	6,880
604	Other	630
<b>43,367</b>	<b>Total Other Operating Expenditure</b>	<b>48,251</b>

## Note 11 - Financing and Investment Income and Expenditure

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
14,297	Interest payable and similar charges	13,496
11,030	Net interest on the net defined benefit liability (asset)	10,897
(290)	Interest receivable and similar income	(274)
5,760	Changes in fair value and (profit) or loss on the disposal of investment properties	10
(118)	Income and expenditure in relation to investment properties	(1,167)
2,986	Loss on disposal of interest in Academy Schools	0
291	Other investment income and expenditure	271
(102)	Unrealised (gains) or losses on financial assets held at fair value through profit or loss transferred to unusable reserve	0
<b>33,854</b>	<b>Total</b>	<b>23,233</b>

## Note 12 - Taxation and Non-Specific Grant Income

The Council receives funding which does not relate to specific services, and this is summarised in the following table.

As part of the continued response to the Covid-19 pandemic, the government announced in March 2021 an extension to the Business Rates Retail Relief scheme for Local Businesses, with Local Authorities being compensated via Section 31 grants. This resulted in the Business Rates income to be significantly lower than estimated in the 2021/22 budget, while the related non-ringfenced S31 grants were higher than estimated.

The 2021/22 non-ringfenced government grants also include a series of support grants in response to the Covid-19 pandemic, including a further £10.0m for tranche 5 of the Covid-19 Emergency Support fund initially received in 2019/20 and 2020/21. This was to support Local Authorities with additional cost pressures resulting from the pandemic.

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
(147,992)	Council tax income	(160,774)
(84,986)	Non-domestic rates income and expenditure	(109,029)
(87,143)	Non-ringfenced government grants	(67,185)
(24,256)	Capital grants and contributions	(37,329)
(43)	Other tax or non-specific grant income / expenditure	(145)
<b>(344,420)</b>	<b>Total</b>	<b>(374,462)</b>

## Note 13 - Expenditure and Income Analysed by Nature

The figures for 2020/21 have been restated and re-presented to reflect a small number of internally recharged activities that were not disclosed in 2020/21.

<b>Restated 2020/21</b>	<b>Nature of Expenditure or Income</b>	<b>2021/22</b>
<b>£000</b>		<b>£000</b>
(119,644)	Fees, charges and other service income	(117,098)
(251)	Interest and investment income	(274)
(232,978)	Income from local taxation	(269,803)
(469,849)	Government grants and contributions	(464,707)
(259)	Other income	(1,167)
281,082	Employee benefits expenses	308,111
483,776	Other service expenses	475,373
22,276	Depreciation, amortisation and impairment	33,841
25,327	Interest payments	24,392
40,032	Precepts and levies	40,742
11,476	Gain or loss on disposal of non-current assets	6,889
605	Other expenditure	630
<b>41,593</b>	<b>Surplus or Deficit for Year</b>	<b>36,929</b>

Expenditure and Income Analysis by Directorate 2021/22	Chief Executive Officer	Resources	Neighbourhood Services	Law & Governance	Regeneration & Place	Children, Families & Education	Adults Care and Health and Strategic Commissioning	Other	Total
Expenditure	£000	£000	£000	£000	£000	£000	£000	£000	£000
Employee benefits expenses	2,130	37,678	38,537	4,686	16,137	202,532	6,411	0	308,111
Other service expenses	103	113,659	25,934	3,053	19,090	124,331	189,203	0	475,373
Depreciation, amortisation and impairment	5	1,144	22,167	6	3,632	6,658	229	0	33,841
Interest payments	0	0	0	0	0	0	0	24,392	24,392
Precepts and levies	0	625	18,046	0	22,071	0	0	0	40,742
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	0	6,889	6,889
Other expenditure	0	0	0	0	0	0	0	630	630
<b>Total Expenditure</b>	<b>2,238</b>	<b>153,106</b>	<b>104,684</b>	<b>7,745</b>	<b>60,930</b>	<b>333,521</b>	<b>195,843</b>	<b>31,911</b>	<b>889,978</b>
<b>Income</b>									
Fees, charges and other service income									
<i>Non IFRS 15</i>	0	0	0	0	0	0	0	0	0
<i>IFRS 15</i>	(108)	(7,792)	(23,462)	(1,758)	(9,640)	(22,249)	(52,089)	0	(117,098)
<b>Total Fees, charges and other service income</b>	<b>(108)</b>	<b>(7,792)</b>	<b>(23,462)</b>	<b>(1,758)</b>	<b>(9,640)</b>	<b>(22,249)</b>	<b>(52,089)</b>	<b>0</b>	<b>(117,098)</b>
Interest and investment income	0	0	0	0	0	0	0	(274)	(274)
Income from local taxation	0	0	0	0	0	0	0	(269,803)	(269,803)
Government grants and contributions	0	(102,715)	(1,131)	0	(6,656)	(218,479)	(31,067)	(104,659)	(464,707)
Other income	0	0	0	0	0	0	0	(1,167)	(1,167)
<b>Total Income</b>	<b>(108)</b>	<b>(110,507)</b>	<b>(24,593)</b>	<b>(1,758)</b>	<b>(16,296)</b>	<b>(240,728)</b>	<b>(83,156)</b>	<b>(375,903)</b>	<b>(853,049)</b>
<b>Surplus or Deficit for Year</b>	<b>2,130</b>	<b>42,599</b>	<b>80,091</b>	<b>5,987</b>	<b>44,634</b>	<b>92,793</b>	<b>112,687</b>	<b>(343,992)</b>	<b>36,929</b>

(Restated) Expenditure and Income Analysis by Directorate 2020/21	Chief Executive Officer	Covid-19	Resources	Neighbourhood Services	Law & Governance	Regeneration & Place	Children, Families & Education	Adults Care and Health and Strategic Commissioning	Corporate	Other	Total
Expenditure	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	Restated £000
Employee benefits expenses	1,943	2,703	34,692	34,066	4,350	13,214	184,583	5,537	(6)	0	281,082
Other service expenses	39	31,582	96,915	30,750	4,175	20,762	124,981	174,420	152	0	483,776
Depreciation, amortisation and impairment	5	0	1,004	10,670	6	3,760	6,278	374	179	0	22,276
Interest payments	0	0	0	0	0	0	0	0	0	25,327	25,327
Precepts and levies	0	0	149	17,760	0	22,123	0	0	0	0	40,032
Gain or loss on disposal of non-current assets	0	0	0	0	0	0	0	0	0	11,476	11,476
Other expenditure	0	0	0	0	0	0	0	0	0	605	605
<b>Total Expenditure</b>	<b>1,987</b>	<b>34,285</b>	<b>132,760</b>	<b>93,246</b>	<b>8,531</b>	<b>59,859</b>	<b>315,842</b>	<b>180,331</b>	<b>325</b>	<b>37,408</b>	<b>864,574</b>
<b>Income</b>											
Fees, charges and other service income											
<i>Non IFRS 15</i>	0	0	0	0	0	0	0	0	0	0	0
<i>IFRS 15</i>	(16)	2,155	(11,038)	(12,444)	(1,029)	(8,239)	(29,144)	(56,246)	(3,643)	0	(119,644)
<b>Total Fees, charges and other service income</b>	<b>(16)</b>	<b>2,155</b>	<b>(11,038)</b>	<b>(12,444)</b>	<b>(1,029)</b>	<b>(8,239)</b>	<b>(29,144)</b>	<b>(56,246)</b>	<b>(3,643)</b>	<b>0</b>	<b>(119,644)</b>
Interest and investment income	0	0	0	0	0	0	0	0	0	(251)	(251)
Income from local taxation	0	0	0	0	0	0	0	0	0	(232,978)	(232,978)
Government grants and contributions	0	(32,104)	(91,734)	0	0	(1,286)	(201,593)	(31,690)	0	(111,442)	(469,849)
Other income	0	0	0	0	0	0	0	0	0	(259)	(259)
<b>Total Income</b>	<b>(16)</b>	<b>(29,949)</b>	<b>(102,772)</b>	<b>(12,444)</b>	<b>(1,029)</b>	<b>(9,525)</b>	<b>(230,737)</b>	<b>(87,936)</b>	<b>(3,643)</b>	<b>(344,930)</b>	<b>(822,981)</b>
<b>Surplus or Deficit for Year</b>	<b>1,971</b>	<b>4,336</b>	<b>29,988</b>	<b>80,802</b>	<b>7,502</b>	<b>50,334</b>	<b>85,105</b>	<b>92,395</b>	<b>(3,318)</b>	<b>(307,522)</b>	<b>41,593</b>

## Note 14 - Property, Plant and Equipment

Movements to 31 March 2022	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation at 1 April 2021</b>	<b>477,314</b>	<b>38,533</b>	<b>28,584</b>	<b>7,497</b>	<b>10,902</b>	<b>562,830</b>
<i>Adjustments to cost/value:</i>						
Additions	9,683	1,365	540	30	7,959	19,577
Donations	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,716	0	0	2,220	0	7,936
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(865)	0	0	21	0	(844)
Derecognition – disposals	(986)	(60)	0	(370)	0	(1,416)
Derecognition – other	0	0	0	0	0	0
Reclassifications and transfer	1,508	0	0	(1,508)	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0
<b>Cost or Valuation at 31 March 2022</b>	<b>492,370</b>	<b>39,838</b>	<b>29,124</b>	<b>7,890</b>	<b>18,861</b>	<b>588,083</b>
<b>Accumulated Depreciation and Impairment at 1 April 2021</b>	<b>(2,534)</b>	<b>(27,223)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(29,757)</b>
<i>Adjustments to depreciation/impairment:</i>						
Depreciation charge	(13,673)	(2,155)	0	(1)	0	(15,829)
Depreciation written out to the Revaluation Reserve	13,372	0	0	1	0	13,373
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,522	0	0	0	0	1,522
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition – disposals	42	42	0	0	0	84
Derecognition – other	0	0	0	0	0	0
Reclassifications and transfers	0	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0
Reclassifications and transfer	0	0	0	0	0	0
<b>at 31 March 2022</b>	<b>(1,271)</b>	<b>(29,336)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(30,607)</b>
<b>Net Book Value at 31 March 2022</b>	<b>491,099</b>	<b>10,502</b>	<b>29,124</b>	<b>7,890</b>	<b>18,861</b>	<b>557,476</b>
Infrastructure Assets:						
Net book value at 1 April 2021					137,929	
Additions					12,003	
Derecognition – other					(7,554)	
Depreciation charge					(18,009)	
Reclassifications and transfer					0	
<b>Infrastructure Assets Net book value at 31 March 2022</b>						<b>124,369</b>
<b>Property Plant and Equipment Net Book Value at 31 March 2022</b>						<b>681,845</b>

<b>Movements to 31 March 2021</b>	<b>Land and Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation at 1 April 2020</b>	<b>473,002</b>	<b>43,222</b>	<b>28,320</b>	<b>10,246</b>	<b>4,080</b>	<b>558,870</b>
<i>Adjustments to cost/value:</i>						
Additions	4,400	674	269	116	7,769	13,228
Donations	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	10,050	0	0	382	0	10,432
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,243)	0	0	14	0	(7,229)
Derecognition – disposals	(3,072)	(5,460)	0	(4,203)	0	(12,735)
Derecognition – other	0	0	0	0	0	0
Reclassifications and transfer	177	97	(5)	942	(947)	264
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0
<b>Cost or Valuation at 31 March 2021</b>	<b>477,314</b>	<b>38,533</b>	<b>28,584</b>	<b>7,497</b>	<b>10,902</b>	<b>562,830</b>
<b>Accumulated Depreciation and Impairment at 1 April 2020</b>	<b>(1,673)</b>	<b>(28,721)</b>	<b>0</b>	<b>(67)</b>	<b>0</b>	<b>(30,461)</b>
<i>Adjustments to depreciation/impairment:</i>						
Depreciation charge	(11,147)	(3,258)	0	(13)	10	(14,408)
Depreciation written out to the Revaluation Reserve	8,283	0	0	13	0	8,296
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,009	0	0	0	0	2,009
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition – disposals	85	4,740	0	0	0	4,825
Derecognition – other	0	0	0	0	0	0
Reclassifications and transfers	(91)	16	0	67	(10)	(18)
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0
Reclassifications and transfer	0	0	0	0	0	0
<b>at 31 March 2021</b>	<b>(2,534)</b>	<b>(27,223)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(29,757)</b>
<b>Net Book Value at 31 March 2021</b>	<b>474,780</b>	<b>11,310</b>	<b>28,584</b>	<b>7,497</b>	<b>10,902</b>	<b>533,073</b>
Infrastructure Assets:						
Net book value at 1 April 2020					127,584	
Additions					18,422	
Derecognition – other					0	
Depreciation charge					(7,700)	
Reclassifications and transfer					(377)	
<b>Infrastructure Assets Net book value at 31 March 2021</b>					<b>137,929</b>	
<b>Property Plant and Equipment Net Book Value at 31 March 2021</b>						<b>671,002</b>

During 2021/22, no schools have transferred out of Local Authority control to an Academy. A number of vehicles, plant and equipment assets have been disposed during the year.

As at 31st March 2022, capital commitments outstanding for the acquisition of items of Property, Plant and Equipment totaled £42.8m (£11.2m in 2020/21).

### Infrastructure Assets

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

This does not impact the financial statements as the Net Book Value of infrastructure assets remains unchanged, and information on gross cost and accumulated depreciation is maintained as memorandum information in the Local Authority's permanent records.

## Revaluations

The Code requires the Council to revalue its assets sufficiently regularly to ensure that their carrying value does not differ materially from fair value at the year end.

In 2021/22, the Council based its revaluations on a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. However, they must be revalued more regularly where a five-yearly valuation is insufficient to keep pace with material changes in fair value. To achieve this, several significant high value assets, for example leisure centres and schools, have been revalued irrespective of when the last valuation was undertaken.

The effective date of the valuation exercise for 2021/22 was 31st March 2022.

The following useful lives and depreciation rates have been used in the calculation of depreciation:

<b>Class of Asset</b>	<b>Useful Life (Years)</b>
Land	Indeterminable
Buildings	1-80
Vehicles, plant, furniture and equipment	1-40
Infrastructure	10-120
Surplus assets	3 to 24, or indeterminable

## Carrying Value measured against Fair Value

All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

	<b>Other Land and Buildings</b>	<b>Surplus Assets</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Carried at historical cost	<b>175,849</b>	<b>1,995</b>	<b>177,844</b>
Valued at current value as at:			
31/03/2022	458,136	7,885	<b>466,021</b>
31/03/2021	9,749	5	<b>9,754</b>
31/03/2020	8,578	0	<b>8,578</b>
31/03/2019	6,388	0	<b>6,388</b>
31/03/2018	9,520	0	<b>9,520</b>
<b>Total Cost or Valuation</b>	<b>492,371</b>	<b>7,890</b>	<b>500,261</b>

## Note 15 - Heritage Assets

A reconciliation of the carrying value of Heritage Assets held follows below:

2021/22	Decorative Arts	Buildings	Civic Regalia	Transport	Fine Art	Total
	£000	£000	£000	£000	£000	£000
<b>Opening Balance</b>	<b>4,418</b>	<b>757</b>	<b>454</b>	<b>1,088</b>	<b>11,694</b>	<b>18,411</b>
Donations	100	0	0	0	0	100
Revaluations	0	0	0	0	372	372
<b>Closing Balance</b>	<b>4,518</b>	<b>757</b>	<b>454</b>	<b>1,088</b>	<b>12,066</b>	<b>18,883</b>
<b>Proceeds of Sale</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

2020/21	Decorative Arts	Buildings	Civic Regalia	Transport	Fine Art	Total
	£000	£000	£000	£000	£000	£000
<b>Opening Balance</b>	<b>3,130</b>	<b>757</b>	<b>441</b>	<b>490</b>	<b>9,490</b>	<b>14,308</b>
Revaluations	1,288	0	13	598	2,204	4,103
<b>Closing Balance</b>	<b>4,418</b>	<b>757</b>	<b>454</b>	<b>1,088</b>	<b>11,694</b>	<b>18,411</b>
<b>Proceeds of Sale</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Decorative Art

These collections include items such as British ceramics, drawings and photographs. The collections also include coins and medals, textiles, archaeological artifacts, sculptures, glass, metalwork, jewelry, furniture, and maritime models and Oriental collections. The majority of these collections have been revalued in 2020/21 with the exception of some of the ceramic and Oriental collections.

The table above includes an additional donated item, a Wilfred Owen Sculpture located on the corner of Duncan Street and Hamilton Street, Birkenhead.

### Buildings

There are two historic buildings held at fair value based on historic cost. These are Leasowe Lighthouse, which is the oldest brick-built lighthouse in the country and Bidston Hill Windmill, which was operational until 1875. Valuations were last undertaken between January 2008 and March 2018. Due to the specialist nature of these assets, a valuation has not been undertaken of these during the year.

### Civic Regalia

The collection includes several items connected with civic functions undertaken as part of the mayoral role, such as mayoral badges, chains and maces. The oldest item dates back to 1893. The collection also includes memorabilia commemorating events and associations of local interest. Valuations were undertaken in 2020/21, although some had been valued between April and September 2012 and if this is the latest valuation, this has been the basis. Valuations are based on contemporary market and documentary research.

## Transport

The collection consists of various vehicles, including historic buses, trams and motorcycles. The valuations are based on insurance quotes obtained by the internal Insurance Team during 2020/21.

## Fine Art and Other Collections

These include British watercolours and drawings of the 18<sup>th</sup> and 19<sup>th</sup> century, by artists including the Liverpool School artist, Philip Wilson Steer and other leading local artists, within a collection of over 6,000 separate pieces. Values of the highest twenty-five pieces range between £60,000 to £720,000. Valuations are based on a revaluation carried out in 2021/22 largely and are based on contemporary market and documentary research.

## Acquisition policy

Acquisitions will meet the requirements of the Accreditation Standard. It will consider limitations on collections imposed by such factors as staffing, storage and care of collection arrangements. The expansion of collections is achieved by donation, bequest and purchase using grant aid.

## Disposal procedure

A decision will be taken after full consideration of the reasons for disposal. This includes curatorial and financial reasons as well as the public benefit, the implication for the Museum's collections and collections held by museums and other organisations collecting the same material. External expert advice will be obtained and the views of stakeholders such as donors, researchers, local and source communities served by the Museum will also be sought.

## Conservation and storage

Access to professional conservation advice is by liaison with the National Museums Liverpool and freelance conservators. Environmental monitoring and control are maintained in display and storage areas. Improvements to the heating and humidifier equipment is undertaken as necessary based on curatorial staff and conservation advice. A programme of lighting, monitoring and control consistent with the preservation and maintenance of collections is maintained. Materials used will be consistent with good conservation practice. A record of all conservation work undertaken will be maintained.

## Overall approach to valuation and accounting for Heritage Assets

The Code requires the Council to carry heritage assets at valuation rather than current or fair value, reflecting the fact that sales and exchanges of such assets are uncommon. Valuations may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. In some cases, it may not be practicable to establish a valuation for a heritage asset, in which case the asset is carried at historical cost if this information is available. Where heritage assets are measured at valuation, the carrying amount shall be reviewed with sufficient frequency to ensure the valuations remain current.

The latest valuation was undertaken during 2021/22, although as noted above, not all assets were valued. The present Collection Management Plan suggests valuations to be reconsidered every ten years, but consideration may be given to individual items in the interim.

Acquisitions are initially recognised at cost (where that cost is greater than £10,000) and donations are recognised at valuation. Heritage assets are not depreciated as the Council considers they have indefinite lives.

### Heritage Assets: Valuation Approach

Valuations have been commissioned externally via valuers with the requisite expertise in this particular field. The 2012 valuations had been undertaken by St George Valuations (London) and the 2020/21 valuations by Art & Antiques Appraisals Ltd. The latter were supervised a former Senior Valuer at Bonhams, supported by colleagues from Art & Antiques Appraisals Ltd.

### Heritage Assets not reported in the Balance Sheet

#### Sites of Special Scientific Interest (SSIs) or Biological Importance (SBIs)

There are 12 SSIs based on nature conservation legislation and 27 Council owned SBIs (non-statutory sites). A number of these form part of an overall Community Asset but because of their specific nature any attempt to separately identify specific costs associated with the SSI or SBI would produce unreliable information, therefore they are not separately identified under the category of heritage assets.

#### War memorials and other monuments

There are 146 such assets that the Council owns ranging from those commemorating historic events to historic personages. Because of the lack of comparable market values, the Council considers that the cost of obtaining external valuations outweighs the benefit to the reader of the accounts in obtaining such information. Consequently, these assets are not included in the Balance Sheet.

#### Archaeological sites

In the case of the two sites that are considered of archaeological interest the Council does not consider that reliable cost or valuation information can be obtained because of the diverse nature of the assets and the lack of comparable market values. Consequently, any such assets are not included in the Balance Sheet.

## Note 16 - Investment Properties

Investment properties are held by the Council for the purposes of income generation or capital gain.

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

<b>31st March 2021</b>	<b>Investment Property Income and Expenditure</b>	<b>31st March 2022</b>
<b>£000</b>		<b>£000</b>
(1,098)	Rental income from investment property	(2,045)
980	Direct operating expenses from investment property	878
<b>(118)</b>	<b>Net (gain)/loss</b>	<b>(1,167)</b>

The table below, summarises the movements in the value of investment properties over the year:

<b>31st March 2021 Non-Current</b>	<b>Investment Properties Movements in Year</b>	<b>31st March 2022 Non-Current</b>
<b>£000</b>		<b>£000</b>
<b>24,680</b>	<b>Opening Balance</b>	<b>19,033</b>
0	Subsequent expenditure	1
0	Disposals	(109)
(5,759)	Net gains/losses from fair value adjustments	(10)
	Transfers:	
110	to/from Property Plant and Equipment	(1)
2	Other changes	0
<b>19,033</b>	<b>Balance at the end of the year</b>	<b>18,914</b>

The Council has not acquired any significant new Investment Properties during the year. A plot at Tarran Industrial Estate and a piece of land on Exmouth Street, Birkenhead were sold during the year and an advertising hoarding on North Chester Road was demolished during 2021/22.

## Fair Value Hierarchy for Investment Properties

Details of the Council's Investment Properties and information about the Fair Value hierarchy as at 31st March 2022 are shown in the following table:

Recurring fair value measuring usage	2020/21				2021/22			
	Quoted Prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2021 £000	Quoted Prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2022 £000
General Buildings & Sites	0	14,571	0	14,571	0	14,461	0	14,461
Industrial Sites	0	4,462	0	4,462	0	4,453	0	4,453
<b>Total</b>	<b>0</b>	<b>19,033</b>	<b>0</b>	<b>19,033</b>	<b>0</b>	<b>18,914</b>	<b>0</b>	<b>18,914</b>

The Council measures its investment properties at Fair Value. 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, or, in the absence of a principal market, in the most advantageous market for the asset or liability. The Council uses qualified RICS internal property valuers to provide a valuation of its assets in line with the highest and best use definition.

All the Council's investment properties have been assessed as Level 2 in the Fair Value hierarchy. The Fair Value has been determined using a market and income approach, which takes into account direct and indirect observable data from the market where there are no quoted prices. Information is obtained about similar assets, existing lease terms and rentals, research of market evidence including yields and rentals. Market conditions of similar assets actively purchased and sold within the market and from within the portfolio provide a level of observable inputs, leading to the properties being categorised as Level 2.

There have been no transfers between Levels 1, 2 or 3 during the year.

Fair value definitions:

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

## Valuation Basis for Investment Properties

In estimating the fair value of the Council's Investment Properties, the highest and best use of the properties is deemed to be their current use. The Council's Investment Properties have been assessed as Level 2 (based on other significant observable inputs) on the fair value hierarchy for valuation purposes.

## Note 17 - Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets relate to purchased licences.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The major item of software relates to the Oracle financial system and has been assigned a 10-year life, which is fully amortised.

The gross carrying amount of intangible assets is amortised on a straight-line basis. The amortisation charged to revenue in 2021/22 was £0.002m (2020/21 £0.168m).

The movement on Intangible Asset balances during the year is shown in the table below:

31 March 2021			31 March 2022	
Other Assets	Total		Other Assets	Total
£000	£000		£000	£000
		<b>Balance at start of year:</b>		
4,378	4,378	Gross carrying amounts	4,400	4,400
(4,213)	(4,213)	Accumulated amortisation	(4,381)	(4,381)
<b>165</b>	<b>165</b>	<b>Net carrying amount at start of year</b>	<b>19</b>	<b>19</b>
22	22	Additions (acquired separately)	0	0
0	0	Other derecognition	(21)	(21)
(168)	(168)	Amortisation for the period	(2)	(2)
0	0	Amortisation written out on other	4	4
<b>19</b>	<b>19</b>	<b>Net carrying amount at end of year</b>	<b>0</b>	<b>0</b>
		<b>Comprising:</b>		
4,400	4,400	Gross carrying amounts	4,379	4,379
(4,381)	(4,381)	Accumulated amortisation	(4,379)	(4,379)
<b>19</b>	<b>19</b>	<b>Total</b>	<b>0</b>	<b>0</b>

The only intangible asset not fully amortised as at 31<sup>st</sup> March 2021, was the CIPFA Closedown software, and is no longer offered or supported by CIPFA. It has therefore been de-recognised in the accounts in 2021/22.

The remaining intangible assets acquired in previous years are all fully amortised.

## Note 18 - Financial Instruments

### Financial Instruments – Classifications

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

#### Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- short-term loans from other local authorities,
- Private Finance Initiative contracts and
- trade payables for goods and services received.

#### Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following three classifications:

1. Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:
  - cash in hand;
  - bank current and deposit accounts with Lloyds bank and Santander;
  - fixed term deposits;
  - loans to small companies;
  - lease receivables; and
  - trade receivables for goods and services provided.
2. Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:
  - pooled bond fund managed by Columbia Threadneedle held as strategic investment.
3. Fair value through profit and loss (all other financial assets) comprising:
  - money market funds managed by external fund managers; and
  - pooled bond, equity and property funds managed by Payden, Royal London Asset Management, Public Sector Social Investment fund managers and CCLA.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

<b>Non-Current Financial Assets</b>						
	<b>Investments</b>		<b>Debtors</b>		<b>Total</b>	<b>Total</b>
	<b>31 March 2021</b>	<b>31 March 2022</b>	<b>31 March 2021</b>	<b>31 March 2022</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>IFRS 9 Categories</b>						
Amortised cost	0	1,494	22,327	18,463	<b>22,327</b>	<b>19,957</b>
Fair value through profit and loss	9,963	9,823	0	0	<b>9,963</b>	<b>9,823</b>
<b>Total financial assets</b>	<b>9,963</b>	<b>11,317</b>	<b>22,327</b>	<b>18,463</b>	<b>32,290</b>	<b>29,780</b>

<b>Current Financial Assets</b>								
	<b>Investments (Restated)</b>		<b>Debtors</b>		<b>Cash</b>		<b>Total (Restated)</b>	<b>Total</b>
	<b>31 March 2021</b>	<b>31 March 2022</b>	<b>31 March 2021</b>	<b>31 March 2022</b>	<b>31 March 2021</b>	<b>31 March 2022</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>IFRS 9 Categories</b>								
Fair value through profit and loss	5,926	6,024	0	0	23,896	46,964	<b>29,822</b>	<b>52,988</b>
Amortised cost	12	1,291	39,122	39,278	5,960	18	<b>45,094</b>	<b>40,587</b>
Fair value through other comprehensive income - designated equity instruments	1,036	990	0	0	0	0	<b>1,036</b>	<b>990</b>
Fair value through other comprehensive income	0	0	0	0	0	0	<b>0</b>	<b>0</b>
<b>Total financial assets</b>	<b>6,974</b>	<b>8,305</b>	<b>39,122</b>	<b>39,278</b>	<b>29,856</b>	<b>46,982</b>	<b>75,952</b>	<b>94,565</b>

<b>Non-Current Financial Liabilities</b>						
	<b>Borrowings</b>		<b>PFI liabilities</b>		<b>Total</b>	<b>Total</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fair value through profit and loss						
Amortised cost	(149,434)	(145,268)	(34,447)	(31,216)	(183,881)	(176,484)
<b>Total financial liabilities</b>	<b>(149,434)</b>	<b>(145,268)</b>	<b>(34,447)</b>	<b>(31,216)</b>	<b>(183,881)</b>	<b>(176,484)</b>

<b>Current Financial Liabilities</b>										
	<b>Borrowings</b>		<b>Creditors</b>		<b>PFI Liability</b>		<b>Bank Overdraft</b>		<b>Total</b>	<b>Total</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fair value through profit and loss	0	0	0	0	0	0	0	0	0	0
Amortised cost	(101,198)	(71,919)	(38,578)	(44,800)	(2,465)	(3,187)	(8,586)	(6,195)	(150,827)	(126,101)
<b>Total financial liabilities</b>	<b>(101,198)</b>	<b>(71,919)</b>	<b>(38,578)</b>	<b>(44,800)</b>	<b>(2,465)</b>	<b>(3,187)</b>	<b>(8,586)</b>	<b>(6,195)</b>	<b>(150,827)</b>	<b>(126,101)</b>
<b>Total</b>	<b>(101,198)</b>	<b>(71,919)</b>	<b>(38,578)</b>	<b>(44,800)</b>	<b>(2,465)</b>	<b>(3,187)</b>	<b>(8,586)</b>	<b>(6,195)</b>	<b>(150,827)</b>	<b>(126,101)</b>

The following table shows the debtors, see Debtors note, that are classified as financial instrument and non-financial instruments.

	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Financial instrument	61,449	57,741
Non Financial Instrument	50,118	45,546
<b>Total</b>	<b>111,567</b>	<b>103,287</b>

The following table show the split of Creditors note, by financial and non-financial instruments.

	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Financial instrument	(38,578)	(44,800)
Non Financial Instrument	(43,295)	(77,229)
<b>Total</b>	<b>(81,873)</b>	<b>(122,029)</b>

There is a requirement under onerous contracts to recognise a creditor for Kingsway School. £1.376m has been recognised in 2021/22 (£917k in current Other Payables and £459k in long-term Other Payables), this recognises the unavoidable costs of meeting the obligation under the PFI contract, for a period of 18 months.

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
0	Trade payables	0
(430)	Other payables	(459)
<b>(430)</b>	<b>Total Long Term Creditors</b>	<b>(459)</b>

Income, Expense, Gains and Losses	31/03/2021 (restated)		31 March 2022	
	Surplus or Deficit on the provision of services	Other comprehensive Income and Expenditure	Surplus or Deficit on the provision of services	Other comprehensive Income and Expenditure
	£000	£000	£000	£000
<b>Net gains/losses on:</b>				
• financial assets measured at fair value through profit or loss	(101)	(83)	(113)	41
• financial assets measured at amortised cost	(68)	0	(116)	0
• investments in equity instruments designated at fair value through other comprehensive income	(28)	(113)	(22)	47
• financial liabilities measured at fair value through profit or loss	0	0	0	0
• financial liabilities measured at amortised cost	14,297	0	13,496	0
<b>Total net gains/losses</b>	<b>14,100</b>	<b>(196)</b>	<b>13,245</b>	<b>88</b>
<b>Interest revenue:</b>				
• financial assets measured at amortised cost	(68)	0	(116)	0
• financial assets measured at fair value through profit or loss	(101)	0	(113)	0
• other financial assets measured at fair value through other comprehensive income	(28)	0	(22)	0
<b>Total interest revenue</b>	<b>(197)</b>	<b>0</b>	<b>(251)</b>	<b>0</b>
<b>Other Income</b>	<b>(94)</b>	<b>0</b>	<b>(23)</b>	<b>0</b>

## Financial Guarantees

The Council has given a number of financial guarantees in place to support the regeneration of the Borough. There are three key developments, Wirral Waters, Birkenhead Commercial District and the Hythe, of which three have financial guarantees in respect to the leases or acquisition of premises. The details of these guarantees are presented below; for 2021/22 accounts there is no liability required to be recognised.

<b>Development</b>	<b>Narrative</b>	<b>Risk/Liability</b>
The Hythe	A PUT/CALL option is in place whereby Peel Holding and Wirral Council have an agreement to sell/acquire the Hythe Office Development for a maximum period of three years post practical completion. This option applies if at any point the value exceeds the option price of £4.98m. Where the value exceeds £4.98m the Put cannot be called upon.	<p>The Put is where the Council would have to purchase the Hythe if it fails to reach its negotiated Option Price. Where the value exceeds this sum the Put option falls away.</p> <p>If the Put was called the Council would be required to purchase the site and capital borrowing would be required of £4.98m.</p> <p>If the Council invoked the Call option, it could obtain the building for less than £4.98m and further options would then be evaluated as to the best course of action for the Council.</p>
Birkenhead Commercial District	The Council will pay the headlease for 35 years post completion	<p>Two buildings are being constructed of which the Council intends to occupy one, therefore the Council carries no liability for failed lease income, from building 1, as budgets from exiting other buildings are available to fund the lease cost.</p> <p>If the Council did not occupy the building this would incur a cost starting at £1.34m per annum for thirty five years with an annual lease increase based on Retail Price Index increases under a cap and collar arrangement of between 1% and 4%.</p> <p>The second building will be leased and the highest liability if no occupancy occurred is £873k per annum for thirty five years with an annual RPI increase of between 1% and 4% under a cap and collar arrangement.</p> <p>To mitigate this risk however the Council is developing a detailed marketing and lettings strategy to identify potential end-users well in advance of the building reaching practical completion. The Council has also entered into early negotiations with a potential occupier, of significant covenant strength, who wishes to take the whole of the ground floor of building two.</p>

Development	Narrative	Risk/Liability
		<p>A risk reserve will be established in 2023/24 for this.</p> <p>The Council has an option between years 35 and 43 to purchase the sites for £1. The funder also has a 'put' option to transfer the assets between years 35 and 43 to the Council for £1.</p>
<p>Millers Quay ((Wirral Waters One (Legacy))</p>	<p>Peel L&amp;P Legacy (Wirral Waters) Limited will take on a 250 year lease from Peel Holdings and will build the development. The scheme will be funded by Pension Insurance Corporation (PIC) who will take a 250 year lease from Peel Legacy. The Council will take a 50 year underlease for 350 units of the residential units and pay PIC a fixed rent (increasing with RPI) and estate service charges to secure repayment of the loan with interest. 150 units will be sub-underleased to Peel for years 1 to 10 and Peel will pay the rentals to the Council management company.</p>	<p>The Council will grant a sub-underlease to Peel who will manage the apartments for years 0-10 for 350 units and Peel years 0-15 for 150 units and take on the Council's rental obligations. This company will make rental payments to the Council at a level which will cover the Council's payments to PIC.</p> <p>From Years 11-50 (for 350 units) the commercial risks will be transferred to the Council with the Council's Management Company being responsible for letting out the properties, managing the apartments and for securing the rental payments for the Council.</p> <p>At the end of the 50 year lease period the Council will have the ability to take up an option to acquire a lease for 200 years at a peppercorn rent from PIC of 350 of the residential units.</p> <p>The Council's commitment is its rental obligations, together with service charge payments made by the Council's management company, from years 11-50/55.</p> <p>In addition, up-front Stamp Duty Land Tax (SDLT) will be payable in respect of the grant of the under lease. Peel have agreed to cover the cost of the SDLT.</p> <p>In addition up-front Stamp Duty Land Tax (SDLT) will be payable in respect of the grant of the under lease. Peel have agreed to cover the cost of the SDLT.</p>

## Note 18a - Financial Instruments – Fair Value

For each class of financial assets and financial liability, the Council is required to disclose the fair value of that class of assets and liabilities in such a way that a comparison with the carrying amount is possible. For most assets, including money market funds and other pooled funds, the fair value is taken from the market price.

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

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local Council loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options 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 31st March.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, 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 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.

The fair value of financial instruments held at amortised cost is higher than their balance sheet carrying amount because:

- the Authority's portfolio of loans includes transactions where the interest rate payable is higher than the current rates available for similar loans as at the balance sheet date.
- the interest rate on similar investments is now lower than that obtained when the investment was originally made.

## Financial Assets Measured at Fair Value

Recurring Fair Value Measurements -	Fair Value Hierarchy Level	31 March 2021	31 March 2022
		£000	£000
FA Measured at Fair Value - <b>Money Market Funds</b>	1	23,897	46,964
FA Measured at Fair Value - <b>Externally Managed Funds</b>	1	16,925	16,837
<b>Balance 31 March</b>		<b>40,822</b>	<b>63,801</b>

The fair value of financial assets and financial liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

## Financial Liabilities

	31 March 2021		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities held at Amortised Cost	(250,632)	(394,132)	(217,187)	(323,650)
PFI and finance lease liabilities	(36,912)	(41,614)	(34,403)	(35,913)
<b>Total</b>	<b>(287,544)</b>	<b>(435,746)</b>	<b>(251,590)</b>	<b>(359,563)</b>

## Financial Assets

	31 March 2021		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Cash & Cash Equivalents at Amortised Cost	5,960	5,960	18	18
Loans and Receivables at Amortised Cost	12	12	2,785	2,785
Long-Term Debtors	22,327	22,327	18,463	18,463
<b>Total</b>	<b>28,299</b>	<b>28,299</b>	<b>21,266</b>	<b>21,266</b>

## Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

<b>31 March 2022</b>				
Recurring fair value measurements using:	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Total
<b>Financial Liabilities</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Financial Liabilities held at amortised cost:				
Loans/Borrowings	0	(323,650)	0	<b>(323,650)</b>
PFI and finance lease liabilities	0	(35,913)	0	<b>(35,913)</b>
<b>Total</b>	<b>0</b>	<b>(359,563)</b>	<b>0</b>	<b>(359,563)</b>
<b>Financial Assets</b>				
Amortised Cost:				
Other loans and receivables	0	21,266	0	21,266
<b>Total</b>	<b>0</b>	<b>21,266</b>	<b>0</b>	<b>21,266</b>
<b>31 March 2021</b>				
Recurring fair value measurements using:	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Total
<b>Financial Liabilities</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Financial Liabilities held at amortised cost:				
Loans/Borrowings	0	(394,132)	0	<b>(394,132)</b>
PFI and finance lease liabilities	0	(41,614)	0	<b>(41,614)</b>
<b>Total</b>	<b>0</b>	<b>(435,746)</b>	<b>0</b>	<b>(435,746)</b>
<b>Financial Assets</b>				
Loans and Receivables:				
Other loans and receivables	0	28,299	0	28,299
<b>Total</b>	<b>0</b>	<b>28,299</b>	<b>0</b>	<b>28,299</b>

## Financial liabilities

The borrowings held by the authority consist of different types of loan, including the following categories of longer-term borrowing:

### Lender Offer Borrower Option (LOBO)

The fair value (£162.5m) is higher than the carrying amount (£89.2m) because the Council's Lender Offer Borrower Option portfolio includes a number of fixed rate loans where the interest payable is higher than the rates available for similar loans at the balance sheet date.

### Public Works Loan Board (PWLB)

The fair value (£25.8m) is greater than the carrying amount (£24.2m) because the Council's Public Works Loan Board portfolio includes a number of fixed rate loans where interest payable is greater than the rates available for similar loans at the balance sheet date.

### Other Market Loans

The fair value (£74.1m) is higher than the carrying amount (£43.1m) because the Council's Market Long Term loan has an interest rate payable that is higher than the rates available for a similar loan at the balance sheet date.

### Central Government and Local Government Loans

The fair value (£61.2m) is equal to the carrying amount as these loans consist of short term cashflow loans with a duration of less than 12 months (therefore Fair Value considerations are immaterial) and interest free loans which have zero interest considerations.

### Private Finance Initiatives (PFI)

The fair value (£35.9m) is higher because the implicit interest rate on the Council's PFI contracts is higher than current long-term interest rates. PFI rates also include an element to cover the risks around construction, which is no longer present.

## Note 19 - Debtors

### Short Term Debtors

2020/21			2021/22			
Gross Debtors £000	Expected Losses £000	Net Debtors £000		Gross Debtors £000	Expected Losses £000	Net Debtors £000
54,438	(17,709)	36,729	Trade Receivables	49,018	(18,396)	30,622
4,061	0	4,061	Prepayments	5,406	0	5,406
35,105	(20,962)	14,143	Local Taxation	36,909	(19,347)	17,562
34,576	(269)	34,307	Other Receivable Amounts	31,484	(250)	31,234
<b>128,180</b>	<b>(38,940)</b>	<b>89,240</b>	<b>Total Debtors</b>	<b>122,817</b>	<b>(37,993)</b>	<b>84,824</b>

### Long Term Debtors

2020/21			2021/22			
Gross Debtors £000	Expected Losses £000	Net Debtors £000		Gross Debtors £000	Expected Losses £000	Net Debtors £000
4,454	(262)	4,192	Loans	5,299	(497)	4,802
18,135	0	18,135	Other Debtors	13,661	0	13,661
<b>22,589</b>	<b>(262)</b>	<b>22,327</b>	<b>Total Long Term Debtors</b>	<b>18,960</b>	<b>(497)</b>	<b>18,463</b>

Long-term debtors relate to debts for other authorities and associated liabilities of former Merseyside County Council historical debts for £13.402m and two caravan park sites for £0.259m. In addition, new loans were added during 2021/22 in relation to a Children's Home (We Are Juno) of £0.235m and Wirral Growth Company for £0.624m. In 2021/22 a short-term debtor was also reclassified to long-term debtors £0.200m. The remaining £3.743m of the balance relates to various regeneration loans (equity renewal/empty property loans and renovation loans) to third parties which are considered to be repayable over a period longer than twelve months.

## Note 20 - Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rates) is analysed by age as follows:

2020/21 £000	2021/22 £000
4,081	5,173
2,631	3,298
1,742	2,656
1,280	1,856
838	1,242
1,289	1,795
<b>11,860 Total</b>	<b>16,020</b>

## Note 21 - Cash and Cash Equivalents

The net balance of Cash and Cash Equivalents at the Balance Sheet date is shown in the table below:

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
1,856	Cash and Bank balances	12,180
(10,442)	Bank Overdraft	(18,375)
<b>(8,586)</b>	<b>Total Cash and Cash Equivalents</b>	<b>(6,195)</b>

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
29,856	Short Term Investments	46,982
<b>29,856</b>	<b>Total Cash and Cash Equivalents</b>	<b>46,982</b>

Cash comprises cash on hand and on demand deposits. Cash equivalents are investments that are instantly repayable to the Council on demand and that are readily convertible to known amounts of cash with insignificant risk of a change in value. These are balances held in interest bearing call accounts and money market funds with institutions meeting our credit ratings.

## Note 22 – Creditors

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
(30,100)	Trade payables	(41,937)
(51,343)	Other payables	(79,633)
<b>(81,443)</b>	<b>Total Creditors</b>	<b>(121,570)</b>

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
0	Trade payables	0
(430)	Other payables	(459)
<b>(430)</b>	<b>Total Long Term Creditors</b>	<b>(459)</b>

## Note 23 - Provisions

The provisions figures shown in the Balance Sheet comprises of the following balances.

### Total Provisions

2020/21 £000	Total Provision	2021/22 £000
(14,025)	Opening Balance	(15,528)
(3,084)	Increase in provision during year	(7,308)
1,339	Utilised during year	6,032
242	Unused amounts reversed	248
<b>(15,528)</b>	<b>Closing Balance</b>	<b>(16,556)</b>

### Current Provisions

2021/22	Severance Pay £000	Insurance Fund £000	NNDR Appeals £000	Land Charges £000	Education Health & Care Plans £000	Late Penalty Fees £000	Other £000	Total £000
Opening Balance	(2,241)	(950)	(8,027)	(248)	(526)	0	(92)	(12,084)
Increase in provision during year	(1,755)	0	(4,555)	0	(266)	(300)	0	(6,876)
Utilised during year	2,241	0	3,542	0	249	0	0	6,032
Unused Amounts Reversed	0	0	0	248	0	0	0	248
<b>Closing Balance</b>	<b>(1,755)</b>	<b>(950)</b>	<b>(9,040)</b>	<b>0</b>	<b>(543)</b>	<b>(300)</b>	<b>(92)</b>	<b>(12,680)</b>

2020/21	Severance Pay £000	Insurance Fund £000	NNDR Appeals £000	Land Charges £000	Education Health & Care Plans £000	Other £000	Total £000
Opening Balance	(1,154)	(1,000)	(8,304)	(248)	0	(92)	(10,798)
Increase in provision during year	(2,241)	(100)	0	0	(526)	0	(2,867)
Utilised during year	1,154	150	35	0	0	0	1,339
Unused Amounts Reversed	0	0	242	0	0	0	242
<b>Closing Balance</b>	<b>(2,241)</b>	<b>(950)</b>	<b>(8,027)</b>	<b>(248)</b>	<b>(526)</b>	<b>(92)</b>	<b>(12,084)</b>

## Provisions

### Severance Pay

The Council has identified funding that will be required for staff reductions in financial year 2021/22 that will cost £1.755m and has therefore made provision for this liability.

### Insurance Fund

This is required to cover possible liability insurance claims. The overall estimate of the amount required to cover these is based on an actuarial investigation, which seeks to estimate the ultimate claims arising in respect of each risk period. The basis for calculating the provision is claims actually reported as outstanding. The timing of future payments depends almost entirely upon when claims are settled but are likely to run over a number of years.

## NNDR Appeals

Following the introduction of the Business Rates Retention Scheme from 1 April 2013, billing authorities are required to make an estimate of the impact of successful appeals covering not only 2022/23 but also any backdated amount relating to earlier years. This will include decisions made in future years regarding appeals which may affect the 2022/23 and earlier financial years' business rates charges. The provision calculation is based upon data supplied by the Valuation Office at 31 March 2022 regarding outstanding and settled appeals.

## Land Charges

For claims for searches carried out in previous years and is to cover any Council liability for claims for income incorrectly charged in respect of searches. The unused balance of £0.248m has been reversed in 2021/22.

## Education Health and Care Plans

The assessment process can take some time to complete and so as not to disadvantage pupils, schools put additional support in place as soon as need is identified and will then be financially recompensed retrospectively once the assessment process is complete. At the end of the financial year there were a significant number of pupil assessments in progress, and which are not yet complete. A financial liability exists in the form of retrospective payments to schools, but the value of the payments will not be known until the assessments are complete.

## Late Penalty Fee

The provision of the £0.3m is for the final settlement of interest and costs arising from late payments by the Council.

## Other Provisions

All other provisions are individually insignificant in being below £0.1m.

## Long Term Provisions

<b>2021/22</b>	<b>Insurance Fund £000</b>	<b>Total £000</b>
Opening Balance	(3,444)	(3,444)
Increase in provision during year	(432)	(432)
<b>Closing Balance</b>	<b>(3,876)</b>	<b>(3,876)</b>

<b>2020/21</b>	<b>Insurance Fund £000</b>	<b>Total £000</b>
Opening Balance	(3,227)	(3,227)
Increase in provision during year	(217)	(217)
<b>Closing Balance</b>	<b>(3,444)</b>	<b>(3,444)</b>

## Note 24 - Usable Reserves

The Council holds a number of reserves, both revenue and capital for various reasons. They provide assurance to ensure financial stability, funding for future initiatives or investments, and allow balances to be earmarked to meet expected future cost pressures.

Balances on the General Fund (see Movement in Reserves Statement) and earmarked general fund reserves (see breakdown in the Transfers to/from Earmarked Reserves note) are available for funding both capital and revenue expenditure. The amounts relating to balances held by schools are accounted for as Earmarked Reserves and are not included in the General Fund Balance.

The Capital Receipts Reserve and Capital Grants Unapplied detailed in this note are held for capital purposes only.

### Total Usable Reserves

<b>31 March 2021</b>	<b>31 March 2022</b>
<b>£000</b>	<b>£000</b>
(10,676) General Fund Balance	(10,676)
(114,632) Earmarked General Fund Reserves	(97,186)
(1,190) Capital Receipts Reserve	(6,182)
(24,429) Capital Grants Unapplied	(39,658)
<b>(150,927) Balance 31 March</b>	<b>(153,702)</b>

### Capital Receipts Reserve

The Capital Receipts Reserve contains the proceeds of fixed assets sales that are available to meet the future capital investment.

<b>31 March 2021</b>	<b>31 March 2022</b>
<b>£000</b>	<b>£000</b>
(513) Balance 1 April	(1,190)
(1,326) Capital Receipts in year	(4,383)
(135) Private Sector Housing Renewal Receipts in year	(153)
0 Deferred Receipts realised	(456)
4,469 Capital Receipts transferred to Capital Adjustment Account to repay debt	4,469
784 Capital Receipts used for financing	0
(4,469) Other movements	(4,469)
<b>(1,190) Balance 31 March</b>	<b>(6,182)</b>

## Capital Grants Unapplied

The Capital Grants Unapplied reserve holds grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

<b>31 March 2021</b>	<b>31 March 2022</b>
<b>£000</b>	<b>£000</b>
(19,453) Balance 1 April	(24,429)
(13,139) Capital grants recognised in year	(27,171)
9,320 Capital grants and contributions applied	11,942
(1,157) Other movements	0
<b>(24,429) Balance 31 March</b>	<b>(39,658)</b>

## Note 25 - Unusable Reserves

<b>31 March 2021</b>	<b>31 March 2022</b>
<b>£000</b>	<b>£000</b>
(275,702) Revaluation Reserve	(290,362)
109 Financial Instruments Revaluation Reserve	141
(96,780) Capital Adjustment Account	(77,321)
2,491 Financial Instruments Adjustment Account	2,402
531,815 Pension Reserve	572,706
(1,174) Deferred Capital Receipts Reserve	(464)
42,018 Collection Fund Adjustment Account	16,462
2,582 Accumulated Absences Account	4,615
(24) Pooled Investment Funds Adjustment Account	33
1,679 Dedicated Schools Grant Adjustment Account	1,690
<b>207,014 Total</b>	<b>229,902</b>

Further information on each of the above reserves is below:

### Revaluation Reserve

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

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

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

<b>31 March 2021 £000</b>		<b>31 March 2022 £000</b>
(264,439)	<b>Balance 1 April</b>	(275,702)
(30,734)	Upward revaluation of assets	(24,196)
7,903	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	2,514
<b>(22,831)</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>(21,682)</b>
7,177	Difference between fair value depreciation and historical cost depreciation	6,275
4,391	Accumulated gains on assets sold or scrapped	747
<b>11,568</b>	<b>Amount written off to the Capital Adjustment</b>	<b>7,022</b>
<b>(275,702)</b>	<b>Balance 31 March</b>	<b>(290,362)</b>

#### Financial Instrument Revaluation Reserve

The Financial Instrument Revaluation Reserve contains gains or losses made by the Council arising from movements in the value of its investments measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gain are revalued downwards, impaired, and when an investment is disposed of, and gains realised.

<b>31 March 2021 £000</b>		<b>31 March 2022 £000</b>
211	<b>Balance 1 April</b>	109
(102)	Other movements	32
<b>109</b>	<b>Balance 31 March</b>	<b>141</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different accounting arrangements for the consumption of non-current assets and for their financing under statutory provisions. The Account is charged with costs of acquisition, construction or enhancement of assets. Depreciation, impairment losses and amortisations of assets are charged to the Comprehensive Income and Expenditure Statement with postings from the Revaluation Reserve to convert fair values to an historical cost basis.

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

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

<b>31 March 2021 £000</b>		<b>31 March 2022 £000</b>
(113,324)	<b>Balance 1 April</b>	(96,780)
22,108	Charges for depreciation and impairment of non-current assets	33,838
5,220	Revaluation losses on non-current assets	(678)
168	Amortisation of intangible assets	2
14,662	Revenue expenditure funded from capital under statute	13,024
4,469	Repayment of debt – Merseyside Residual Debt Fund	4,469
7,928	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9,012
54,555	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	59,667
(11,568)	Adjusting Amounts written out of the Revaluation Reserve	(7,022)
0	Repayment of debt - Group company loan	2,250
42,987	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	54,895
(784)	Use of Capital Receipts Reserve to finance new capital expenditure	0
(20,270)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(23,336)
(4,469)	Write-off Merseyside Residual Debt Fund receipt to long term debtors	(4,469)
(6,716)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(7,537)
(32,239)	<b>Capital financing applied in year:</b>	(35,342)
5,759	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	10
135	Public Sector Housing Loans	154
(98)	Capital expenditure charged against the General Fund and HRA balances	(158)
0	Movement in the donated assets account credited to the Comprehensive Income and Expenditure Statement	(100)
<b>(96,780)</b>	<b>Balance 31 March</b>	<b>(77,321)</b>

## Financial Instrument Adjustment Account

The Financial Instrument 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 balance in the Financial Instrument Adjustment Account at the end of the year represents the amount that should have been charged to the Comprehensive Income and Expenditure Statement in accordance with proper accounting practices under the Code of Practice, but which Statutory Provisions allow or require to be deferred over future years. At 31 March 2022 the account had a balance of £2.402m (2020-21 £2.491m).

<b>31 March 2021 £000</b>		<b>31 March 2022 £000</b>
2,577	<b>Balance 1 April</b>	2,491
(86)	Downward revaluation of investments	(89)
<b>(86)</b>	<b>Total Changes in revaluation and impairment</b>	<b>(89)</b>
<b>2,491</b>	<b>Balance 31 March</b>	<b>2,402</b>

## Pensions Reserve

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

<b>31 March 2021 £000</b>		<b>31 March 2022 £000</b>
472,389	Balance 1 April	531,815
34,910	Remeasurements of the net defined benefit (liability)/asset	4,774
50,097	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	62,082
(25,581)	Employer's pensions contributions and direct payments to pensioners payable in the year	(25,965)
<b>531,815</b>	<b>Balance 31 March</b>	<b>572,706</b>

## Deferred Capital Receipts

Deferred capital receipts relate to the principal element of loans provided by the Council, which are repaid over a number of years. The capital receipt is only recognised as and when the principal sum is repaid. At 31 March 2022 the reserve had a balance of £0.464m (2020/21 £1.174m).

<b>31 March 2021 £000</b>		<b>31 March 2022 £000</b>
(273)	Balance 1 April	(1,174)
(901)	Other movements	710
<b>(1,174)</b>	<b>Balance 31 March</b>	<b>(464)</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and National Non-domestic Rates income in the Comprehensive Income and Expenditure Statement as it falls due from tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. At 31 March 2022, the account had a balance of £16.462m (2020/21 £42.018m), representing the Council's share of the overall Collection Fund balance.

<b>31 March 2021 £000</b>		<b>31 March 2022 £000</b>
(399)	Balance 1 April	42,018
42,417	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(25,556)
<b>42,018</b>	<b>Balance 31 March</b>	<b>16,462</b>

### Accumulated Absences Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. The account had a debit balance of £4.615m at 31 March 2022 (2020/21 debit balance of £2.582m).

<b>31 March 2021 £000</b>		<b>31 March 2022 £000</b>
3,009	<b>Balance 1 April</b>	2,582
(3,009)	Settlement or cancellation of accrual made at the end of the preceding year	(2,582)
0	Amounts accrued relating to prior year	1,257
2,582	Amounts accrued at the end of the current year	3,358
(427)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	2,033
<b>2,582</b>	<b>Balance 31 March</b>	<b>4,615</b>

### Pooled Fund Adjustment Account

The Pooled Investment Funds Adjustment Accounts contain gains or losses made by the Council arising from movements in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments.

<b>31 March 2021 £000</b>	<b>31 March 2022 £000</b>
69 <b>Balance 1 April</b>	(24)
(93) Changes in fair value of pooled investments	57
<b>(24) Balance 31 March</b>	<b>33</b>

### Dedicated Schools Grant Adjustment Account

The Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) laid before Parliament a statutory instrument (the instrument) to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020. The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where the Council has a deficit on its schools budget relating to its accounts for a financial year beginning on 1 April 2020 to 1 April 2022, stating it must not charge the amount of that deficit to the revenue account. The Council must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget.

The new accounting practice has the effect of separating schools budget deficits from the Council's' general fund for a period of three financial years. This issue can only be fully resolved by closing the deficits. Therefore, the accounting treatment introduced by this regulation is limited to the financial reporting periods 2020/21, 2021/22 and 2022/23 to provide time for Government and the Council to look at budgetary and financial management strategies to reduce the deficit Adjustment Account.

<b>31 March 2021 £000</b>	<b>31 March 2022 £000</b>
<b>0 Balance 1 April</b>	<b>1,679</b>
1,265 Adjust opening balance	0
<b>1,265 Revised balance 1 April</b>	<b>1,679</b>
414 Movements in Year	11
<b>1,679 Balance 31 March</b>	<b>1,690</b>

## Note 26 - Cash Flow Statement: Operating Activities

The cash flows for operating activities include the following items:

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
(290)	Interest received	(274)
14,297	Interest paid	13,496
<b>14,007</b>	<b>Total</b>	<b>13,222</b>

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
(22,108)	Depreciation	(33,838)
(5,220)	Impairment and downward valuations	678
(168)	Amortisation	(2)
(2,189)	(Increase)/decrease in impairment for bad debts	712
(12,448)	(Increase)/decrease in creditors	(13,727)
(3,337)	Increase/(decrease) in debtors	(5,364)
(31)	Increase/(decrease) in inventories	184
(24,516)	Movement in pension liability	(36,117)
(7,910)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(9,012)
(1,546)	Other non-cash movements charged to the surplus or deficit on provision of services	(938)
<b>(79,473)</b>	<b>Total</b>	<b>(97,424)</b>

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
1,326	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,133
24,256	Capital Grants credited to surplus or deficit on the provision of services	37,329
<b>25,582</b>	<b>Total</b>	<b>39,462</b>

## Note 27 - Cash Flow Statement: Investing Activities

The cash flows for investing activities include the following:

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
31,672	Purchase of property, plant and equipment, investment property and intangible assets	31,581
31,944	Purchase of short-term and long-term investments	2,779
131	Other payments for investing activities	0
(1,326)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,133)
(69,950)	Proceeds from short-term and long-term investments	(37,329)
(8,029)	Other receipts from investing activities	(3,626)
<b>(15,558)</b>	<b>Net cash flows from investing activities</b>	<b>(8,728)</b>

## Note 28 - Cash Flow Statement: Financing Activities

The cash flows for financing activities include the following items:

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
(55,500)	Cash receipts of short-term and long-term borrowing	(9,005)
2,646	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	2,509
5,890	Repayments of short-term and long-term borrowing	42,300
42,417	Other payments for financing activities	(25,556)
<b>(4,547)</b>	<b>Net cash flows from financing activities</b>	<b>10,248</b>

## Note 29 - Reconciliation of Liabilities Arising from Financing Activities

	1 April 2021	Financing cash flows	Non-cash changes Other non-cash changes	31 March 2022
	£000	£000	£000	£000
Long-term borrowings	(149,434)	(1,383)	5,549	(145,268)
Short-term borrowings	(101,198)	34,685	(5,406)	(71,919)
On balance sheet PFI liabilities	(36,912)	2,465	44	(34,403)
<b>Total liabilities from financing activities</b>	<b>(287,544)</b>	<b>35,767</b>	<b>187</b>	<b>(251,590)</b>

	1 April 2020	Financing cash flows	Non-cash changes Other non-cash changes	31 March 2021
	£000	£000	£000	£000
Long-term borrowings	(162,340)	(1,000)	13,906	(149,434)
Short-term borrowings	(146,792)	59,364	(13,770)	(101,198)
On balance sheet PFI liabilities	(39,558)	2,690	(44)	(36,912)
<b>Total liabilities from financing activities</b>	<b>(348,690)</b>	<b>61,054</b>	<b>92</b>	<b>(287,544)</b>

Analysis of PFI liability is detailed below:

	31 March 2021	31 March 2022
	£000	£000
On balance sheet PFI liabilities - Short Term	(2,465)	(3,187)
On balance sheet PFI liabilities - Long Term	(34,447)	(31,216)
<b>Total PFI liabilities from financing activities</b>	<b>(36,912)</b>	<b>(34,403)</b>

## Note 30 - Agency Services

The Council has received government funding to support businesses and the community in response to the COVID-19 pandemic. The table below is the summary of the fully passported funding which the Council acted as an agency in 2021/22, showing total income and expenditure within the year. Any unspent funding is held as a creditor and will be repaid.

2020/21	COVID-19 Agency Grants	2021/22
£000		£000
(99,127)	Income	(29,980)
82,812	Expenditure	31,118
<b>(16,315)</b>	<b>Net Surplus (-) /Deficit on the Agency Arrangement</b>	<b>1,138</b>

The Council also acts as an Agent in providing support services to external organisations. This is providing payroll services for schools which have turned into an Academy.

2020/21 £000	Payroll services	2021/22 £000
125	Expenditure incurred in providing payroll services to third party	126
(177)	Management fee payable by the third party	(185)
<b>(52)</b>	<b>Net Surplus on the Agency Arrangement</b>	<b>(59)</b>

### Note 31 - Pooled Budgets

The Council has entered into a pooled budget arrangement in partnership with Wirral NHS Clinical Commissioning Group, under Section 75 of the Health Act 2006, for the commissioning and delivery of various integrated Care & Health functions. This pooled budget is hosted by the Council and commenced on 1st April 2015; it includes, but is not limited to, services funded by the Better Care Fund.

At the end of the year the fund has a deficit position of £2.8m. Due to the significant financial impact of Covid-19 experienced by the NHS Wirral CCG (Clinical Commissioning Group) a decision was taken to exclude the negative impact on their budgets during 21-22 within the pool. Overall, financial pressures have been managed through access to increased Government funding for the COVID-19 response and the NHS funding for hospital discharges and deflections. The fund ensures that integration of commissioning is used as an opportunity to transform the provision of services and to make more effective use of the resources available (making the most of the "Wirral Pound"). Greater effective and efficient integrated commissioning will drive the benefits both financially and in terms of increased health, and wellbeing of Wirral residents.

The pool incentivises the NHS and local government to work more closely together around people, placing their well-being as the focus of care and health services. Locally, the primary aims of the pooled fund are:

- Supporting independence in the community by placed-based activity.
- Reducing non-elective admissions and reducing residential admissions by providing the right care and support within the community.
- Facilitating earlier hospital discharge.

2020/21 £000	Revenue	2021/22 £000
<b>Funding provided to the pooled budget:</b>		
(68,191)	Wirral Council	(71,974)
(54,883)	Wirral Clinical Commissioning Group	(164,678)
<b>(123,074)</b>	<b>Total</b>	<b>(236,652)</b>
<b>Expenditure met from the pooled budget:</b>		
85,425	Wirral Council	88,009
37,324	Wirral Clinical Commissioning Group	151,479
<b>122,749</b>	<b>Total</b>	<b>239,488</b>
<b>(325)</b>	<b>Net deficit arising on the pooled budget during the year</b>	<b>2,836</b>
<b>(163)</b>	<b>Cost of the Council's share of the deficit on the pooled budget for the year</b>	<b>1,418</b>

2020/21 £000	Capital (Disabled Facilities grant and Social Care)	2021/22 £000
<b>Funding provided to the pooled budget:</b>		
(4,163)	Wirral Council	(4,724)
0	Wirral Clinical Commissioning Group	0
<b>(4,163)</b>	<b>Total</b>	<b>(4,724)</b>
<b>Expenditure met from the pooled budget:</b>		
4,163	Wirral Council	4,724
0	Wirral Clinical Commissioning Group	0
<b>4,163</b>	<b>Total</b>	<b>4,724</b>
<b>0 Net surplus arising on the pooled budget during the year</b>		<b>0</b>
<b>Cost of the Council's share of the deficit on the pooled budget for the year.</b>		<b>0</b>

### Note 32 - Members' Allowances

During the year Members' allowances, including Employer's costs totaled £768k (2020/21 £757k) as set out in the table:

2020/21 £000	2021/22 £000
756	767
1	1
<b>757 Total Members' Allowances</b>	<b>768</b>

## Note 33 – Officers’ Remuneration

The following table shows the remuneration for senior officers per annum. The figures include salary costs, taxable travel costs and where posts are removed any redundancy payments:

2021/22	Employment Period	Notes	Salaries	Expenses	Pension	Total
			£	£	£	
Chief Executive (Paul Satoor)	01/04/21 - 31/03/22	a	188,723	0	28,605	217,328
Assistant Chief Executive	01/04/21 - 31/03/22		80,445	0	23,557	104,002
Director of Regeneration and Places	01/04/21 - 31/03/22		119,849	0	20,374	140,223
Director of Neighbourhood Services	01/04/21 - 31/03/22		119,849	0	20,374	140,223
Director of Children, Families and Education	01/04/21 - 31/03/22		121,566	0	20,666	142,232
Director for Adults' Care and Health and Strategic Commissioning	01/04/21 - 31/03/22		123,877	0	21,059	144,936
Director of Public Health	01/04/21 - 31/03/22		101,759	0	14,633	116,392
Director of Law and Governance (Monitoring Officer)	01/04/21 - 31/03/22	b	127,295	0	21,200	148,495
Director of Resources (S151 Officer)	01/04/21 - 31/03/22		124,705	0	21,200	145,905
<b>TOTAL</b>			<b>1,108,068</b>	<b>0</b>	<b>191,668</b>	<b>1,299,736</b>

a & b) The remuneration of the Chief Executive and Director of Law and Governance includes an allowance for acting as Returning Officers which took place during the year.

2020/21	Employment Period	Notes	Salaries	Expenses	Pension	Total
			£	£	£	(restated) £
Chief Executive (Paul Satoor)	01/04/20 - 31/03/21		165,775	0	28,182	193,957
Assistant Chief Executive	01/04/20 - 31/03/21		102,386	0	30,323	132,709
Director of Regeneration and Places	01/04/20 - 31/03/21		113,736	55	19,320	133,111
Director of Neighbourhood Services	01/04/20 - 31/03/21		113,971	0	19,320	133,291
Director of Children, Families and Education (Paul Boyce)	01/04/20 - 31/03/21	a	159,829	0	27,171	187,000
Director of Children, Families and Education	15/03/21 - 31/03/21	b	5,334	0	907	6,241
Director for Adults' Care and Health and Strategic Commissioning	01/04/20 - 31/03/21		122,863	0	20,887	143,750
Director of Public Health	01/04/20 - 31/03/21		100,255	0	14,417	114,672
Director of Law and Governance (Monitoring Officer)	01/04/20 - 31/03/21		122,863	0	20,887	143,750
Director of Resources (S151 Officer)	01/04/20 - 31/03/21		119,790	0	20,364	140,154
<b>TOTAL</b>			<b>1,126,802</b>	<b>55</b>	<b>201,778</b>	<b>1,328,635</b>

The Council’s new senior management structure was agreed by Employment and Appointments Committee on 3 March 2020 and was implemented on 1 April 2020.

- a) Left the organisation on 31/03/21
- b) Director of Children, Families and Education from 15/03/21

The table below shows remuneration over £50,000 to employees in bands of £5,000, including senior officers shown in the previous tables. Changes within bands are primarily due to the impact of pay awards, so people move up the bands and not solely due to additional staff being employed. Remuneration does, however, include severance and pension strain costs where the Council has made decisions to release staff from the employment of the Council through redundancy or early retirement. The numbers of employees by band are therefore inflated by these one-off costs and do not represent ongoing staff numbers being paid salaries within the remuneration bands shown.

The costs of providing additional retirement benefits are calculated by the Pension Fund and are either accrued in year or reimbursed to the Pension Fund over a 5-year period.

#### Officers Remuneration

	Number of Employees	
	2020/21	2021/22
£50,001 to £55,000	150	151
£55,001 to £60,000	66	68
£60,001 to £65,000	44	46
£65,001 to £70,000	53	41
£70,001 to £75,000	27	34
£75,001 to £80,000	14	20
£80,001 to £85,000	12	9
£85,001 to £90,000	6	4
£90,001 to £95,000	7	7
£95,001 to £100,000	1	2
£100,001 to £105,000	4	3
£110,001 to £115,000	2	0
£115,001 to £120,000	1	3
£120,001 to £125,000	3	3
£125,001 to £130,000	0	2
£155,001 to £160,000	1	0
£165,001 to £170,000	1	0
£185,001 to £190,000	0	1
<b>Total</b>	<b>392</b>	<b>394</b>

## Exit Packages

The number of exit packages with total cost per band of compulsory and other redundancies are set out in the table below. These packages include pension contributions in respect of added years, ex-gratia payments and other departure costs.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£000)	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £000	2021/22 £000
£0-£20,000	0	0	13	65	13	65	127	607
£20,001 - £40,000	0	0	13	20	13	20	361	521
£40,001 - £60,000	0	0	4	0	4	0	196	0
£60,001 - £80,000	0	0	1	0	1	0	63	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>31</b>	<b>85</b>	<b>31</b>	<b>85</b>	<b>747</b>	<b>1,128</b>

## Note 34 - External Audit Costs

The Council's auditors are Grant Thornton and will incur audit fees of £277k relating to the external audit. The costs reported for 2021/22 include additional costs of £47k for other services provided. The Council has received £63.4k of grant from central government to support the rise in fees.

2020/21 £000	2021/22 £000
257	230
50	47
<b>307 Total</b>	<b>277</b>

## Note 35 - Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2021/22 are as follows:

<b>DSG Receivable for 2021/22</b>	<b>Central Expenditure £000</b>	<b>Individual Schools Budget £000</b>	<b>Total £000</b>
Final DSG for year before Academies recoupment			301,470
Academy figure recouped for year			(113,712)
Total DSG after academy recoupment			<b>187,758</b>
Plus: Brought forward from previous year			0
Less: Carry forward to following year (agreed in advance)			0
Agreed initial budgeted distribution in year	<b>36,379</b>	<b>151,379</b>	<b>187,758</b>
In year adjustments	0	80	80
Final budget distribution for year	<b>36,379</b>	<b>151,459</b>	<b>187,838</b>
Less: Actual central expenditure	(36,470)	0	(36,470)
Less: Actual ISB deployed to schools	0	(151,379)	(151,379)
Plus: Local Authority contribution for year		0	0
In Year Carry-forward to 2022/23	(91)	80	(11)
Plus/Minus: Carry forward to following year (agreed in advance)			0
Carry-forward to 2022/23			0
DSG unusable reserve at the end of year			(1,679)
Addition to DSG unusable reserve at the end of year			(11)
Total of DSG unusable reserve at the end of year			(1,690)
<b>Net DSG position at the end of year</b>			<b>(1,690)</b>

At 31st March 2022 the Dedicated Schools Grant reserve has a debit balance to the value of £1.690m which represents a deficit position to be carried forward into 2022/23. The deficit position is mainly due to additional pressure in the High Needs block. Wirral Council is actively developing a plan to recoup the deficit

Comparative table for 2020/21

<b>DSG Receivable for 2020/21</b>	<b>Central Expenditure £000</b>	<b>Individual Schools Budget £000</b>	<b>Total £000</b>
Final DSG for year before Academies recoupment			278,212
Academy figure recouped for year			(103,744)
Total DSG after academy recoupment			<b>174,468</b>
Plus: Brought forward from previous year			0
Less: Carry forward to following year (agreed in advance)			0
Agreed initial budgeted distribution in year	<b>32,793</b>	<b>141,675</b>	<b>174,468</b>
In year adjustments	0	(485)	(485)
Final budget distribution for year	<b>32,793</b>	<b>141,190</b>	<b>173,983</b>
Less: Actual central expenditure	(32,723)	0	(32,723)
Less: Actual ISB deployed to schools	0	(141,675)	(141,675)
Plus: Local Authority contribution for year		0	0
Carry forward to 2021/22	<b>70</b>	<b>(485)</b>	<b>(415)</b>
Plus/Minus: Carry forward to following year (agreed in advance)			0
Carry-forward to 2021/22			0
DSG unusable reserve at the end of year			(1,264)
Addition to DSG unusable reserve at the end of year			(415)
Total of DSG unusable reserve at the end of year			(1,679)
<b>Net DSG position at the end of year</b>			<b>(1,679)</b>

## Note 36 - Grant Income

The Council credited the following grants and contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22. The 2020/21 figures have been restated to correct for classification changes. During 2021/22, new grants were received compared to 2020/21 relating principally to Covid-19 although total Covid grants have reduced over time. There are also new grants associated with the Council taking on new responsibilities and receiving additional funding as a result:

<b>2020/21 (restated) £000</b>	<b>Credited to Taxation and Non-Specific Grant Income</b>	<b>2021/22 £000</b>
	<b>Revenue Grants:</b>	
(33,358)	Grant to Compensate for Changes to Business Rates S31	(23,779)
(18,249)	Covid-19 Support	(10,006)
(11,263)	Social Care Support Grant	(14,642)
(11,011)	Covid-19 Sales Fees & Charges Compensation	(1,797)
(5,472)	Schools Private Finance Initiative	(5,471)
(3,839)	Local Income Tax Guarantee	(3,351)
(1,523)	Independent Living Fund Grant	(1,523)
(542)	New Homes Bonus Grant	(178)
(505)	Local Council Tax Support Administration Grant	(515)
(258)	Local Reform and Community Voices	(258)
0	Local Council Tax Support Grant	(3,943)
0	Lower Tier Services Grant	(484)
(712)	Covid Clinically Extremely Vulnerable Grant	(383)
0	payments	(291)
(255)	Staying Put	(255)
(156)	Other Revenue Grants less than £250K	(309)
<b>(87,143)</b>	<b>Total Revenue Grants</b>	<b>(67,185)</b>
	<b>Capital Grants:</b>	
(8,297)	Local Transport Grant	0
(4,724)	Disabled Facilities Grant	(4,724)
(3,564)	School Condition	(4,770)
(2,325)	Housing Infrastructure Fund / Northbank Wirral Waters	(3,203)
(1,366)	Sustainable Transport Enhance Programme	0
(1,000)	Towns Fund (Birkenhead)	0
(849)	Special Provision Capital Fund	0
(640)	Northbank West Cycle Scheme	0
(572)	Formula Capital	(588)
(150)	Future High Streets Fund - Birkenhead	(11,871)
0	Transport Supplementary Grant	(4,690)
0	Liverpool City Region contribution to construction of housing units on former House of Fraser site in Birkenhead	(2,110)
0	West Kirby Flood Alleviation	(984)
0	Birkenhead Town Deal Fund	(693)
0	Key Route Network	(537)
0	Future High Streets Fund - New Ferry	(504)
0	Liscard Town Centre	(307)
0	Section 106 Grants and Contributions (various)	(773)
0	Liverpool City Region contribution to pre-development works supporting the Birkenhead 2040 Framework	(303)
(769)	Other Capital Grants (less than £250K)	(1,272)
<b>(24,256)</b>	<b>Total Capital Grants</b>	<b>(37,329)</b>
<b>(111,399)</b>	<b>Total credited to Taxation and Non-Specific Grant Income</b>	<b>(104,514)</b>

There was a significant increase in availability of capital grant funding in 2021/22 compared to 2020/21. The more significant changes relate principally to new Future High Streets funding for Birkenhead and New Ferry, and additional funding for a number of new capital works; including the Transport Supplementary Grant, Housing Infrastructure Fund and flood alleviation works at West Kirby.

#### Grant Income Credited to Services

The following table has been restated to disclose a small number of grants not included in the disclosure note relating to 2021/22.

<b>2020/21 (restated) £000</b>	<b>2021/22 £000</b>
(173,568) Dedicated Schools Grant	(187,838)
(88,866) Housing Benefits	(84,877)
(29,868) Public Health Grant	(30,142)
(12,493) Pupil Premium	(12,480)
(2,716) Universal Infant Free School Meals	(2,658)
(1,356) Physical Education and Sports Grant	(1,606)
(1,238) Sixth Form Funding	(1,448)
0 Syrian Resettlement Programme	(1,444)
(825) 16-19 Further Education	(1,336)
(1,003) Covid-19 Catch Up Premium	(1,188)
(316) Holiday Activities & Food Programme	(1,159)
(1,146) Housing Benefits Administration Grant	(1,146)
(228) Asylum Seekers	(995)
(1,286) Wirral Ways to Work	(966)
0 Homelessness Prevention Grant	(852)
0 High Intensity Therapeutic Interventions Programme	(833)
0 Domestic Abuse Act New Burdens	(760)
0 Recovery Premium Allocations	(706)
0 Supporting Families Service Transformation Fund	(700)
0 School Led Tutoring Grant	(671)
0 Next Step Accommodation Program Grant	(615)
(565) Youth Justice Board	(613)
0 Rough Sleeper Initiative	(537)
(1,103) Discretionary Housing Payments	(536)
0 Project ADDER (Addiction, Disruption, Diversion, Enforcement, Recovery) Accelerator programme	(528)
0 Urban Development Corporation Competition	(485)
0 Community Safety Partnership	(453)
0 Supporting Families	(419)
0 Safer Streets Project	(402)
(360) School improvement/monitor/brokerage grant	(333)
0 Mass Testing Funding	(320)
(107) Social Workers in Schools	(318)
(872) Step Up to Social Work	(298)
(4,502) Teachers' Pension Employers' Contribution Grant & Supplementary Fund	(296)
0 Weight Management Grant	(287)
(61) We Can Talk About Domestic Abuse	(285)
0 Maritime Accelerator Project/Port City	(279)
(1,545) Teachers' Pay Grant	(105)
(1,102) Troubled Families	0
(950) Community Discharge Grant	0
(455) Free School Meals Supplementary	0
(323) Adoption Support Fund	0
(452) Other Grants (less than £250k)	(2,991)
(31,101) Covid - Principal Credited to Services	(16,142)
<b>(358,407) Total</b>	<b>(360,047)</b>

## Covid-19 Grant Income

The agency table below has been restated to reflect that the correct classification of s31 grants for business rates relief relating to 2020/21.

<b>2020/21 (restated)</b>	<b>2021/22</b>
<b>£000 Covid Grant Classification</b>	<b>£000</b>
<b>Principal - Taxation and Non Specific</b>	
(12,076) Emergency Covid-19 Funding (Tranche 1 to 5)	(10,006)
(33,430) Section 31 Grants - Business Rates Relief	(12,800)
(17,897) Other (less than £10m)	(2,624)
<b>(63,403) Total Principal Taxation and Non Specific</b>	<b>(25,430)</b>
<b>(31,101) Total Principal - Credited to Services</b>	<b>(16,142)</b>
<b>Agent (income and expenditure excluded from the Comprehensive Income and Expenditure Statement)</b>	
(49,970) Small Business Grant Fund (SBGF) & Retail, Hospitality and Leisure Grant Fund (RHLGF)	0
0 Covid Business Restart Grant	(14,194)
(15,462) BEIS - Local Restriction Support Grants (LRSG) Closed Business Lockdown Payment (One-off)	0
(33,695) Other (less than £10m)	(15,786)
<b>(99,127) Total - Agent</b>	<b>(29,980)</b>
<b>(193,631) Total - Covid Grants</b>	<b>(71,552)</b>

## Other Grants

The Council has received several grants and contributions that have yet to be recognised as income as they have conditions attached to them; if these conditions remain unmet, this may require the monies or property to be returned. The balances at 31st March 2022 are as follows:

<b>2020/21</b>	<b>2021/22</b>
<b>£000</b>	<b>£000</b>
(190) Cluster of Empty Homes	(188)
(67) Mulberry Properties	(67)
<b>(257) Total</b>	<b>(255)</b>

## Note 37 - Related Parties

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

- Central Government
- Elected Members of the Council
- Senior Officers
- Other Public Bodies; and
- Entities controlled or significantly influenced by the Council

### Central Government

Central Government has significant control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

Details of grants received from Government departments are set out in the analysis in the Grant Income note.

### Other Public Bodies

The Council has a member representation on committees of the following organisations to which the Council pays a levy or precept.

	<b>Number of Representatives</b>	<b>Restated Precept / Levy 2020/21 £000</b>	<b>Apportionment of Previous Years Deficit 2020/21 £000</b>	<b>Precept / Levy 2021/22 £000</b>	<b>Apportionment of Previous Years Surplus 2021/22 £000</b>
Merseyside Police Authority	2	19,918	210	21,380	(269)
Merseyside Fire & Rescue Service	4	8,280	82	8,454	(466)
Merseyside Recycling and Waste Authority	2	17,387	0	17,666	0
Merseyside Port Health	6	105	0	105	0
Environment Agency	1	177	0	182	0
Liverpool City Region Combined Authority	10	23,908	20	23,861	(24)

The Council has a pooled budget arrangement with Wirral Community NHS Trust for the provision of integrated community equipment services. Further details are contained in the note for Pooled Budgets.

The Council also acts as the administering authority to Merseyside Pension Fund and charged the Fund £4.0m for administration and investment management costs.

### Entities controlled or significantly influenced by the Council

Alongside the individually significant relationships, the Council works with a range of bodies complementary to the Council's objectives. The contributions can be either a direct financial payment or a non-financial contribution to support the running of the body. The Council also commits staff time and support whilst working with its partners and, in certain cases, is represented at officer or member level in strategic decision making. On

review of these payments, the Council does not feel that any undue influence has been exerted to these organisations as a result of the contributions made. The total direct financial contributions to such organisations for services in 2021/22 amounted to £11.7m, these are detailed below, inclusive of VAT were applicable.

#### Wirral Evolutions Limited

The Council has significant influence over Wirral Evolutions Limited through its ownership of 100% of the shares in the company. The Council purchased adult social care services to the value of £6.22m from the company in 2021/22 (£6.38m in 2020/21).

Overall, the liability Wirral Council holds with the company is £3.36m related to the Merseyside Pension Fund liability.

On the 3<sup>rd</sup> March 2022, a meeting held with Elected Members from all parties made a decision that Wirral Evolutions Ltd is to be brought back into the Council, within a six-month period from the 1st April 2022.

#### Edsential CIC

The Council also has significant influence over Edsential Community Interest Company through its ownership of 50% of the shares in the company and having 1 senior officer on the board. This is a joint venture with Cheshire West and Chester Council to provide services to the Education sector.

The Council purchased services from the company to the value of £5.71m in 2021/22 (£3.02m in 2020/21).

Overall, the share of liability Wirral holds in the company is £1.56m. This is in part related to the 50% share of the cumulative deficit the company reported £0.89m, of which £0.67m relates to the Merseyside Pension Fund element of Edsential's pension liability of £0.67m (£1.6m in 2020/21).

The Council has provided the company with a working capital loan with a balance as at the 31<sup>st</sup> March 22 of £1.50m of which it's provided for an expected credit loss provision of £0.25m

#### Wirral Growth Company Limited Liability Partnership

Wirral Growth Company Limited Liability Partnership has been set up to deliver the key regeneration agenda as a Limited Liability Partnership with Muse Holdings Ltd. In 2022/22 there were no costs to the Council, however they did provide a capital loan with a balance as at the 31<sup>st</sup> March 2022 of £0.53m.

#### Pension Guarantees

The Council acts as a guarantor for a number of staff who work in various external bodies that have been admitted to the Merseyside Pension Fund. On cessation of the body's participation in the fund, any shortfalls are initially claimed from the admitted body. If they cannot be recovered from that source, the pension fund would look at the guarantee arrangements and draw down from bonds that are in place and, if still insufficient, from the guarantor. The Council acts as a guarantor for a number of bodies. The estimates unrecorded liability is not material at 31 March 2022 and has not been reflected in the 2021/22 Accounts.

## Elected Members of the Council and Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of member's allowances paid in 2021/22 is shown in the Members Allowances Note.

During 2021/22, works and services to the value of £18.0m (£14.9m in 2020/21) was commissioned from organisations and £5.7m (£1.0m in 2020/21) as charged to organisations in which Members had an interest. The year-end creditors balance owned to these organisations is £0.06m. And the debtors balance owed from the organisations is £1.6m.

In all instances, the payments were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the payments. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Town Hall during office hours. The following Members and Officers of the Council held interests in the following companies, which had transactions with the Council during 2021/22:

Organisation	Member/Officer
Bee Wirral CIC	Cllr Julie McManus
Birkenhead Sixth Form College	Cllr Gillian Wood
Cafe Number 7	Cllr Moira McLaughlin
Class Training Limited	Cllr Michael Collins
E F Callister Youth Club	Cllr Allan Brame
Early Excellence Ltd	Cllr Brian Kenny
Eastham Community Centre Limited	Cllr Phil Gilchrist
Foundation Years Trust	Officer Elizabeth Hartley
Friends Of Birkenhead Kennels	Cllr Lesley Rennie
Gautby Road Joint Management Committee	Cllr Elizabeth Grey Cllr Brian Kenny Cllr Julie McManus
Greasby Community Association	Cllr Tom Anderson Cllr Wendy Clements
Hilbre High School (Academy)	Officer Mike Cockburn
Impact North West Limited	Cllr Helen Collinson
Leasowe Play Youth Community Association	Cllr Helen Collinson Cllr Karl Greaney
LexisNexis	Officer Philip McCourt
Liverpool City Region Growth Company Limited	Cllr Gillian Wood
Magenta Living	Cllr Julie McManus
Manchester Port Health Authority	Cllr Steve Foulkes Cllr Elizabeth Grey
Mersey Maritime Limited	Cllr Tony Jones
Merseyside Society for Deaf People (MSDP)	Cllr Irene Williams
New Brighton Community Assoc	Cllr Tony Jones
North Birkenhead Development Trust Limited	Cllr Brian Kenny

North West Employers Organisation	Cllr Adrian Jones Cllr Janette Williamson
Overton Community Centre Limited	Cllr Jean Robinson
Tam O'Shanter Urban Farm Trust	Cllr Bruce Berry Cllr Steve Foulkes Cllr Gillian Wood
The Barnstondale Centre	Officer Vicki Shaw
The Hive	Officer Kerry Mehta
The Revival Hub CIC	Cllr Helen Collinson
Thornton Hough Village Hall	Cllr Yvonne Nolan
Weightmans LLP	Officer Philip McCourt
Wirral Citizens Advice Bureau Limited	Cllr Karl Greaney
Wirral Development Trust	Cllr Helen Collinson Cllr Karl Greaney
Wirral Multicultural Organisation	Cllr Ivan Camphor Cllr Pat Cleary Cllr Stuart Kelly Cllr Janette Williamson
Wirral University Teaching Hospital NHS FT	Cllr Irene Williams Cllr Michael Collins Cllr Kathy Hodson

In accordance with Section 117 of the Local Government and Finance Act 1972, all Senior Officers of the Council have been asked to declare any interests in other bodies with whom the Council may have dealings. No significant 'pecuniary interests' have been identified during 2021/22.

## Interest in Companies

Following a review of the Council's relationships with various organisations in whom it has a stake hold, it has been determined that the activities of these entities are not material to be reported within a Group Statement of Accounts. Those organisations are shown in the following table with Members and Officers of the Council held interests in the following companies during 2021/22.

Company	Control / Interest	Directors	Company Status	Members and Officers of the Council held interests
Edsential CIC	Joint Venture	Alison Ashley Helen Brackenbury Ian Philip McGrady Elaine McGunigall Jane Helen Owens Mark Parkinson Sharon Senn Nicola Wetton Adrian Francis Whiteley  <u>Wirral Officer:</u> James Backhouse	Active	Officer James Backhouse
Wirral Growth Company LLP	Limited liability Partnership	Muse Developments Ltd Wirral Borough Council	Active	Cllr Tony Jones Officer Simone White Officer Daniel Kirwan
Wirral Evolutions Ltd	Subsidiary	Lisa Knight Michael Howard Naden Jean Stephens Pamala Joyce Williams	Active	
Wirral Growth Company Nominee	Subsidiary	David Armstrong	Dormant	Officer David Armstrong
Wirral Holdings Ltd	Subsidiary	Paul Satoor	Dormant	Officer Paul Satoor

## Note 38 - Capital Expenditure and Capital Financing

The Council's Capital Financing requirement has risen in years as capital costs of £46.7m with funding set aside and adjustments of £37.7m. The overall Capital Financing requirement will be funded from a combination of future revenue contributions, capital receipts and external funding. Revenue expenditure funded from capital under statute (REFCUS) of £15.2m includes capitalisation directive costs of £5.9m.

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
<b>348,522</b>	Opening Capital Financing Requirement	<b>362,649</b>
	Capital Investment:	
31,650	Property Plant and Equipment	31,580
0	Investment Property	1
22	Intangible Assets	0
14,662	Revenue Expenditure Funded from Capital Under Statute	15,204
131	Other Capital Expenditure	(53)
<b>46,465</b>	<b>Total Capital Spending</b>	<b>46,732</b>
	Sources of Finance:	
(784)	Capital receipts - Applied to Capital Expenditure	0
(4,469)	Capital receipts - Applied to MRDF	(4,469)
(20,270)	Government Grants and other contributions	(23,235)
0	Adjustment to prior years financing	(2,281)
	Sums set aside from revenue:	
(99)	- Direct revenue contributions	(158)
(6,716)	- Minimum revenue provision	(7,537)
<b>(32,338)</b>	<b>Total Sources of Finance</b>	<b>(37,680)</b>
<b>362,649</b>	<b>Closing Capital Financing Requirement</b>	<b>371,701</b>

#### Explanation of movements in year

<b>Restated</b>		<b>2021/22</b>
<b>2020/21</b>		<b>£000</b>
<b>£000</b>		<b>£000</b>
14,127	Increase in underlying need to borrow (unsupported by government financial assistance)	9,052
<b>14,127</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>9,052</b>

## Note 39 - Leases

### Authority as Lessor: Finance Leases

The Council has leased out the following properties on finance leases with the remaining terms shown in the table.

<b>Property</b>	<b>Lessee</b>	<b>Remaining Term</b>
Wirral Country Park Caravan Site (Touring)	The Caravan Club Ltd	5 Years
Wirral Country Park Caravan Site (Static)	The Caravan Club Ltd	27 Years
Milton Pavement Building A	Canada Life	249 years
Milton Pavement Building B	Canada Life	249 years

The Council has gross investments in the leases, made up of the minimum lease payments expected to be received over the remaining terms and the residual value anticipated for the properties when the leases come to an end. The minimum lease payments comprise settlement of the interest in the properties acquired by the lessees and finance income that will be earned by the Council in future years whilst the debtor remains outstanding.

The two leases to Canada life commenced in October 2021 for a period of 250 years at a peppercorn rent to enable the regeneration of the Birkenhead Commercial District.

<b>The gross investment is made up of the following amounts:</b>		
<b>31 March 2021</b>		<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
	<b>Finance lease debtor (net present value of minimum lease payments):</b>	
4	- current	5
264	- non-current	264
259	Unearned finance income	240
<b>527</b>	<b>Gross investment in the lease</b>	<b>509</b>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

<b>Gross Investment in the Lease</b>			<b>Minimum Lease Payments</b>	
<b>31 March 2021</b>	<b>31 March 2022</b>		<b>31 March 2021</b>	<b>31 March 2022</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
19	19	Not later than one year	8	8
75	75	Later than one year and not later than five years	29	28
433	415	Later than five years	79	74
<b>527</b>	<b>509</b>	<b>Total</b>	<b>116</b>	<b>110</b>

#### Authority as Lessee: Operating Leases

The Council was committed at 31 March 2022 to making payments of £1.2m under operating leases. The future minimum lease payments due under non-cancellable leases in future years are as follows:

<b>31 March 2021</b>		<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
(608)	Not later than one year	(658)
(923)	Later than one year and not later than five years	(569)
0	Later than five years	0
<b>(1,531)</b>	<b>Total</b>	<b>(1,227)</b>

The expenditure charged to services in the CIES in the year in relation to these leases are:

<b>31 March 2021</b>	<b>31 March 2022</b>
<b>£000</b>	<b>£000</b>
(608)	(658)
<b>(608)</b>	<b>(658)</b>

#### Authority as Lessor: Operating Leases

The Council leases out elements of its property portfolio to various organisations as part of its dual aims of helping to generate economic activity in the area and in order to generate a return on assets held. These leases are all categorised as operating leases due to the fact the returns only reflect a small proportion of the asset's value or the nature of the lease agreements.

All income generated from these leases is reflected in the Comprehensive Income and Expenditure Statement as it becomes due, primarily on the Financing and Investment Income line of the Statement.

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

<b>31 March 2021</b>		<b>31 March 2022</b>
<b>£000</b>		<b>£000</b>
1,513	Not later than one year	834
2,560	Later than one year and not later than five years	2,281
4,816	Later than five years	4,262
<b>8,889</b>	<b>Total</b>	<b>7,377</b>

#### Note 40 - Service Concession Arrangements

The Wirral Schools' PFI Scheme Project Agreement was originally signed in March 2001 and involved the rebuilding and/or refurbishment of one primary and eight secondary schools in Wirral. A Deed of Amendment was entered into on 9 September 2004 to extend the contract until July 2031.

The first phase of the Project (Construction Works) was completed on the final schools in August 2006 and the Council now receive support services in accordance with a detailed set of Output Specifications. These include building and services maintenance, grounds maintenance, catering, cleaning, caretaking, security, utilities and telecommunications.

The specifications for Support Services are not prescriptive and it is up to our PFI Partner, Wirral Schools' Services Ltd (WSSL) to devise a programme of service delivery which achieves the Council's Output Specifications. The success of this is measured by way of a payment mechanism and deductions system.

It is only in pre-agreed circumstances that WSSL is excused from performance. These situations are known as Relief Events and they include the declaration of any emergency by the Council, failure by any utility company, loss or damage to a road servicing a school or any strike affecting the relevant industry.

Other than under these clearly defined circumstances, risk on the above services is transferred to WSSL. There are examples of "Shared Risk" such as that on Utility Consumption, "Limited Risk" such as that on the maintenance of loose furniture, fittings and equipment and "No Risk" to WSSL whereby the costs of damage caused by an Act of Vandalism under specific conditions, rest with the Council.

The price for the provision of the services (i.e. the provision of the School accommodation and the Support Services) is essentially a fixed price for the duration of the term.

There are several provisos to this e.g. annual indexation in accordance with the Retail Prices Index and Value for Money Testing. The latter is carried out at five-year intervals and involves a comparison between the current price paid for a particular service (such as cleaning or catering) with equivalent prevailing market costs. If the market average is higher or lower than the current cost by a certain amount, then any excess outside of that range leads to a price adjustment.

The Project Agreement will come to an end on its agreed expiry date of 31 July 2031. Thirty months prior to the Expiry Date, a Handback Survey will be carried out. This will detail each asset and component of each school and will report on the residual life of those assets. On the Expiry Date, the facilities will be handed back to the Council, at nil consideration, in a condition which complies with specific standards / life expectancies for individual components within each school.

The Council only has the right to terminate the contract if it compensates the contractor. Guidelines are clearly set out for rules governing Compensation on Termination, as classified under events of Project Co. Default or Council Default.

South Wirral High has adopted Foundation status. University Academy Birkenhead, Weatherhead High, Hilbre High, Wirral Grammar School, Kingsway Academy, Bebington High and Prenton High have adopted Academy status. The assets relating to the Academies are no longer reflected in the Balance Sheet.

Kingsway Academy closed in August 2018, and alternative uses of the site are currently being explored. The academy lease is still to be formally ended and therefore the asset is not reflected in the balance sheet until the Council formally takes back possession. An onerous contract has been recognised in the CIES and balance sheet for future costs as a creditor for £1.376m, this recognises the unavoidable costs of meeting the obligation under the PFI contract, for a period of 18 months.

The contract was originally treated as an operating lease but with the introduction of IFRIC 12 'Service Concession Arrangements', it has now been accounted for as a finance lease. The value of assets held under the Schools PFI scheme is shown below.

#### Valuation information for PFI assets recognised in the Balance Sheet:

<b>Movement in PFI Assets</b>			
<b>2021/22</b>	<b>Leasowe Primary</b>	<b>South Wirral High</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>			
at 1 April 2021	2,753	13,402	16,155
Additions	46	0	46
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(31)	355	324
<b>at 31 March 2022</b>	<b>2,768</b>	<b>13,757</b>	<b>16,525</b>
<b>Accumulated Depreciation and Impairment</b>			
at 1 April 2021	(0)	(0)	(0)
Depreciation charge	(50)	(387)	(437)
Depreciation written out to the Revaluation Reserve	50	387	437
<b>at 31 March 2022</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Net Book Value:</b>			
<b>at 31 March 2022</b>	<b>2,768</b>	<b>13,757</b>	<b>16,525</b>
<b>at 1 April 2021</b>	<b>2,753</b>	<b>13,402</b>	<b>16,155</b>

<b>2020/21</b>	<b>Leasowe Primary</b>	<b>South Wirral High</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>			
at 1 April 2020	2,737	13,191	15,928
Additions	3	1,711	1,714
Revaluation increases/(decreases) recognised in the Revaluation Reserve	13	(1,500)	(1,487)
<b>at 31 March 2021</b>	<b>2,753</b>	<b>13,402</b>	<b>16,155</b>
<b>Accumulated Depreciation and Impairment</b>			
at 1 April 2020	(0)	(0)	(0)
Depreciation charge	(50)	(383)	(433)
Depreciation written out to the Revaluation Reserve	50	383	433
<b>at 31 March 2020</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Net Book Value:</b>			
<b>at 31 March 2021</b>	<b>2,753</b>	<b>13,402</b>	<b>16,155</b>
<b>at 1 April 2020</b>	<b>2,736</b>	<b>13,191</b>	<b>15,927</b>

#### Payments due under PFI Schemes

Estimated future payments remaining to be made under PFI contracts are as follows:

<b>Payments due under PFI schemes</b>	2021/22				
	<b>Payment for Services</b>	<b>Lease Liability</b>	<b>Interest</b>	<b>Lifecycle Costs</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Payable within one year	5,071	3,187	4,389	1,067	13,714
Payable within two to five years	21,776	13,605	18,201	4,910	58,492
Payable within six to ten years	26,912	17,611	21,728	2,321	68,572
Payable within eleven to fifteen years	0	0	0	0	0
<b>Total</b>	<b>53,759</b>	<b>34,403</b>	<b>44,318</b>	<b>8,298</b>	<b>140,778</b>

The unitary payment in 2021/22 is £12.842m (2020/21 £12.705m), allocated as follows:

<b>2020/21</b>	<b>2021/22</b>
<b>Total</b>	<b>Total</b>
<b>£000</b>	<b>£000</b>
4,673 Service Costs	4,736
3,827 Interest and Similar Charges	3,608
2,692 Lease Liability	2,465
1,514 Life Cycle Costs	2,034
<b>12,705 Total</b>	<b>12,842</b>

## Liability

The value of the outstanding lease liability which reflects both the short and long term is shown in the table.

In calculating the future unitary payments to the end of the contract from 2016-17 onward the most up to date information available has been used. This gives a more accurate estimate of the total outstanding liability. The annual unitary payment is increased by the Retail Price Index less 10%. RPI is based on the most up to date information as opposed to the estimates in the operator's financial model.

### Movement in PFI Liabilities

<b>2020/21</b>		<b>2021/22</b>
<b>Total</b>		<b>Total</b>
<b>£000</b>		<b>£000</b>
39,558	Balance outstanding at start of year	36,912
(2,646)	Payments during the year	(2,509)
<b>36,912</b>	<b>Balance outstanding at year-end</b>	<b>34,403</b>

## Note 41 - Pension Schemes Accounted for as Defined Contribution Schemes

### Teachers

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the DfE uses a national fund as the basis for calculating the employer's 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. In 2021/22, the Council paid £14.6m (2020/21 £14.9m) to Teachers' Pensions in respect of teachers' retirement benefits. There were no contributions remaining payable at the year-end. The contributions due to be paid in the next financial year are estimated to be £15.04m. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. The Council is not liable to the Scheme for any other entities' obligations under the plan.

### Public Health

When Public Health staff transferred from Wirral primary care trust (PCT) in April 2013 on the abolition of the Primary Care Trusts (PCTs) nationally, they retained access to the NHS Pension Scheme. The Scheme provides specified benefits upon retirement towards which the Council makes contributions based on a percentage of members' salaries. The Scheme is administered by the NHS Business Services Authority on behalf of the Department of Health in England and Wales. The Scheme is a multi-employer defined benefit scheme. The Scheme is unfunded, and the Department of Health uses a notional

fund as the basis for setting employer contribution rates. Valuations of the fund are undertaken every four years. The Scheme has over 1.3m active members employed in a wide variety of organisations.

A small number of staff (41) transferred from the Wirral PCT and consequently the Council is unable 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. As a proportion of the total contributions into the NHS Pension Scheme during the year ending 31 March 2022, the Council's own contributions are negligible. In 2021/22 the Council paid £0.158m (2020/21 £0.152m) to the NHS Pension Scheme in respect of the retirement benefits of public health staff. There were no contributions remaining payable at the year-end. Contributions due to be paid in the next financial year are estimated to be £0.163m. The Council is not liable to the Scheme for any other entities' obligations under the plan.

## Note 42 - Defined Benefit Pension Scheme

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the following post-employment schemes:

#### The Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme, administered locally by Wirral Borough Council, is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement, 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 liabilities, and cash must be generated to meet actual pension payments as they eventually fall due.

The Merseyside Pension Fund is a multi-employer scheme operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Fund Pensions Committee, which comprises Councillors and representatives from other employers. Policy is determined in accordance with the Public Service Pensions Act 2013.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

### Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

### Unfunded Teachers' Scheme

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme referred to in the Pension Schemes Accounted for as Defined Contribution Schemes note. These costs are accounted for on a defined benefit basis and the Council is not liable to the Scheme for any other entities' obligations under the plan.

## Transactions Relating to Post-employment Benefits

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

2020/21				2021/22			
Local Government Pension Scheme	Discretionary Benefits	Unfunded Teachers' Scheme	Total	Local Government Pension Scheme	Discretionary Benefits	Unfunded Teachers' Scheme	Total
£000	£000	£000	£000	£000	£000	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>							
<b>Cost of Services</b>							
				<b>Service cost comprising:</b>			
37,022	0	0	37,022	48,598	0	0	48,598
78	0	0	78	0	0	0	0
1,363	0	0	1,363	1,958	0	0	1,958
0	0	0	0	0	0	0	0
604	0	0	604	630	0	0	630
9,763	736	531	11,030	9,787	659	450	10,896
<b>48,830</b>	<b>736</b>	<b>531</b>	<b>50,097</b>	<b>60,973</b>	<b>659</b>	<b>450</b>	<b>62,082</b>
				<b>Total charged to Surplus and Deficit on Provision of Services</b>			

Local Government Pension Scheme	Discretionary Benefits	Unfunded Teachers' Scheme	Total		Local Government Pension Scheme	Discretionary Benefits	Unfunded Teachers' Scheme	Total
£000	£000	£000	£000		£000	£000	£000	£000
				<b>Re-measurement of the net defined benefit liability comprising:</b>				
(174,740)	0	0	(174,740)	Return on plan assets (excluding the amount included in the net interest expense)	(103,543)	0	0	(103,543)
(31,535)	(746)	(357)	(32,638)	Actuarial gains and losses - experience	119,904	1,866	61	121,831
0	0	0	0	Actuarial gains and losses arising on changes in demographic assumptions	(14,082)	(227)	(193)	(14,502)
237,619	3,232	1,437	242,288	Actuarial gains and losses arising on changes in financial assumptions	835	0	153	988
<b>31,344</b>	<b>2,486</b>	<b>1,080</b>	<b>34,910</b>	<b>Total charged to Other Comprehensive Income and Expenditure Statement</b>	<b>3,114</b>	<b>1,639</b>	<b>21</b>	<b>4,774</b>
<b>80,174</b>	<b>3,222</b>	<b>1,611</b>	<b>85,007</b>	<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>64,087</b>	<b>2,298</b>	<b>471</b>	<b>66,856</b>

## Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as set out in the table above and below. The total liability at 31 March 2022 is £572.7m (£531.8m as at 31 March 2021).

2020/21				2021/22			
Local Government Pension Scheme	Discretionary Benefits	Unfunded Teachers' Scheme	Total	Local Government Pension Scheme	Discretionary Benefits	Unfunded Teachers' Scheme	Total
<b>Movement in Reserves Statement</b>							
£000	£000	£000	£000	£000	£000	£000	£000
(48,830)	(736)	(531)	(50,097)	(60,973)	(659)	(450)	(62,082)
20,633	2,547	2,401	25,581	21,258	2,457	2,250	25,965
<b>(28,197)</b>	<b>1,811</b>	<b>1,870</b>	<b>(24,516)</b>	<b>(39,715)</b>	<b>1,798</b>	<b>1,800</b>	<b>(36,117)</b>
<b>Net movement in reserves</b>							
2020/21				2021/22			
Local Government Pension Scheme	Discretionary Benefits	Unfunded Teachers' Scheme	Total	Local Government Pension Scheme	Discretionary Benefits	Unfunded Teachers' Scheme	Total
£000	£000	£000	£000	£000	£000	£000	£000
(1,796,667)	(32,588)	(22,532)	(1,851,787)	(1,949,538)	(32,429)	(20,753)	(2,002,720)
1,319,972	0	0	1,319,972	1,430,014	0	0	1,430,014
<b>(476,695)</b>	<b>(32,588)</b>	<b>(22,532)</b>	<b>(531,815)</b>	<b>(519,524)</b>	<b>(32,429)</b>	<b>(20,753)</b>	<b>(572,706)</b>
<b>Net (liability) / asset arising from the defined benefit obligation</b>							

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

2020/21				2021/22				
Local Government Pension Scheme	Discretionary Benefits	Unfunded Teachers' Scheme	Total	Movement in the Value of Scheme Assets	Local Government Pension Scheme	Discretionary Benefits	Unfunded Teachers' Scheme	Total
£000	£000	£000	£000		£000	£000	£000	£000
1,135,941	0	0	1,135,941	Opening fair value of scheme assets	1,319,972	0	0	1,319,972
27,057	0	0	27,057	Interest income	27,505	0	0	27,505
				<b>Re-measurement gain / (loss):</b>				
174,740	0	0	174,740	- The return on plan assets, excluding the amount included in the net interest expense	103,543	0	0	103,543
20,633	2,547	2,401	25,581	Contributions from employer	21,258	2,457	2,250	25,965
7,673	0	0	7,673	Contributions from employees into the scheme	8,149	0	0	8,149
(45,468)	(2,547)	(2,401)	(50,416)	Benefits / transfers paid	(49,783)	(2,457)	(2,250)	(54,490)
(604)	0	0	(604)	Administration expenses	(630)	0	0	(630)
0	0	0	0	Assets Extinguished on Settlement	0	0	0	0
<b>1,319,972</b>	<b>0</b>	<b>0</b>	<b>1,319,972</b>	<b>Closing value of scheme assets</b>	<b>1,430,014</b>	<b>0</b>	<b>0</b>	<b>1,430,014</b>

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

2020/21				2021/22			
Local Government Pension Scheme	Discretionary Benefits	Unfunded Teachers' Scheme	Movements in the Fair Value of Scheme Total Liabilities	Local Government Pension Scheme	Discretionary Benefits	Unfunded Teachers' Scheme	Total
£000	£000	£000	£000	£000	£000	£000	£000
(1,553,095)	(31,913)	(23,322)	(1,608,330)	(1,796,667)	(32,588)	(22,532)	(1,851,787)
(37,022)	0	0	(37,022)	(48,598)	0	0	(48,598)
(36,820)	(736)	(531)	(38,087)	(37,292)	(659)	(450)	(38,401)
(7,673)	0	0	(7,673)	(8,149)	0	0	(8,149)
			<b>0 Re-measurement gains and losses:</b>				<b>0</b>
31,535	746	357	32,638	(119,904)	(1,866)	(61)	(121,831)
0	0	0	0	14,082	227	193	14,502
(237,619)	(3,232)	(1,437)	(242,288)	(835)	0	(153)	(988)
(78)	0	0	(78)	0	0	0	0
(1,363)	0	0	(1,363)	(1,958)	0	0	(1,958)
45,468	2,547	2,401	50,416	49,783	2,457	2,250	54,490
0	0	0	0	0	0	0	0
<b>(1,796,667)</b>	<b>(32,588)</b>	<b>(22,532)</b>	<b>(1,851,787)</b>	<b>(1,949,538)</b>	<b>(32,429)</b>	<b>(20,753)</b>	<b>(2,002,720)</b>

## LGPS Pension Scheme Assets Comprised of:

2020/21			2021/22		
Quoted £000	Unquoted £000	Total £000	Quoted £000	Unquoted £000	Total £000
<b>29,831</b>	<b>0</b>	<b>29,831</b>	<b>30,679</b>	<b>0</b>	<b>30,679</b>
<b>Cash and cash equivalents</b>					
<b>Equities</b>					
199,713	26,267	<b>225,980</b>	210,040	23,762	<b>233,802</b>
309,137	135,825	<b>444,962</b>	319,169	156,651	<b>475,820</b>
<b>508,850</b>	<b>162,092</b>	<b>670,942</b>	<b>529,209</b>	<b>180,413</b>	<b>709,622</b>
<b>Subtotal Equities</b>					
<b>Bonds</b>					
17,028	0	<b>17,028</b>	15,402	0	<b>15,402</b>
43,955	0	<b>43,955</b>	41,824	0	<b>41,824</b>
104,542	0	<b>104,542</b>	119,585	0	<b>119,585</b>
7,128	0	<b>7,128</b>	7,012	0	<b>7,012</b>
0	(4,356)	<b>(4,356)</b>	0	(4,694)	<b>(4,694)</b>
<b>172,653</b>	<b>(4,356)</b>	<b>168,297</b>	<b>183,823</b>	<b>(4,694)</b>	<b>179,129</b>
<b>Subtotal Bonds</b>					
<b>Property</b>					
0	62,567	<b>62,567</b>	0	77,445	<b>77,445</b>
2,376	23,232	<b>25,608</b>	1,760	22,002	<b>23,762</b>
0	30,227	<b>30,227</b>	0	35,789	<b>35,789</b>
<b>2,376</b>	<b>116,026</b>	<b>118,402</b>	<b>1,760</b>	<b>135,236</b>	<b>136,996</b>
<b>Subtotal Property</b>					
<b>Alternatives</b>					
0	26,399	<b>26,399</b>	147	40,630	<b>40,777</b>
0	85,666	<b>85,666</b>	0	89,180	<b>89,180</b>
2,112	7,920	<b>10,032</b>	2,200	5,867	<b>8,067</b>
0	49,103	<b>49,103</b>	0	50,164	<b>50,164</b>
1,716	47,915	<b>49,631</b>	0	64,098	<b>64,098</b>
0	37,619	<b>37,619</b>	0	42,830	<b>42,830</b>
396	25,871	<b>26,267</b>	0	26,402	<b>26,402</b>
1,848	45,935	<b>47,783</b>	2,347	49,723	<b>52,070</b>
<b>6,072</b>	<b>326,428</b>	<b>332,500</b>	<b>4,694</b>	<b>368,894</b>	<b>373,588</b>
<b>Subtotal Alternatives</b>					
<b>719,782</b>	<b>600,190</b>	<b>1,319,972</b>	<b>750,165</b>	<b>679,849</b>	<b>1,430,014</b>
<b>Total Assets</b>					

## Significant Assumptions by the Actuary have been:

2020/21	Local Government Pension Scheme	2021/22
Mortality assumptions		
Longevity at retirement for current pensioners		
21.0	Men	20.9
24.1	Women	24.0
Longevity at retirement for future pensioners		
22.6	Men	22.4
26.0	Women	25.9
Other assumptions		
2.7%	Rate of inflation	3.4%
4.2%	Rate of increase in salaries	4.9%
2.8%	Rate of increase in pensions	3.5%
2.1%	Rate for discounting scheme liabilities	2.8%

2020/21	Teachers' Unfunded	2021/22
Mortality assumptions		
Longevity at retirement for current pensioners aged 75		
12.5	Men	12.5
15.0	Women	15.0
Longevity at retirement for current pensioners aged 65		
21.0	Men	20.9
24.1	Women	24.0
Other assumptions		
2.7%	Rate of inflation	3.5%
2.8%	Rate of increase in pensions	3.6%
2.1%	Rate for discounting scheme liabilities	2.8%

Increase by 0.1%	LGPS £000	Teachers' Unfunded £000
Longevity	60,979	1,084
Rate of inflation	87,528	152
Rate of increase in salaries	11,953	0
Rate for discounting scheme liabilities	(161,475)	(152)

## Note 43 - Trust Funds

The Council acts as the trustee for a number of trust funds. These do not represent assets of the Council and have not been included in the Council's Balance Sheet.

2021/22				
Fund	Income £000	Expenditure £000	Assets £000	Liabilities £000
Criminal Injuries	0	0	6	0
Other	0	0	82	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>88</b>	<b>0</b>

2020/21				
Restated Fund	Income £000	Expenditure £000	Assets £000	Liabilities £000
Criminal Injuries	0	0	6	0
Other	0	0	82	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>88</b>	<b>0</b>

## Note 44 - Contingent Liabilities

The Council has made a provision for National Non-Domestic Rates (Business Rates) appeals based upon its best estimate of the actual liability in known appeals as at 31 March 2022. However, as appeals can be backdated for several years it is possible that additional costs could be incurred by the Council if any subsequent appeals are successful. There is an estimated contingent liability of circa £3.06m relating to unknown claims.

An employee compensation claim is being reviewed, which has the potential to result in financial compensation from the authority. At present, the ability to quantify a reliable estimate is not possible due to the uncertainty around the claim outcome.

## Note 45 - Nature and Extent of Risks Arising from Financial Instruments

The Council has adopted CIPFA's Code of Practice on Treasury Management and complies with The Prudential Code of Capital Finance for Local Authorities.

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

The Treasury Management Strategy includes an Investment Strategy in compliance with the Department for Levelling Up, Housing and Communities (DLUHC) Investment Guidance for Local Authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

- Credit Risk: The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party;
- Liquidity Risk: The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments;
- Market Risk: The possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices etc.

### Credit Risk

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

A limit is placed on the amount of money that can be invested with a single counterparty (other than the UK government). The Council also sets a total group investment limit for institutions that are part of the same banking group, along with a limit on the amount that can be invested for a period longer than a year. These limits can be found within the 'Treasury Management Strategy Statement'.

The table below summarises the credit risk exposures of the Council's investment portfolio at 31 March 2022 by the counterparty's country of origin and its credit rating. The table

confirms that all investments were made in line with the Council's approved credit rating criteria at the time of placing the investment:

Credit Rating *	Maturity of Investment			Balance Invested as at	Balance Invested as at
	Cash Equivalent	Short Term Investment	Long Term Investment	31.03.21	31.03.22
	£000	£000	£000	£000	£000
AAA	46,955	0	0	23,917	46,955
A+	0	0	0	941	0
A	0	0	0	5,000	0
Unrated Energy Bond	0	0	1,500	0	1,500
Unrated Subsidiaries + Corporate	0	1,500	0	975	1,500
<b>Total</b>	<b>46,955</b>	<b>1,500</b>	<b>1,500</b>	<b>30,833</b>	<b>49,955</b>
Credit risk not applicable*	0	7,000	10,000	<b>17,000</b>	<b>17,000</b>
<b>Total Investments</b>	<b>46,955</b>	<b>8,500</b>	<b>11,500</b>	<b>47,833</b>	<b>66,955</b>

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

Credit Risk - Debtors	31 March 2022
	£000
Less than three months	5,968
Three to six months	1,731
Six months to one year	2,812
More than one year	772
<b>Total</b>	<b>11,283</b>

### Liquidity Risk

The Council has access to borrowing facilities from the Public Works Loan Board. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates by aiming to have an even spread of maturities in each year.

The maturity analysis of the nominal value of the Council's debt at 31 March 2022 was as follows:

Liquidity Risk	31 March 2021	31 March 2022
	£000	£000
Less than one year	88,198	63,594
Between one and two years	3,674	9,102
Between two and five years	9,467	8,168
More Than 5 Years	1,222	1,239
More Than 10 years	148,071	135,084
<b>Total</b>	<b>250,632</b>	<b>217,187</b>

## Trade Receivables

Trade receivables are also subject to non-payment and are reviewed for impairment. By adjusting for impairment, the credit risk is recognised in the accounts:

<b>31 March 2021</b>	<b>31 March 2022</b>
<b>£000</b>	<b>£000</b>
54,438 Gross Receivables	49,018
(17,709) Impairment	(18,396)
<b>36,729</b>	<b>Total 30,622</b>

## Market Risk

### Interest Rate Risk:

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

If all interest rates had been 1% higher, with all other variables held constant, the financial effect would be as shown in the table below.

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

The Council has £94.5m (2021 £107.5m) of "Lender's option, borrower's option" (LOBO) loans with maturity dates between 2022 and 2065 where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. In the current low interest rate environment, the likelihood of the lender increasing the rate is low; however, the likelihood will increase in later years should market interest rates rise.

<b>Market Risk - Interest Rate Risk</b>	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Increase in interest payable on variable rate borrowings	594	254
Increase in interest receivable on variable rate investments	(394)	(419)
Decrease in fair value of investments held at FVPL	96	53
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>296</b>	<b>(112)</b>
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>296</b>	<b>(112)</b>
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(47,495)	(35,705)
Decrease in fair value of loans and investments at amortised cost	0	0

### Market Risk: Price risk

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

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £10m per fund. A 5% fall in commercial property prices at 31<sup>st</sup> March 2022 would result in a £0.04m (2021: £0.04m) charge to Other Comprehensive Income (OCI), unless the Fair Value Through Profit and Loss (FVTPL) option is taken, where any gain or loss is transferred to the Pooled Investment Funds Adjustment Account until the investment is disposed or the cessation of the election in 2022/23. The Council has taken the election to recognise any gains or losses on the investment as FVTPL.

### Market Risk: Foreign exchange risk

The Council has no financial assets or liabilities denominated in a foreign currency. It, therefore, has no exposure to loss arising as a result of adverse movements in exchange rates.

## Note 46 - Restatement of 2020/21

### Cost of Services

#### Reclassification of 2020/21 Cost of Services in the Comprehensive Income and Expenditure Statement

During 2020/21, there were some changes in the way income and expenditure and several functions were reported in outturn.

The table below shows how this information was originally presented in the 2020/21 Comprehensive Income and Expenditure Statement:

#### Original 2020/21 Comprehensive Income and Expenditure Statement cost of services

	2020/21		Net £000
	Expenditure £000	Income £000	
Chief Executive Officer	1,987	(16)	1,971
Covid-19 Resources	34,285	(29,949)	4,336
Neighbourhood Services	132,610	(102,773)	29,837
Law & Governance (Monitoring Officer)	75,486	(12,444)	63,042
Regeneration & Place	8,531	(1,029)	7,502
Children, Families & Education	37,051	(9,131)	27,920
Adults Care and Health and Strategic Commissioning	315,843	(230,736)	85,107
Corporate	180,331	(87,935)	92,396
	325	(3,643)	(3,318)
	<b>786,449</b>	<b>(477,656)</b>	<b>308,793</b>

#### Fully revised 2020/21 CIES

	2020/21		Net £000
	Expenditure £000	Income £000	
Chief Executive Officer	1,987	(16)	1,971
Resources	167,220	(136,365)	30,855
Neighbourhood Services	75,486	(12,444)	63,042
Law & Governance (Monitoring Officer)	8,531	(1,029)	7,502
Regeneration & Place	37,054	(9,131)	27,923
Children, Families & Education	315,840	(230,736)	85,104
Adults Care and Health and Strategic Commissioning	180,331	(87,935)	92,396
<b>Cost of Services</b>	<b>786,449</b>	<b>(477,656)</b>	<b>308,793</b>
Other Operating Expenditure	43,367	0	43,367
Financing and Investment Income and Expenditure	34,363	(509)	33,854
Surplus or Deficit on Discontinued Operations	0	0	0
Taxation and Non Specific Grant Income	0	(344,420)	(344,420)
<b>Surplus or Deficit on Provision of Services</b>	<b>864,179</b>	<b>(822,585)</b>	<b>41,594</b>
Surplus or deficit on revaluation of Property, Plant and Equipment			(22,831)
Impairment losses on non-current assets charged to the Revaluation Reserve			0
Surplus or deficit on revaluation of available for sale financial assets and financial instruments at fair value through other comprehensive income and expenditure			4
Remeasurement of the net defined benefit liability / asset			34,910
<b>Other Comprehensive Income and Expenditure</b>			<b>12,083</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>53,677</b>



# Additional Financial Statements

## Collection Fund Statement

The collection fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of Council Tax and Non-Domestic Rates.

Business Rates expenditure is based on estimates of the income in the January prior to the start of the financial year. In response to the COVID-19 pandemic, Central Government subsequently announced a number of Business Rates reliefs, reducing the income recognised and therefore resulting in a significant deficit. Council's and precepting authorities have received additional Section 31 grants to compensate for the reliefs, and recovery of the deficit will be over 3 years from 2021/22.

2020/21			2021/22		
Business Rates £000	Council Tax £000	Total £000	Business Rates £000	Council Tax £000	Total £000
<b>INCOME</b>					
0	(181,637)	(181,637)	0	(191,857)	(191,857)
(34,953)	0	(34,953)	(58,402)	0	(58,402)
<b>(34,953)</b>	<b>(181,637)</b>	<b>(216,590)</b>	<b>(58,402)</b>	<b>(191,857)</b>	<b>(250,259)</b>
<b>EXPENDITURE</b>					
<b>Apportionment of Previous Years Surplus</b>					
175	1,590	1,765	(35,988)	(2,010)	(37,998)
0	210	210	0	(269)	(269)
2	80	82	(364)	(102)	(466)
0	20	20	0	(24)	(24)
<b>177</b>	<b>1,900</b>	<b>2,077</b>	<b>(36,352)</b>	<b>(2,405)</b>	<b>(38,757)</b>
<b>Precepts, Demands and Shares</b>					
71,733	148,862	220,595	72,302	156,678	228,980
0	19,918	19,918	0	21,380	21,380
725	7,555	8,280	730	7,724	8,454
0	1,785	1,785	0	1,790	1,790
<b>72,458</b>	<b>178,120</b>	<b>250,578</b>	<b>73,032</b>	<b>187,572</b>	<b>260,604</b>
<b>Charges to Collection Fund</b>					
1,172	1,204	2,376	623	204	827
153	3,353	3,506	(920)	(834)	(1,754)
(280)	0	(280)	1,024	0	1,024
1,306	0	1,306	901	0	901
325	0	325	320	0	320
3	0	3	128	0	128
<b>2,679</b>	<b>4,557</b>	<b>7,236</b>	<b>2,076</b>	<b>(630)</b>	<b>1,446</b>
<b>40,361</b>	<b>2,940</b>	<b>43,301</b>	<b>(19,646)</b>	<b>(7,320)</b>	<b>(26,966)</b>
<b>286</b>	<b>(814)</b>	<b>(528)</b>	<b>40,647</b>	<b>2,126</b>	<b>42,773</b>
<b>40,647</b>	<b>2,126</b>	<b>42,773</b>	<b>21,001</b>	<b>(5,194)</b>	<b>15,807</b>

## Notes to the Collection Fund

### Note 1 - Council Tax Income

The Council is responsible for collecting council tax from its residents on behalf of itself, Police & Crime Commissioner for Merseyside, Merseyside Fire & Rescue Service, and Liverpool City Region Combined Authority. At the time of setting council tax for 2021/22, the tax base was estimated as 94,198.6 band D equivalent properties. This includes an adjustment for the proportion of Council Tax that is estimated to ultimately be collected.

The table below shows the number of band D equivalent properties in each valuation band, with 2020/21 included for comparison.

<b>2021/22</b>					
<b>Band</b>	<b>Valuation band limits</b>	<b>Calculated no of dwellings</b>	<b>Ratio to band D</b>	<b>Equated No of dwellings</b>	<b>Council Tax payable</b>
	<b>£</b>	<b>No</b>		<b>No</b>	<b>£</b>
Disabled A	1/9th of Band A	64.7	5/9	36.0	
A	Upto and including - 40,000	35,666.7	6/9	23,778.0	1,327.50
B	40,001 - 52,000	25,212.4	7/9	19,610.0	1,548.74
C	52,001 - 68,000	23,448.8	8/9	20,843.0	1,769.99
D	68,001 - 88,000	11,895.0	9/9	11,895.0	1,991.24
E	88,001 - 120,000	7,620.7	11/9	9,314.0	2,433.74
F	120,001 - 160,000	4,001.6	13/9	5,780.0	2,876.23
G	160,001 - 320,000	2,930.2	15/9	4,884.0	3,318.74
H	More than - 320,001	236.5	18/9	473.9	3,982.48
				Collection Rate	97.50%
				<b>Council tax base</b>	<b>94,198.6</b>

<b>2020/21</b>					
<b>Band</b>	<b>Valuation band limits</b>	<b>Calculated no of dwellings</b>	<b>Ratio to band D</b>	<b>Equated No of dwellings</b>	<b>Council Tax payable</b>
	<b>£</b>	<b>No</b>		<b>No</b>	<b>£</b>
Disabled A	1/9th of Band A	69.0	5/9	38.0	
A	Upto and including - 40,000	35,725.0	6/9	23,817.0	1,263.72
B	40,001 - 52,000	25,260.0	7/9	19,647.0	1,474.34
C	52,001 - 68,000	23,427.0	8/9	20,824.0	1,684.97
D	68,001 - 88,000	11,902.0	9/9	11,902.0	1,895.58
E	88,001 - 120,000	7,528.0	11/9	9,201.0	2,316.82
F	120,001 - 160,000	4,022.0	13/9	5,810.0	2,738.06
G	160,001 - 320,000	2,946.0	15/9	4,910.0	3,159.30
H	More than - 320,001	237.0	18/9	474.0	3,791.16
				Collection Rate	97.25%
				<b>Council tax base</b>	<b>93,965.9</b>

## Note 2 - Non-Domestic Rates

The Council is responsible for collecting non-domestic rates from businesses located within its area on behalf of itself and Merseyside Fire and Rescue Service. The total rateable value of all business properties within the Council's area as at 31 March 2022 is £186.1m (£188.7m as at 31 March 2021). The business rates paid by a business for a property within the Council area equate to the rateable value multiplied by a rate set by central government (the multiplier). The multiplier charged is based on the rateable value of the property as follows:

<b>Rateable Value</b>	<b>2020/21 multiplier (pence)</b>	<b>2021/22 multiplier (pence)</b>
Up to £51,000	49.9	49.9
Over £51,000	51.2	51.2



# Glossary

## Glossary

### Accruals

Income is recognised when it is earned rather than when it is received. Expenditure is recognised when goods or services are received rather than when the payment is made.

### Actuarial Gains and Losses

Actuaries assess financial and non-financial information provided to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses arise because:

- Events have not coincided with the actuarial assumptions made at the last valuation
- The actuarial assumptions have changed.

### Balances

The balances are to provide funding for unanticipated expenditure and / or expenditure that is of an unforeseen nature. The level is determined having regard to the strategic, operational and financial risks and uncertainties faced by the Council.

### Budget

The budget is a statement of the spending plans for the financial year.

### Capitalisation Directive

This is where the council can apply to borrow money to fund Revenue in exceptional circumstances due to factors beyond the local authority's control i.e. Covid 19

The costs that can be capitalised are expenditure costs as they are incurred, the Council will charge a Minimum Revenue Provision (MRP) over the life of the assets, in the case of a directive this is no more than 20 years.

### Capital Expenditure

Expenditure on the acquisition of an asset or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

### Capital Receipts

Income received from the disposal of land and other capital assets, and from the repayment of grants and loans to the Council.

### Chartered Institute of Public Finance and Accountancy (CIPFA)

This institute is the leading professional accountancy body for public services and produces the Code of Practice that must be followed in preparing the Council's financial statements.

### Collection Fund

A fund administered by the Council to record all income collected from local taxpayers and business ratepayers and shows how this is passed on to other public authorities.

### Community Assets

These are fixed assets which the Council intends to hold in perpetuity which have no determinable finite useful life and may have restrictions on their disposal, e.g. Parks.

## Council Tax

This is the main source of taxation for the Council. It is levied on households within the area and the proceeds are paid into the Collection Fund for distribution to precepting authorities and for use by the Council's General Fund.

## Creditors

Amounts owed by the Council for works undertaken, goods received or services provided for which payment had not been made at the date of the Balance Sheet.

## Current Service Costs (Pensions)

For a defined benefit scheme, the value of the pension benefits earned by active employees in the period, net of contributions paid by employees in respect of those benefits. The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period i.e. the ultimate pension benefits earned by employees in the current year.

## Curtailement (Pensions)

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces the number of employees the accrual of defined benefits for some or all of their future service.

## Debtors

Amounts owed to the Council that had not been received at the date of the Balance Sheet.

## Defined Benefits Scheme

A pension, or other retirement benefit scheme, where the scheme's rules define the benefits payable independently of the contributions paid into the scheme. The benefits paid from the scheme are not directly related to the investments within the scheme. The scheme may be funded or unfunded.

## Defined Contributions Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions, as an amount or as a % of pay, and has no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

## Depreciation

A charge that represents the extent to which an asset has been worn-out or used or otherwise reduced the useful economic life of a fixed asset during the year.

## Expected Rate of Return on Pensions Assets

For the Pension Fund the average rate of return, including both income and changes in fair value net of scheme expenses, expected over the remaining life of the asset.

## Expenditure

Amounts paid by the Council for works undertaken, goods received or services provided, which is deemed to have been spent when the works, goods or services have been received.

## FVOCI

Fair value other comprehensive income.

## General Fund

The main revenue fund of the Council and includes the net costs of all services financed by local taxpayers and Government grants. It is the day to day spending on services.

## Government Grants

Specific assistance by Government and similar bodies in the form of cash. For specific grants to a particular service there is expected to be compliance with certain conditions relating to the activities of the Council but many grants are 'general' and used to help pay for the net cost of Council services generally.

## Heritage Assets

These are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained for the contribution to knowledge and culture. This includes Civil Regalia, works of art and historic buildings.

## Impairment

A reduction in the value of a fixed asset below the amount brought forward in the Balance Sheet. Reductions include items such as a significant decline in a fixed asset's market value.

## Income

Amounts due to the Council for goods supplied or services provided with the income deemed to have been earned once the goods or services have been supplied.

## Infrastructure Assets

These are assets which generally cannot be sold and from which benefit can be obtained only from the continued use of the asset e.g. highways and bridges.

## Intangible Assets

These are assets which do not have physical substance but are identifiable and controlled by the Council and include items such as software and licenses.

## International Financial Reporting Standards (IFRS)

The Standards dictate specific accounting treatments. They must be applied to all financial statements in order to provide a true and fair view of the financial position, and a standardised method of comparison with others.

## Investment Properties

Properties held solely to earn rentals or for capital appreciation, and not used to provide services or for administrative purposes.

## Leases

Leasing costs are the rental for the use of an asset for a specified period of time. There are two different types of lease. Finance leases transfer substantially the risks and rewards of ownership of a fixed asset to the lessee. Operating leases are where the balance of risks and rewards remains with the lessor who retains the asset e.g. computer equipment.

### Medium Term Financial Strategy (MTFS)

The Council's medium-term financial plan.

### Minimum Revenue Provision (MRP)

This is the minimum amount that the Council is required to charge to the revenue account each year to provide for the repayment of debt.

### National Non-Domestic Rates (NNDR also known as Business Rates)

A levy on business property based on national rate in the £ applied to the rateable value of the premises. The Government determines the national rate and the Rates are collected by the Council and accounted for within the collection fund. The Council draws down from this an amount specified at the start of the year.

### Net Book Value

A levy on business property based on national rate in the £ applied to the rateable value of the premises. The Government determines the national rate and the Rates are collected by the Council and accounted for within the collection fund. The Council draws down from this an amount specified at the start of the year.

### Net Expenditure

Gross expenditure less specific service income but before the deduction of non-ring-fenced government grants and local taxation.

### OCIE

Other comprehensive Income and Expenditure.

### Precept

The amount the Council is required to raise from Council Tax on behalf of other authorities namely the Merseyside Recycling & Waste Authority and the Liverpool Combined Authority. It is collected and distributed on behalf of precepting authorities by the Council. These transactions are accounted for within the Collection Fund.

### Prior Year Adjustments

These are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### Property, Plant and Equipment

Assets that yield benefits to the Council and the services provided for a period of more than one year e.g. buildings, land and vehicles.

### Provisions

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and / or timing of such costs is uncertain.

### Public Works Loans Board (PWLB)

A Central Government body which is the main provider of loans to local authorities to fund capital expenditure.

## Reserves

These are amounts held to meet specific, known or predicted future expenditure.

## Revenue Expenditure

This is spending on the day-to-day running costs of providing services and is primarily employee costs, general running expenses and capital financing costs.

## Revenue Expenditure Funded from Capital under Statute (REFCUS)

This represents items of capital expenditure where no asset exists and the cost is allowed by statute to be charged as revenue expenditure to the Consolidated Income & Expenditure Statement.

## Scheme Liabilities

These are the liabilities of the Pension Fund for outgoings in the future and reflect the benefits that the employer is committed to provide for service up to a set date.

## Unfunded Defined Benefit Scheme

An employer managed retirement plan that uses the employer's current income to fund pension payments as they become necessary. This is in contrast to a funded pension scheme where an employer sets aside funds systematically and in advance to cover any pension plan expenses such as payment to retirees and their beneficiaries.

## Unsupported (Prudential) Borrowing

This is borrowing for which no support is given by Central Government. The Council is permitted to undertake unsupported borrowing but has to ensure that the borrowing costs are affordable and be met from the revenue budget.

## Useful Life

This is the period over which the Council will derive benefit from the use of an asset



# Merseyside Pension Fund

## Independent Auditor's Report

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2020/21 £000	FUND ACCOUNT - For the year ended 31 March 2022	Note	2021/22 £000
	<b>Dealing with members, employers and others directly involved in the fund:</b>		
337,417	Contributions Receivable	7	201,160
15,214	Transfers In	8	225,296
352,631			426,456
(350,641)	Benefits Payable	9	(371,943)
(16,874)	Payments to and on account of Leavers	10	(14,246)
(367,515)			(386,189)
<b>(14,884)</b>	<b>Net additions/(withdrawals) from dealing with members</b>		<b>40,267</b>
(39,790)	Management Expenses	11	(47,128)
<b>(54,674)</b>	<b>Net additions/(withdrawals) including Fund Management Expenses</b>		<b>(6,861)</b>
	<b>Return on Investments:</b>		
191,236	Investment Income		329,589
1,308,738	Profit and Losses on Disposal of Investments and Change in Market Value of Investments		603,329
(4,304)	Taxes on Income		(4,907)
<b>1,495,670</b>	<b>Net Return on Investments</b>		<b>928,011</b>
1,440,996	Net Increase/(Decrease) in the Fund during the year		921,150
8,638,752	Net Assets of the Fund at the start of the year		10,079,748
<b>10,079,748</b>	<b>Net Assets of the Fund at the end of the year</b>		<b>11,000,898</b>

2020/21 £000	NET ASSETS STATEMENT - For the year ended 31 March 2022	Note	2021/22 £000
	<b>Investment Assets</b>	13	
3,213,642	Equities		3,360,827
696,000	Bonds		731,666
5,393,027	Pooled Investment Vehicles		5,817,473
403,815	Derivative Contracts		382,521
463,725	Direct Property		568,275
78,110	Loans		35,751
125,018	Short Term Cash Deposits		169,149
144,548	Other Investment Balances		106,941
<b>10,517,885</b>			<b>11,172,603</b>
<b>(465,355)</b>	<b>Investment Liabilities</b>	14	<b>(400,793)</b>
<b>10,052,530</b>	<b>Total Net Investment Assets</b>		<b>10,771,810</b>
3,337	Long Term Assets	19	6,394
40,433	Current Assets	20	245,138
(16,552)	Current Liabilities	20	(22,444)
<b>10,079,748</b>	<b>Net Assets of the Fund as at 31 March</b>		<b>11,000,898</b>

# Notes to the Merseyside Pension Fund Accounts

## Note 1 Description of the Fund

Merseyside Pension Fund (MPF/the Fund) is part of the Local Government Pension Scheme (LGPS) and Wirral Council is the Administering Authority.

The overall responsibility for the management of the Fund rests with the Pensions Committee, which for 2021/22 included eleven Councilor's from Wirral Council, the Administering Authority and one Councillor from each of the four other Merseyside Borough Council's. Representatives of trade unions also attend. The more detailed consideration of investment strategy and asset allocation of the Fund's portfolios is considered by the Investment Monitoring Working Party, which includes two external advisers and a consultant. The more detailed consideration of governance and risk issues is considered by the Governance and Risk Working Party.

In 2015/16 a local Pensions Board was introduced in accordance with the Public Service Pensions legislation and regulations. The Board's aim is to assist the Administering Authority with ensuring compliance and the effective governance and administration of the Fund.

The following description of the Fund is a summary only. For more detail, reference should be made to Merseyside Pension Fund's Annual Report 2021/22 and the underlying statutory powers underpinning the Scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

### **A) General**

The Scheme is governed by the Public Services Pensions Act 2013. 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 contributory defined benefit pension scheme administered by Wirral Council to provide pensions and other benefits for pensionable employees of the Merseyside Local Authorities and a range of other scheduled and admitted bodies. Teachers, Police Officers and Fire Fighters are not included as they come within other national pension schemes.

### **B) Membership**

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

Organisations participating in Merseyside Pension Fund include:

- Scheduled bodies, which are Local Authorities and similar bodies whose staff are automatically entitled to be members of the Fund
- Admitted bodies, which are organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation.

There are 214 employer organisations within Merseyside Pension Fund including Wirral Council itself. The Fund has 144,547 members as detailed below:

<b>31 March 2021</b>		<b>31 March 2022</b>
<b>212</b>	<b>Number of Employers with Active Members</b>	<b>214</b>
47,193	Number of Employees in Scheme	46,740
47,032	Number of Pensioners	48,609
6,503	Number of Dependants	6,645
39,295	Number of Deferred Pensioners	42,553
<b>140,023</b>	<b>Total Number of Members in the Scheme</b>	<b>144,547</b>

### **C) Funding**

Benefits are funded by employee and employer contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS, with employer contributions set to achieve the funding target for each individual employer as detailed within the Valuation Rates and Adjustment Certificate.

### **D) Benefits**

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the Scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is adjusted annually in line with the Consumer Price Index.

There are a range of other benefits provided under the Scheme, for more details please refer to the Fund's website: [Merseyside Pension Fund Website](#)

### **Note 2 Basis of Preparation**

The Statement of Accounts summarises the Fund's transactions for the 2021/22 financial year and its position at year end as at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, are shown within the statement by the Actuary, which is published as an addendum to the accounts.

For 2020/21 reporting, Note 24 Additional Voluntary Contributions (AVCs), the information was not available for Prudential at the time the Statement of Accounts were approved, this information is now available and has now been included, this has had no impact on the Fund Account or the Net Asset Statement.

The accounts have been prepared on a going concern basis.

The Code (paragraph 3.3.1.2) requires the disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, was due to be

adopted by the Code for accounting periods commencing on or after 1 April 2022, however, a decision by Cipfa is to defer the implementation of IFRS until 1 April 2024. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all assets with a term of more than 12 months unless the underlying asset is of low value. Implementation of IFRS 16 is not expected to have a material impact on the Fund because it does not hold any assets as a lessee.

### [Note 3 Summary of Significant Accounting Policies](#)

The financial statements have been prepared on an accruals basis, unless otherwise stated.

#### **Contributions and Benefits**

Contributions are accounted for on an accruals basis. Contributions are made by active members of the Fund in accordance with LGPS Regulations and employers' contributions are based on triennial actuarial valuations.

Employer normal contributions and deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the Scheme actuary or on receipt if earlier than the due date.

Employers' pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year, but unpaid, will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Benefits payable represent the benefits paid during the financial year and include an estimated accrual for lump-sum benefits outstanding as at the year end. Benefits payable includes interest on late payment. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Estimates for post year end outstanding items have been used for payments of retirement grants and death grants:

- Retirement grants due for payment, but not paid by 31 March, using actual figures as far as possible, and assuming maximum commutation to be taken, where the knowledge of the individual member's choice is still outstanding
- Death grants due for payment, but not paid by 31 March, for example, awaiting Probate.

#### **Transfers to and from Other Schemes**

Transfer values represent the amounts received and paid during the year for members who have either joined, or left the Fund, during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

#### **Management Expenses**

The Fund discloses its management expenses analysed into three categories: administration costs, investment management costs and oversight and governance costs, in accordance with CIPFA "Accounting for Local Government Management Costs".

### Administration Costs

All administration expenses are accounted for on an accruals basis. All staff costs of the pension's administration team are charged direct to the Fund. Associated management and other overheads are apportioned to the Fund in accordance with Council Policy.

### Investment Management Costs

All investment expenses are accounted for on an accrual basis.

Fees of the external Investment Managers and Custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market values of the investments under their management and therefore increase or reduce as the value of these investments change.

Costs in respect of the internal investment team are classified as investment expenses.

Estimates for post year-end outstanding items have been used for external Investment Management fees, using the Fund's valuations as at 31 March.

In accordance with CIPFA "Accounting for Local Government Pension Scheme Management Expenses (2016)" guidance, transaction costs are shown under investment expenses.

### Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with oversight and governance are charged direct to the Fund. Associated management and other overheads are apportioned to the Fund in accordance with Council Policy.

The cost of obtaining investment advice from external consultants is included in governance and oversight expenses.

### **Investment Income**

Income from Equities is accounted for when the related investment is quoted ex-dividend. Income from Bonds, Pooled Investment Vehicles and interest on Loans and Short-Term Deposits has been accounted for on an accruals basis. Distributions from Private Equity are treated as return of capital until the book value is nil then treated as income on an accruals basis.

Rental income from operating leases on properties owned by the Fund is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income and recognised over the term of the lease. Property expenditure is deducted from rental income to report net income from properties.

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

### **Taxation**

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 tax is accounted for as a Fund expense as it arises.

### **Valuation of Investments**

All financial assets apart from loans are included in the Net Asset Statement on a fair value basis as at the reporting date. Loans are included in the Net Asset Statement on an amortised cost basis. The values of investments as shown in the

net asset statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 15). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016). The values of investments as shown in the Net Asset Statement are determined as follows:

- Listed securities are valued at quoted bid market prices on the final day of the accounting period. The bid price is the price which the Fund would have obtained had the securities been sold at that date
- For unlisted investments, wherever possible, valuations are obtained via the Independent Administrator. Valuations that are obtained direct from the Manager are verified against the latest available audited accounts adjusted for any cash flows up to the reporting date
- Hedge Funds and Infrastructure are recorded at fair value based on net asset values provided by Fund Administrators, or using latest financial statements published by respective Fund Managers, adjusted for any cash flows
- Private Equity valuations are in accordance with the guidelines and conventions of the British Venture Capital Association/International Private Equity guidelines, or equivalent
- Indirect Property is valued at net asset value or capital fair value basis provided by the Fund Manager. For listed Funds, the net asset value per unit is obtained through data vendors
- The freehold and leasehold interests in the properties held within the Fund were independently valued as at 31 March 2022 by Savills (UK) Limited, acting in the capacity of External Valuers as defined in the RICS Red Book (but not for the avoidance of doubt as an External Valuer of the Fund as defined by the Alternative Investment Fund Managers Regulations 2013). This valuation has been prepared in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2022 together, where applicable, with the UK National Supplement effective 14 January 2019, together the ‘Red Book’.
- Pooled Investment Vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of Pooled Investment Vehicles that are Accumulation Funds, change in market value also includes income which is reinvested by the Manager of the vehicle in the underlying investment, net of applicable withholding tax.

### **Translation of Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at rates ruling at the year end. Foreign income received during the year is translated at the rate ruling at the date of receipt. All resulting exchange adjustments are included in the revenue account.

### **Derivatives**

The Fund uses derivative financial assets to manage exposure to specific risks arising from its investment activities.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value.

The value of future contracts is determined using exchange prices at the reporting date. Amounts due from or owed to the broker are the amounts outstanding in respect of the initial margin and variation margin.

The value of exchange traded options is determined using the exchange price for closing out the option at the reporting date.

The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year end with an equal and opposite contract.

### **Short Term Deposits**

Short-term deposits only cover cash balances held by the Fund. Cash held by Investment Managers awaiting investment is shown under "Other Investment Balances".

### **Financial Liabilities**

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

### **Additional Voluntary Contribution**

The Committee holds assets invested separately from the main Fund. In accordance with regulation 4 (1) (b) of the Pensions Schemes (Management and Investment of Funds) Regulations 2016, these assets are excluded from the Pension Fund accounts.

The Scheme providers are Utmost Life (transferred from Equitable Life 1 January 2020), Standard Life and Prudential. Individual members participating in this arrangement each receive an annual statement confirming the amounts held on their account and the movements in the year.

### **Note 4 Critical Judgements in Applying Accounting Policies**

The Fund has not applied any critical judgements.

### **Note 5 Estimation & Uncertainty**

#### **Unquoted Investments**

The Fund has significant unquoted investments within Private Equity, Infrastructure, Property and other Alternative investments. These are valued within the financial statements using valuations from the Managers of the respective assets. There are clear accounting standards for these valuations and the Fund has in place procedures for ensuring that valuations applied by Managers comply with these standards and any other relevant best practice. The value of unquoted assets as at 31 March 2022 was £5,391 million (£4,745 million at 31 March 2021).

Private Equity investments are valued at fair value in accordance with International Private Equity and British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. The IPEV Board issued additional guidance as at 31 March 2020 given the magnitude of the COVID-19 crisis, accompanied by the significant uncertainty.

Infrastructure and other alternative assets are valued in accordance with Accounting Standards, however, the valuation basis includes a degree of estimation.

Hedge Funds are valued at the sum of the fair values provided by the Administrators of the underlying Funds plus adjustments that the Hedge Fund Directors or Independent Administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Direct property and pooled property funds use valuation techniques to determine the carrying amount. Where possible these valuations are based on observable data, but where this is not possible management uses the best available data.

For 2021/22 there remains additional uncertainty regarding the valuations of illiquid assets, due to the uncertainties in the financial markets and the time it will take to fully realise the impact of COVID-19 on such assets and the impact of the conflict in Ukraine. There is an increased level of risk that the estimated valuations may be misstated. The valuations have been updated based upon the available information as at 31 March 2022 and maybe subject to variations as further information becomes available. Note 15 sets out a sensitivity analysis of such assets valued at level 3 (the remaining unquoted assets are classified as level 2 assets).

With regards to the Fund's level 3 investments, these are well diversified between sectors and also vintage year (year in which first influx of investment capital is delivered to a project or company) meaning that there will be a wide dispersion between the potential valuation effects. Some of the underlying level 3 investment assets could have seen positive uplifts to their valuations (e.g. broadband/telecommunications infrastructure providers), as well as those which will have seen negative (e.g. transport sectors due to short-term demand shocks).

#### [Note 6 Events after the Reporting Date](#)

##### **Non-Adjusting Post Balance Sheet Event**

There have been no events since 31 March 2022, and up to the date when these accounts were authorised, that require any adjustments to these accounts. However, global investment markets have been particularly volatile during 2022 in response to significant political and geographical events, including the Russia-Ukraine war, lockdowns in China, high inflation and slowing economic growth. These changes have adversely affected the value of the Fund's investment portfolio despite careful risk management. Market volatility has continued during 2022/23 with a £588m reduction in asset values between 31 March 2022 and 31 December 2022, reducing the Fund value from £11.0bn to £10.4bn (unaudited).

#### [Note 7 Contributions Receivable](#)

Contributions are made by active members of the Fund in accordance with the LGPS and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2022. Employee contributions are matched by employers' contributions which are based on triennial actuarial valuations. The 2021/22 contributions above were calculated at the valuation dated 31 March 2019. The 2019 actuarial valuation calculated the average primary employer contribution rate of 17.2% (2016 15.4%). The Fund has received additional and upfront payments covering a three-year period, until the next actuarial valuation in 2022, totalling £18.8 million (in 2020/21 £94.7 million).

"Pension Strain" represents the cost to employers when their employees retire early to compensate the Fund for the reduction in contribution income and the early

payment of benefits. Payments to the Fund for such costs are made over agreed periods. An accrual has been made for agreed future payments to the Fund.

"Deficit Funding" includes payments by employers for past service deficit and additional payments by employers to reduce a deficit. During 2021/22 the Fund has received additional and upfront payments covering a three-year period until the next actuarial valuation in 2022, totalling £nil, (in 2020/21 £3.1 million).

The Fund does reserve the right to levy interest charges on late receipt of contributions from employers. In 2021/22 no such charges were levied.

<b>2020/21</b>	<b>Contributions Receivable</b>	<b>2021/22</b>
<b>£000</b>		<b>£000</b>
	<b>Employers</b>	
257,619	Normal	122,986
4,665	Pension Strain	6,721
14,500	Deficit Funding	8,063
<b>276,784</b>	<b>Total Employers</b>	<b>137,770</b>
	<b>Employees</b>	
60,633	Normal	63,390
<b>337,417</b>		<b>201,160</b>
	<b>Relating to:</b>	
27,478	Administering Authority	29,048
282,567	Statutory Bodies	144,178
27,372	Admission Bodies	27,934
<b>337,417</b>		<b>201,160</b>

#### Note 8 Transfers In

There was a group transfer into the Fund during 2021/22. An employer sought permission from the Secretary of State to transfer the administration of its pension obligations under the LGPS from one LGPS Fund to MPF, this resulted in a transfer of assets, liabilities and members (actives, deferreds and pensioners) to MPF.

<b>2020/21</b>	<b>Transfers In</b>	<b>2021/22</b>
<b>£'000</b>		<b>£'000</b>
-	Group Transfers	<b>205,761</b>
15,214	Individual Transfers	<b>19,535</b>
15,214		<b>225,296</b>

## Note 9 Benefits Payable

<b>2020/21</b>	<b>Benefits payable</b>	<b>2021/22</b>
<b>£000</b>		<b>£000</b>
287,859	Pensions	299,729
55,869	Lump Sum Retiring Allowances	63,287
6,913	Lump Sum Death Benefits	8,927
<b>350,641</b>		<b>371,943</b>
	<b>Relating to:</b>	
47,540	Administering Authority	50,115
247,375	Statutory Bodies	258,258
55,726	Admission Bodies	63,570
<b>350,641</b>		<b>371,943</b>

## Note 10 Payments to and on account of Leavers

<b>2020/21</b>	<b>Payments to and on account of Leavers</b>	<b>2021/22</b>
<b>£000</b>		<b>£000</b>
435	Refunds to Members Leaving Service	421
-	Payment for Members Joining State Scheme	-
(9)	Income for Members from State Scheme	(3)
-	Group Transfers to Other Schemes	-
16,448	Individual Transfers to Other Schemes	13,828
<b>16,874</b>		<b>14,246</b>

## Note 11 Management Expenses

<b>2020/21</b>	<b>Management Expenses</b>	<b>2021/22</b>
<b>£000</b>		<b>£000</b>
3,067	Administration Costs	3,267
34,992	Investment Management Costs	41,829
2,019	Oversight and Governance Costs	2,204
(288)	Other Income	(172)
<b>39,790</b>		<b>47,128</b>

## Note 11a Administration Costs

2020/21	Administration Costs	2021/22
£000		£000
2,169	Employee Costs	2,245
643	IT Costs	785
216	General Costs	192
39	Other Costs	45
<b>3,067</b>		<b>3,267</b>

## Note 11b Investment Management Costs

2021/22	Total	External Investment Management Fees	External Investment Management Performance Fees	External Private Market Fees	External Private Market Expenses	Transaction Costs
	£'000	£'000	£'000	£'000	£'000	£'000
Equities	15,729	7,398	4,574			3,757
Bonds	100	100				
Pooled Investment Vehicles	23,321	3,515	1,181	6,661	11,964	
Derivative Contracts	227	774				(547)
Loans	785			785		
Short Term Cash Deposits	-					
Other Investment Balances	-					
		11,787	5,755	7,446	11,964	3,210
External Services	665					
Internal Investment Management Fees	1002					
	<u>41,829</u>					

2020/21	Total	External Investment Management Fees	External Investment Management Performance Fees	External Private Market Fees	External Private Market Expenses	Transaction Costs
	£'000	£'000	£'000	£'000	£'000	£'000
Equities	14,643	7,231	3,312			4,100
Bonds	110	110				
Pooled Investment Vehicles	16,712	3,179	157	7,649	5,720	7
Derivative Contracts	1,375	828				547
Loans	477				207	270
Short Term Cash	-					
Other Investment Balances	-					
		11,348	3,469	7,649	5,927	4,924
External Services	820					
Internal Investment Management Fees	855					
	<u>34,992</u>					

Property expenses are now shown within note 12a.

### Note 11c Oversight & Governance Costs

Actuarial fees included within External Services below (note 11c) are shown gross of any fees that have been recharged to employers. Included within Other Income for 2021/22 is £122,060 relating to recharged Actuarial fees (2020/21 £230,382). The estimated External Audit fee for 2021/22 is £48,000, an additional £20,000 relates to services in respect of IAS19 assurances for admitted body auditors, which are recharged to those admitted bodies. An audit fee rebate was received during 2021/22 for £20,060.

2020/21	Oversight & Governance Costs	2021/22
£000		£000
534	Employee Costs	586
1,162	External Services	1,277
49	Internal Audit	49
58	External Audit	48
216	Other Costs	244
<b>2,019</b>		<b>2,204</b>

## Note 12 Investment Income

Rental income is shown net of any property related expenses.

Interest on loans has been accrued up to 31 March 2022.

Investment income figures are shown gross of tax. Included in these figures is recoverable taxation of £11.1 million (2020/21 £8.1 million).

The Fund is seeking to recover tax withheld by UK and overseas tax regimes under the EU principle of free movement of capital within its borders, repayments received in 2021/22 £3.5 million (2020/21 £2.6 million).

<b>2020/21</b>	<b>Investment Income</b>	<b>2021/22</b>
<b>£000</b>		<b>£000</b>
77,984	Dividends from Equities	108,655
3,965	Income from Bonds	3,301
50,385	Income from Pooled Investment Vehicles	73,089
25,464	Net Rents from Properties	27,024
202	Interest on Short Term Cash Deposits	76
24,509	Income from Private Equity	101,489
6,981	Interest from Loans	14,784
1,746	Other	1,171
<b>191,236</b>		<b>329,589</b>
(4,304)	Irrecoverable Withholding Tax	(4,907)
<b>186,932</b>		<b>324,682</b>

## Note 12a Property Income

The outbreak of COVID-19, declared by the World Health Organisation as a 'Global Pandemic' on the 11th March 2020, has impacted global financial markets. Travel restrictions and local and national lockdowns have been implemented within the UK, impacting upon tenants occupying our investment properties and the collection of rental income. The Fund has assessed its property arrears as at 31 March 2022 (£7.5 million) and assessed that a credit loss provision to the value of £1.7 million is appropriate to reflect rental income arrears at risk and rent concessions granted for the period and is shown in note 20.

No contingent rents have been recognised as income during the period.

<b>2020/21</b>	<b>Property Income</b>	<b>2021/22</b>
<b>£000</b>		<b>£000</b>
33,138	Rental Income	32,405
(7,674)	Direct Operating Expenses	(5,382)
<b>25,464</b>	<b>Net Rent from properties</b>	<b>27,023</b>

### Note 12b Property Operating Leases

The Fund's property portfolio comprises a variety of units which are leased to organisations with the objective of generating appropriate investment returns. These leases are all categorised as operating leases due to the relatively short length of the agreements i.e. relative to the overall life of the asset and proportion of the assets overall value. The leases do not meet the assessment criteria for finance leases, and the risks and rewards of ownership of the leased assets are retained by the Fund and reflected in the Net Assets Statement.

The properties comprise a mix of office, retail and industrial buildings. These leases vary in length from short term to over 25 years.

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

<b>2020/21</b>	<b>Age Profile of Lease Income</b>	<b>2021/22</b>
<b>£000</b>		<b>£000</b>
3,345	No later than one year	2,001
5,327	Between one and five years	10,713
16,490	Later than five years	15,406
<b>25,162</b>	<b>Total</b>	<b>28,120</b>

With regards to the properties owned and leased by the Fund, all are leased to the tenants under contracts that have been assessed as operating leases and which may include periodic rent reviews etc. The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease entered into, such as adjustments following rent reviews.

## Note 13 Investments

<b>2021/22</b>					
	<b>Market Value @ 31.3.21</b>	<b>Purchases at Cost and Derivative Payments</b>	<b>Sale Proceeds and Derivative Receipts</b>	<b>Change in Market Value**</b>	<b>Market Value @ 31.3.22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Equities	3,213,642	1,222,238	(1,202,126)	127,073	<b>3,360,827</b>
Bonds	696,000	26,786	(23,670)	32,550	<b>731,666</b>
Pooled Investment Vehicles	5,393,027	599,023	(528,332)	353,755	<b>5,817,473</b>
Direct Property	463,725	42,872	(37,435)	99,113	<b>568,275</b>
Loans	78,110	32,643	(75,002)	-	<b>35,751</b>
	<b>9,844,504</b>	<b>1,923,562</b>	<b>(1,866,565)</b>	<b>612,491</b>	<b>10,513,992</b>
Derivative Contracts					
FX	-	593,193	(596,435)	2,886	<b>(356)</b>
Options	(32,471)	610,390	(584,592)	(1,722)	<b>(8,395)</b>
Swaps	(6,201)	37,904	(20,699)	(11,004)	<b>-</b>
	<b>9,805,832</b>	<b>3,165,049</b>	<b>(3,068,291)</b>	<b>602,651</b>	<b>10,505,241</b>
Short Term Cash Deposits	125,018				169,149
Other Investment Balances	144,548			678	106,941
Amounts due to stockbrokers	(22,868)				(9,521)
	<b>10,052,530</b>			<b>603,329</b>	<b>10,771,810</b>
<b>2020/21</b>					
	<b>Market Value @ 31.3.20</b>	<b>Purchases at Cost and Derivative Payments</b>	<b>Sale Proceeds and Derivative Receipts</b>	<b>Change in Market Value**</b>	<b>Market Value @ 31.3.21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Equities	2,483,568	1,377,745	(1,332,543)	684,872	3,213,642
Bonds	696,229	49,733	(61,334)	11,372	696,000
Pooled Investment Vehicles	4,432,443	1,298,955	(1,184,860)	846,489	5,393,027
Direct Property	471,925	41,061	(16,463)	(32,798)	463,725
Loans	86,076	50,588	(55,222)	(3,332)	78,110
	<b>8,170,241</b>	<b>2,818,082</b>	<b>(2,650,422)</b>	<b>1,506,603</b>	<b>9,844,504</b>
Derivative Contracts					
FX	14,378	1,877,448	(1,875,729)	(16,097)	-
Options	150,973	1,011,312	(1,040,277)	(154,479)	(32,471)
Swaps	5,843	77,440	(67,895)	(21,589)	(6,201)
	<b>8,341,435</b>	<b>5,784,282</b>	<b>(5,634,323)</b>	<b>1,314,437</b>	<b>9,805,832</b>
Short Term Cash Deposits	105,010				125,018
Other Investment Balances	181,507			(5,699)	144,548
Amounts due to stockbrokers	(21,063)				(22,868)
	<b>8,606,889</b>			<b>1,308,738</b>	<b>10,052,530</b>

Direct transaction costs are shown under investment management costs in note 11b, in accordance with CIPFA guidance. Indirect costs are incurred through the

bid-offer spread on investments in pooled vehicles. The amount of indirect costs is not provided directly to the Fund.

\*\*Note: The change in market value of investments during the year comprises all realised and unrealised appreciation and depreciation.

### Note 13a Analysis of Investments

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
	<b>Equities (segregated holdings)</b>	
1,336,937	UK Quoted	1,389,501
1,876,705	Overseas Quoted	1,971,326
<b>3,213,642</b>		<b>3,360,827</b>
<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
	<b>Bonds</b>	
<b>695,600</b>	UK Public Sector Quoted	<b>731,266</b>
<b>400</b>	UK Corporate Quoted	<b>400</b>
-	Overseas Corporate Quoted	-
<b>696,000</b>		<b>731,666</b>

## Note 13a Analysis of Investments (Continued)

2020/21		2021/22
£000		£000
	<b>Pooled Investment Vehicles</b>	
	<b>UK Managed Funds:</b>	
117,664	Equities	94,800
196,808	Private Equity	299,250
180,197	Hedge Funds	192,373
407,569	Corporate Bonds	379,513
359,855	Infrastructure	490,717
315,882	Opportunities	311,049
	<b>Overseas Managed Funds:</b>	
722,853	Equities	662,586
633,688	Private Equity	654,211
112,532	Hedge Funds	120,411
84,315	Corporate Bonds	83,187
250,699	Infrastructure	272,893
97,171	Opportunities	129,229
	<b>UK Unit Trusts:</b>	
106,888	Property	138,590
	<b>Overseas Unit Trusts:</b>	
217,324	Property	254,905
1,589,582	<b>Other Unitised Funds</b>	1,733,759
<b>5,393,027</b>		<b>5,817,473</b>

2020/21		2021/22
£000		£000
	<b>Derivative Contracts</b>	
-	FX	895
402,967	Options	381,626
848	Swaps	-
<b>403,815</b>		<b>382,521</b>

2020/21		2021/22
£000		£000
	<b>UK Properties</b>	
348,425	Freehold	440,050
115,300	Leasehold	128,225
<b>463,725</b>		<b>568,275</b>
471,925	Balance at 1 April	463,725
41,061	Additions	42,872
(16,463)	Disposals	(37,435)
3,621	Net gain/(loss) on fair value	(14,912)
(36,419)	Other changes in fair value	114,025
463,725	Balance at 31 March	568,275

### Note 13a Analysis of Investments (Continued)

As at 31 March 2022 there were no restrictions on the realisability of investment property or of the remittance of income or proceeds of disposal and the fund is not under any contractual obligations to purchase, construct or develop any of these properties.

2020/21		2021/22
£000		£000
<b>78,110</b>	<b>Loans</b>	<b>35,751</b>
<b>125,018</b>	<b>Short term cash deposits</b>	<b>169,149</b>
	<b>Other investment balances</b>	
7,481	Outstanding Trades	3,524
20,630	Outstanding Dividends Entitlements and Recoverable Withholding Tax	26,159
116,437	Cash Deposits	77,258
<b>144,548</b>		<b>106,941</b>
<b>10,517,885</b>	<b>Total Investments Assets</b>	<b>11,172,603</b>

### Note 13b Analysis of Derivatives

#### Forward Currency Contracts

The Fund's forward currency contracts are exchange traded and are used by a number of our external Investment Managers to hedge exposures to foreign currency back into sterling.

Settlement Date	Currency bought '000	Currency sold '000	Asset £'000	Liability £'000
Up to one month	<b>AUD 1,010</b>	<b>GBP 577</b>	-	-
Up to one month	<b>GBP 440</b>	<b>AUD 767</b>	2	-
Up to one month	<b>EUR 100,000</b>	<b>GBP 83,640</b>	893	-
Up to one month	<b>GBP 83,554</b>	<b>EUR 100,000</b>	-	(980)
Up to six months	<b>GBP 18,834</b>	<b>EUR 22,575</b>	-	(271)
			<b>895</b>	<b>(1,251)</b>
<b>Net Forward Currency Contracts at 31 March 2022</b>				<b>(356)</b>
<b>Prior Year Comparative</b>				
Open Forward Currency Contracts at 31 March 2021			-	-
<b>Net Forward Currency Contracts at 31 March 2021</b>				<b>-</b>

## Purchased/Written Options

Options are contracts between two parties that gives the purchaser the right, but not the obligation to either buy (call) or sell (put) at a price at a specific date. The purchaser pays immediately, a non-returnable premium (price) to secure the option. To minimise the risk of loss of value through adverse equity price movements, during 2021/22 the Fund bought a number of equity option contracts that protect it from falls in value in its main investment markets.

<b>Underlying Option Contract</b>	<b>Expires</b>	<b>Put/Call</b>	<b>Notional Holding £'000</b>	<b>Market Value 31 March 2022 £'000</b>
<b>Assets</b>				
Overseas equity purchased	Over three months	Put	361	<b>106,568</b>
Overseas equity purchased	Over three months	Call	706	<b>275,058</b>
<b>Total Assets</b>				<b>381,626</b>
<b>Liabilities</b>				
Overseas equity written	Over three months	Put	(440)	<b>(56,121)</b>
Overseas equity written	Over three months	Call	(361)	<b>(333,899)</b>
<b>Total Liabilities</b>				<b>(390,020)</b>
<b>Net Purchased/Written Options</b>				<b>(8,394)</b>
<b>Underlying Option Contract</b>	<b>Expires</b>	<b>Put/Call</b>	<b>Notional Holding £'000</b>	<b>Market Value 31 March 2021 £'000</b>
<b>Assets</b>				
Overseas equity purchased	One to three months	Put	-	-
Overseas equity purchased	Over three months	Put	400	<b>94,340</b>
Overseas equity purchased	Over three months	Call	650	<b>308,627</b>
<b>Total Assets</b>				<b>402,967</b>
<b>Liabilities</b>				
Overseas equity written	One to three months	Put	-	-
Overseas equity written	Over three months	Put	(490)	<b>(49,542)</b>
Overseas equity written	One to three months	Call	-	-
Overseas equity written	Over three months	Call	(400)	<b>(385,896)</b>
<b>Total Liabilities</b>				<b>(435,438)</b>
<b>Net Purchased/Written Options</b>				<b>(32,471)</b>

## Swaps

A swap is an over-the-counter contractual obligation to exchange cash flows, the amount of which is determined by reference to an underlying asset, index, instrument or notional amount, according to terms which are agreed at the outset of the swap. MPF uses swaps to raise or lower the Fund's exposure in certain regions, to manage risks.

There were no swaps as at 31 March 2022.

<b>Type</b>	<b>Expires</b>	<b>Notional Holding £'000</b>	<b>Market Value 31/3/21 £'000</b>
<b>Assets</b>			
Total Return Swaps	Up to one year	9,581	848
<b>Total Assets</b>			<b>848</b>
<b>Liabilities</b>			
Total Return Swaps	Up to one year	(9,506)	(7,049)
<b>Total Liabilities</b>			<b>(7,049)</b>
<b>Net Swaps</b>			<b>(6,201)</b>

As at 31 March 2022, the Fund held cash and non-cash collateral of £2.3 million to mitigate the risk of loss and credit risk. As the Fund has an obligation to return the collateral, it is excluded from the Fund valuation.

## Note 13c Summary of Manager's Portfolio Values at 31 March 2022

2020/21			2021/22	
£million	%		£million	%
<b>Externally Managed</b>				
301	3.0	JP Morgan (European equities)	318	2.9
422	4.2	Nomura (Japan)	409	3.8
408	4.1	Schroders (fixed income)	380	3.5
447	4.4	Legal & General (fixed income)	473	4.4
237	2.4	Unigestion (European equities)	248	2.3
216	2.1	M&G (global emerging markets)	220	2.0
298	3.0	TT International (UK equities)	315	2.9
306	3.0	Blackrock (UK equities)	320	3.0
306	3.0	Newton (UK equities)	311	2.9
255	2.5	Amundi (global emerging markets)	226	2.1
183	1.8	Maple-Brown Abbot (Pacific Rim equities)	201	1.9
1,146	11.4	State Street Global Advisor (Passive Manager)	1,271	11.8
703	7.0	State Street Global Advisor (Bonds Manager)	727	6.7
<b>5,228</b>	<b>51.9</b>	<b>Total Externally Managed</b>	<b>5,419</b>	<b>50.2</b>
<b>Internally Managed</b>				
615	6.1	UK equities	628	5.8
316	3.1	European equities	333	3.1
181	1.8	Asia pacific ex Japan	180	1.7
464	4.6	Property (direct)	568	5.3
413	4.1	Property (indirect)	439	4.1
831	8.4	Private equity	956	8.9
439	4.4	Hedge funds	427	4.0
647	6.4	Infrastructure	791	7.3
550	5.5	Opportunities	577	5.4
239	2.4	Global Equities Internal Factor	273	2.5
130	1.3	Short term deposits & other investments	181	1.7
<b>4,825</b>	<b>48.1</b>	<b>Total Internally Managed</b>	<b>5,353</b>	<b>49.8</b>
<b>10,053</b>	<b>100.0</b>	<b>Total</b>	<b>10,772</b>	<b>100.0</b>

The following holdings each represent more than 5% of the net assets of the Fund:

2020/21			2021/22	
£000	%		£000	%
547	5.4	State Street Pooled UK Index Linked Gilts	628	5.8
<b>547</b>		<b>Total</b>	<b>628</b>	

### Note 13d Stock Lending

As at 31 March 2022, £172.8 million of stock was on loan to market makers, which was covered by cash and non-cash collateral, totalling £185.7 million. Collateral is marked to market and adjusted daily. Income from Stock Lending amounted to £1.2 million and is included within "Other" Investment Income. As the Fund retains its economic interest in stock on loan, their value remains within the Fund valuation. As the Fund has an obligation to return collateral to the borrowers, collateral is excluded from the Fund valuation. The Fund used its Custodian as agent lender, lending only to an agreed list of approved borrowers. An indemnity is in place which gives the Fund further protection against losses.

### Note 14 Investment Liabilities

<b>2020/21</b>	<b>Investment Liabilities</b>	<b>2021/22</b>
<b>£000</b>		<b>£000</b>
442,487	Derivative Contracts	391,272
22,868	Amounts due to Stockbrokers	9,521
<b>465,355</b>	<b>Total</b>	<b>400,793</b>

### Note 15 Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Note 15 Fair Value – Basis of Valuation (continued)

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
<b>Level 1</b>			
<b>Quoted Equities and Pooled Investment Vehicles</b>	Published bid market price ruling on the final day of the accounting period	Not required	Not required
<b>Quoted Fixed Income Bonds and Unit Trusts</b>	Published bid market price ruling on the final day of the accounting period	Not required	Not required
<b>Derivatives - Futures and Options</b>	Published exchange prices at the year-end	Not required	Not required
<b>Loans</b>	Carrying Value is deemed to be fair value because expected future interest rates are not significantly different from contractual interest rates for the loan.	Not required	Not required
<b>Cash and Cash Equivalents</b>	Carrying Value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
<b>Other Investment Balances</b>	Carrying Value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required

## Note 15 Fair Value – Basis of Valuation (continued)

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
<b>Level 1</b>			
<b>Investment Debtors and Creditors</b>	Carrying Value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
<b>Level 2</b>			
<b>Unquoted Equities Investments</b>	Average of broker prices	Evaluated price feeds	Not required
<b>Unquoted Fixed Income Bonds and Unit Trusts</b>	Average of broker prices	Evaluated price feeds	Not required
<b>Unquoted Pooled Fund Investments</b>	Average of broker prices	Evaluated price feeds	Not required
<b>Derivatives - Forward Currency Contracts</b>	Market forward exchange rates at the year end	Exchange rate risk	Not required
<b>Derivatives - OTC Options and OTC Swaps</b>	Option pricing models and Swaps pricing models	Not required	Not required
<b>Pooled Property Funds and Hedge Funds where regular trading takes place</b>	NAV - based pricing set on a forward pricing basis. Closing bid price where bid and offer prices are published - closing single price where single price is published	NAV - based pricing set on a forward pricing basis	Not required

## Note 15 Fair Value – Basis of Valuation (continued)

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
<b>Level 3</b>			
<b>Pooled Property Funds where regular trading does not take place</b>	NAV - based pricing set on a forward pricing basis. Valued by investment managers on a fair value basis each year using clear accounting guidance and industry best practice guidance.	NAV - based pricing set on a forward pricing basis.	Material events occurring between the date of the financial statements provided and MPF's own reporting date, changes to expected cashflows, differences between audited and unaudited accounts.
<b>Hedge Funds where regular trading does not take place</b>	NAV - based pricing set on a forward pricing basis. Valued by investment managers on a fair value basis each year using clear accounting guidance and industry best practice guidance.	NAV - based pricing set on a forward pricing basis.	Valuations are affected by any changes to the value of the financial instrument being hedged against.
<b>Direct Property</b>	Valued at fair value at the year-end using independent external Valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards (the "RICS Red Book").	Existing lease terms and rentals, independent market research, nature of tenancies, covenant strength of existing tenants, 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 to market prices.
<b>Other Unquoted, including Infrastructure and Private Equities</b>	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines or equivalent	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Material events occurring between the date of the financial statements provided and MPF's own reporting date, changes to expected cashflows, differences between audited and unaudited accounts.

## Note 15 Fair Value – Basis of Valuation (continued)

### Sensitivity of assets valued at level 3

The table below sets out the assets classified as level 3 assets. The Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges (as provided by the Fund's investment consultants), and has set out below the consequent potential impact on the closing value of investments held at 31 March 2022 and 31 March 2021. There are various factors that affect the complexity of valuation and the realisable value of assets and certain asset specific issues may lead to realisable valuations falling outside the stated range.

<b>Level 3 Assets</b>	<b>Value at 31 March 2022 £000</b>	<b>Potential variance %</b>	<b>Value on increase £000</b>	<b>Value on decrease £000</b>
Property	746,341	10.0	820,975	671,707
Unquoted UK equity	93,680	15.0	107,732	79,628
Unquoted overseas equity	12,292	15.0	14,136	10,448
Hedge funds	207,896	10.0	228,686	187,106
Infrastructure	775,522	15.0	891,850	659,194
Private equity	1,615,762	15.0	1,858,126	1,373,398
<b>Total</b>	<b>3,451,493</b>			

<b>Level 3 Assets</b>	<b>Value at 31 March 2021 £000</b>	<b>Potential variance %</b>	<b>Value on increase £000</b>	<b>Value on decrease £000</b>
Property	622,437	10.0	684,681	560,193
Unquoted UK equity	112,763	15.0	129,677	95,849
Unquoted overseas equity	8,616	15.0	9,908	7,324
Hedge funds	220,172	10.0	242,189	198,155
Infrastructure	624,109	15.0	717,725	530,493
Private equity	1,410,704	15.0	1,622,310	1,199,098
<b>Total</b>	<b>2,998,801</b>			

### Note 15a Fair Value Hierarchy

Assets valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values.

For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in "Practical Guidance on Investment Disclosures (PRAG/Investment Association 2016)".

#### Level 1

Assets at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the market quotation of the relevant stock exchange.

#### Level 2

Assets at level 2 are those where quoted market prices are not available, for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

#### Level 3

## MERSEYSIDE PENSION FUND ACCOUNTS

Assets at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such investments would include unquoted equity investments and Hedge Fund of Funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in Private Equity are based on valuations provided by the general partners to the Private Equity funds in which Merseyside Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

The values of the investment in Hedge Funds are based on the net asset value provided by the Fund Manager. Assurances over the valuation are gained from the independent audit of the value.

The following table provides an analysis of the financial assets of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable:

<b>Values at 31 March 2022</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Total £000</b>
<b>Investment assets</b>				
Equities	3,298,587	214	62,026	3,360,827
Bonds	731,266	400		731,666
Pooled Investment Vehicles	1,048,861	1,947,420	2,821,192	5,817,473
Derivative Contracts		382,521		382,521
Direct Property			568,275	568,275
Loans	35,751			35,751
Short Term Cash Deposits	169,149			169,149
Other Investment Balances	106,941			106,941
<b>Total Investment Assets</b>	<b>5,390,555</b>	<b>2,330,555</b>	<b>3,451,493</b>	<b>11,172,603</b>
<b>Investment liabilities</b>				
Amounts due to stockbrokers	(9,521)			(9,521)
Derivative Contracts		(391,272)		(391,272)
<b>Total Investment Liabilities</b>	<b>(9,521)</b>	<b>(391,272)</b>	<b>-</b>	<b>(400,793)</b>
<b>Net Investment Assets</b>	<b>5,381,034</b>	<b>1,939,283</b>	<b>3,451,493</b>	<b>10,771,810</b>
<b>Values at 31 March 2021</b>				
	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Total £000</b>
<b>Investment assets</b>				
Equities	3,151,560	444	61,638	3,213,642
Bonds	695,600	400		696,000
Pooled Investment Vehicles	1,135,675	1,783,914	2,473,438	5,393,027
Derivative Contracts		403,815		403,815
Direct Property			463,725	463,725
Loans	78,110			78,110
Short Term Cash Deposits	125,018			125,018
Other Investment Balances	144,548			144,548
<b>Total Investment Assets</b>	<b>5,330,511</b>	<b>2,188,573</b>	<b>2,998,801</b>	<b>10,517,885</b>
<b>Investment liabilities</b>				
Amounts due to stockbrokers	(22,868)			(22,868)
Derivative Contracts		(442,487)		(442,487)
<b>Total Investment Liabilities</b>	<b>(22,868)</b>	<b>(442,487)</b>	<b>-</b>	<b>(465,355)</b>
<b>Net Investment Assets</b>	<b>5,307,643</b>	<b>1,746,086</b>	<b>2,998,801</b>	<b>10,052,530</b>

A reconciliation of fair value measurements in Level 3 is set out below:

## MERSEYSIDE PENSION FUND ACCOUNTS

<b>2020/21</b>		<b>2021/22</b>
<b>£000</b>		<b>£000</b>
<b>2,533,544</b>	<b>Opening balance</b>	<b>2,998,801</b>
709,823	Acquisitions	467,662
(389,073)	Disposal proceeds	(353,783)
15,191	Transfer into/(out) Level 3*	(3,075)
	Total gain/(losses) included in the fund account:	
75,540	On assets sold	108,690
53,776	On assets held at year end	233,198
<b>2,998,801</b>	<b>Closing balance</b>	<b>3,451,493</b>

\* An asset transferred from level 3 to level 1 in 2021/22, due to the asset being a listed equity.

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### Note 16 Financial Instruments

#### Note 16a Classification of Financial Instruments

<b>Financial Assets &amp; Liabilities at 31 March 2022</b>	<b>Assets at amortised cost</b>	<b>Liabilities at amortised cost</b>	<b>Fair value through profit and loss</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Financial Assets</b>				
Equities			3,360,827	3,360,827
Bonds			731,666	731,666
Pooled Investment Vehicles			5,817,473	5,817,473
Derivatives			382,521	382,521
Loans	35,751			35,751
Cash Deposits	169,149			169,149
Other Investment Balances	106,941			106,941
Long Term and Current Assets	251,532			251,532
<b>Total Financial Assets</b>	<b>563,373</b>	<b>-</b>	<b>10,292,487</b>	<b>10,855,860</b>
<b>Financial Liabilities</b>				
Derivatives			(391,272)	(391,272)
Other Investment Balances		(9,521)		(9,521)
Current Liabilities		(22,444)		(22,444)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(31,965)</b>	<b>(391,272)</b>	<b>(423,237)</b>
<b>Total Net Assets</b>	<b>563,373</b>	<b>(31,965)</b>	<b>9,901,215</b>	<b>10,432,623</b>

<b>Financial Assets &amp; Liabilities at 31 March 2021</b>	<b>Assets at amortised cost</b>	<b>Liabilities at amortised cost</b>	<b>Fair value through profit and loss</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Financial Assets</b>				
Equities			3,213,642	3,213,642
Bonds			696,000	696,000
Pooled Investment Vehicles			5,393,027	5,393,027
Derivatives			403,815	403,815
Loans	78,110			78,110
Cash Deposits	125,018			125,018
Other Investment Balances	144,548			144,548
Long Term and Current Assets	43,770			43,770
<b>Total Financial Assets</b>	<b>391,446</b>	<b>-</b>	<b>9,706,484</b>	<b>10,097,930</b>
<b>Financial Liabilities</b>				
Derivatives			(442,487)	(442,487)
Other Investment Balances		(22,868)		(22,868)
Current Liabilities		(16,552)		(16,552)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(39,420)</b>	<b>(442,487)</b>	<b>(481,907)</b>
<b>Total Net Assets</b>	<b>391,446</b>	<b>(39,420)</b>	<b>9,263,997</b>	<b>9,616,023</b>

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The table above analyses the carrying amounts of financial assets and liabilities by category and net asset statement heading.

To allow reconciliation to the Net Asset Statement and for ease to the reader, all long-term and current assets and current liabilities have been included in this note,

## MERSEYSIDE PENSION FUND ACCOUNTS

although not all are classified as financial instruments, the amounts that are not financial instruments are considered immaterial.

### Note 16b Net Gains & Losses on Financial Instruments

2020/21 £000	Net Gains and Losses on Financial Instruments	2021/22 £000
	<b>Financial Assets</b>	
1,542,733	Fair Value through Profit and Loss	516,264
	Amortised Cost - realised gains on derecognition of	678
<b>1,542,733</b>	<b>Total Financial Assets</b>	<b>516,942</b>
	<b>Financial Liabilities</b>	
(192,166)	Fair Value through Profit and Loss	(12,726)
(9,031)	Amortised Cost - realised losses on derecognition of	
<b>(201,197)</b>	<b>Total Financial Liabilities</b>	<b>(12,726)</b>
<b>1,341,536</b>	<b>Net gains and losses on Financial Instruments</b>	<b>504,216</b>

### Note 16c Fair Value of Financial Instruments

There is no material difference between the carrying value and fair value of financial instruments. The majority of financial instruments are held at fair value and for those which aren't, their amortised cost is considered to be equivalent to an approximation of fair value.

### Note 17 Nature and Extent of Risks Arising from Financial Instruments

#### Risk and Risk Management

The Fund's objective is to achieve a funding level position of 100% whilst minimising the level and volatility of employer contributions. Investment strategy is decided with clear reference to this objective.

Over the long term, the Fund's objective is to set policies that will seek to ensure that investment returns achieved will at least match the assumptions underlying the actuarial valuation and therefore be appropriate to the liabilities of the Fund.

Having regard to its liability profile, the Fund has determined that adopting a bespoke benchmark should best enable it to implement an effective investment strategy. This strategic benchmark is reviewed every three years, at a minimum, at the time of the actuarial valuation, but will be reviewed as required particularly if there have been significant changes in the underlying liability profile or the investment environment.

### Note 17 Nature and Extent of Risks Arising from Financial Instruments (continued)

The Fund has carefully considered the expected returns from the various permitted asset classes and has concluded that in the longer-term the return on equities will be greater than from other conventional assets. Consequently, the benchmark is biased towards equities and skewed towards active management, particularly in less developed markets.

The Fund is also cognisant of the risk that the shorter-term returns may vary significantly from one period to another and between the benchmark and actual returns. Diversification of assets is seen as key to managing this risk and the risk/return characteristics of each asset and their relative correlations are reflected in the make-up of the strategic benchmark.

The Fund believes that, over the long-term, a willingness to take on volatility and illiquidity is likely to be rewarded with outperformance. The Fund considers that its strong employer covenant, maturity profile and cash flows enable it to adopt a long-term investment perspective. A mix of short-term assets, such as bonds and cash

## MERSEYSIDE PENSION FUND ACCOUNTS

is maintained to cover short term liabilities, while equities (both passive and active), private equity and direct property are held to benefit from the potential rewards arising from volatility and illiquidity risks. The Fund recognises that risk is inherent in investment activity and seeks to manage the level of risk that it takes in an appropriate manner. The Fund manages investment risks through the following measures:

- Broad diversification of types of investment and Investment Managers
- Explicit mandates governing the activity of Investment Managers
- The use of a specific benchmark, related to liabilities of the Fund for investment asset allocation
- The use of equity downside protection strategies
- The appointment of Independent Investment Advisors to the Investment Monitoring Working Party
- Comprehensive monitoring procedures for Investment Managers including internal officers and scrutiny by elected Members.

### Note 17a Market Risk

The Fund is aware that its key risk is market risk i.e. the unpredictability of market performance in the future. The general practice to quantify these risks is to measure the volatility of historical performance. The tables below show the Fund's exposure to asset classes and their reasonable predicted variance (as provided by the Fund's investment consultants) and the resulting potential changes in net assets available to pay pensions.

The Investment Consultant's volatility estimates are calculated using the Aon's Capital Market Assumptions (asset class return, volatility, and correlation assumptions). The assumptions represent the long-term capital market outlook (i.e. 10 years) based on data at 31 March 2022. The long-term assumptions are based on historical results, current market characteristics, professional judgement, and forward-looking expectations, with any long-term assumption, there is still a degree of uncertainty.

## MERSEYSIDE PENSION FUND ACCOUNTS

	<b>Value at 31 March 2022</b>	<b>Potential Variance</b>	<b>Value on increase</b>	<b>Value on decrease</b>
<b>2021/22</b>	<b>£million</b>	<b>%</b>	<b>£million</b>	<b>£million</b>
UK Equities (all equities including pooled vehicles)	1,660	19.0	1,976	1,345
US Equities	605	19.6	724	486
Canadian Equities	11	24.1	13	8
European Equities	986	22.6	1,209	764
Japanese Equities	420	20.4	505	334
Emerging Markets Equities inc Pac Rim	898	25.1	1,124	673
Global Equities (all equities including pooled vehicles)	810	19.0	964	656
UK Fixed Income Pooled Vehicles	926	8.6	1,005	846
UK Index Linked Gilts	731	7.1	783	679
Pooled Property	393	12.5	443	344
Private Equity	953	28.3	1,223	684
Hedge Funds	313	9.3	342	284
Infrastructure	764	18.7	906	621
Other Alternative Assets	440	8.1	476	405
Loans, Short Term Deposits & Other	523	-	523	523
<b>Investment Balances</b>				
<b>Total</b>	<b>10,433</b>			
	<b>Value at 31 March 2021</b>	<b>Potential Variance</b>	<b>Value on increase</b>	<b>Value on decrease</b>
<b>2020/21</b>	<b>£million</b>	<b>%</b>	<b>£million</b>	<b>£million</b>
UK Equities (all equities including pooled vehicles)	1,648	19.0	1,961	1,335
US Equities	499	20.6	602	396
Canadian Equities	11	24.0	14	8
European Equities	934	22.4	1,143	725
Japanese Equities	432	20.4	520	344
Emerging Markets Equities inc Pac Rim	912	27.9	1,167	658
Global Equities (all equities including pooled vehicles)	765	19.6	915	615
UK Fixed Income Pooled Vehicles	934	8.6	1,014	853
UK Index Linked Gilts	696	7.0	744	647
Pooled Property	324	12.5	365	284
Private Equity	831	28.3	1,067	596
Hedge Funds	293	9.3	320	266
Infrastructure	611	18.6	724	497
Other Alternative Assets	413	7.9	446	380
Loans, Short Term Deposits & Other	313	-	313	313
<b>Investment Balances</b>				
<b>Total</b>	<b>9,616</b>			

### Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is considered in relation to liabilities as well as assets and therefore through the

## MERSEYSIDE PENSION FUND ACCOUNTS

funding level. This is documented in reports to the IMWP and in the accounts through the actuary's report. MPF's foreign currency exposure is principally through equities and other long-term assets. This risk is considered as being part of overall market risk and complicated by the effects of correlations and possible offset through diversification and, consequently, has not been disaggregated or reported as a discrete figure.

### Currency Risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency on any cash balances and investment assets not denominated in UK sterling.

### Note 17b Credit Risk

Credit risk represents that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The Fund's arrangements for derivatives, securities lending and impaired items are dealt with in other notes to the accounts.

The short-term cash deposits and other investment balances are diversified with investment grade financial institutions. The Fund has a treasury management policy that is compliant with current best practice.

The Fund's cash holding, under its treasury management arrangements as at 31 March 2022, was £169.4 million (31 March 2021 £125.0 million). This was held on instant access accounts with the following institutions:

<b>2020/21</b>	<b>Rating (S &amp; P)</b>	<b>2021/22</b>
<b>£000</b>		<b>£000</b>
42,053	Lloyds Bank	40,996
72,965	Northern Trust	73,153
10,000	Invesco	15,000
-	Federated	20,000
-	Santander	20,000
<b>125,018</b>	<b>Total</b>	<b>169,149</b>

Cash held by Investment Managers, shown in other investment balances, is excluded from the above table, this cash is held for reinvestment in the asset class they are mandated to manage.

### Note 17c Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's key priority is to pay pensions in the long-term and in the short-term and the asset allocation is the key strategy in ensuring this. The earlier sections have dealt with the longer-term risks associated with market volatility.

The Fund always ensures it has adequate cash resources to meet its commitments. The Fund has a cash balance at 31 March of £169 million. The Fund has £7,117 million in assets which could be realised in under 7 days' notice, £1,016 million in

## MERSEYSIDE PENSION FUND ACCOUNTS

assets which could be realised in under 90 days' notice and £2,301 million in assets which could not be realised within a 90-day period.

The Fund has no borrowing or borrowing facilities.

The management of the Fund also prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The Fund has a net addition for 2021/22 in its dealing with members of £40 million and management expenses of £47 million, this net withdrawal overall, is offset by investment income of £330 million.

### Refinancing Risk

Refinancing risk represents the risk that the Fund will need to replenish a significant proportion of its financial instruments at a time of unfavorable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

### Note 17d Outlook for Real Investment Returns

The expectation of future real investment returns can affect the Fund's liabilities as they may impact on the discount rate used by the actuary to discount the liabilities; the Fund's actuary has calculated that the Fund has sensitivity to this discount rate of 17% per 1% change in real investment returns. The Fund considers both the liabilities and assets together and assesses the funding ratio and the implications for investment strategy on a quarterly basis at the IMWP.

### Note 18 Funding Arrangements

In line with The Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019. The next valuation will take place as at 31 March 2022.

The most recent Triennial Valuation by the actuary was as at 31 March 2019, when the funding level was 101% of projected actuarial liabilities (2016 85%). The funding objective is to achieve and then maintain assets equal to the funding target. The funding target is the present value of 100% of projected accrued liabilities, including allowance for projected final pay. The FSS specifies that for the majority of the statutory employers, the recovery period is 16 years, taking account of all the employer specific factors, the implied average period across the Fund is 13 years.

The funding method adopted is the projected unit method, which implicitly allows for new entrants replacing leavers.

The key elements of the funding policy are to:

- Manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due
- Enable employer contribution rates to be kept at a reasonable and affordable cost to the taxpayers, scheduled, designating and admitted bodies, while achieving and maintaining Fund solvency and long-term cost efficiency, which should be assessed in light of the profile of the Fund now and in the future due to sector changes

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- Maximise the returns from investments within reasonable risk parameters taking into account the above aims.

<b>Summary of Key Whole Fund Assumptions used for calculating Funding Target</b>		<b>31 March 2019</b>
<b>Long Term Yields</b>		% p.a.
Market Implied RPI Inflation		3.40
<b>Solvency Funding Target Financial Assumptions</b>		
Investment Return (Higher Risk Bucket)		4.15
CPI Price Inflation		2.40
Short-Term Salary Increases		Varies by employer
Long-Term Salary Increases		3.90
Pension Increases/Indexation of CARE Benefits		2.40
<b>Future Service Accrual Financial Assumptions</b>		
Investment Return/Discount Rate (Higher Risk Bucket)		4.65
CPI Price Inflation		2.40
Short-Term Salary Increases		Varies by employer
Long-Term Salary Increases		3.90
Pension Increases/Indexation of CARE Benefits		2.40

### Note 19 Long Term Assets

<b>2020/21</b>	<b>Long Term Assets</b>	<b>2021/22</b>
<b>£000</b>		<b>£000</b>
3,337	Assets due in more than one year	6,394
<b>3,337</b>	<b>Total</b>	<b>6,394</b>

Assets due in more than one year include future payments of pension strain and accrued loan interest.

### Note 20 Current Assets & Liabilities

"Sundry debtors" mainly covers general debtors, property arrears due, agents' balances and recoverable taxation.

"Provision for Credit Losses" relates to general debtors and property rental income and is based on an assessment of all individual debts as at 31 March 2022.

The main components of "Sundry Creditors" are the outstanding charges for Investment Management fees, payable quarterly in arrears, Custodian and Actuarial fees, plus income tax due, pre-paid rent and Administering Authority reimbursement.

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2020/21 £000	Current Assets & Liabilities	2021/22 £000
	<b>Assets</b>	
14,335	Contributions due	16,772
-	Amounts due from external managers	710
5,385	Accrued and outstanding investment income	1,776
-	Transfer Values Receivable	205,761
22,035	Sundry Debtors	22,039
(1,769)	Provision for credit losses	(1,920)
447	Cash at bank	-
<b>40,433</b>	<b>Current Assets</b>	<b>245,138</b>
	<b>Liabilities</b>	
4,920	Retirement grants due	6,011
447	Provisions	-
11,185	Sundry Creditors	16,433
<b>16,552</b>	<b>Current Liabilities</b>	<b>22,444</b>
<b>23,881</b>	<b>Net Current Assets</b>	<b>222,694</b>

### Note 21 Contractual Commitments

Commitments for investments amounted to £923 million as at 31 March 2022. (2020/21 £1,016 million). These commitments relate to Private Equity £508.56 million, Infrastructure £96.60 million, Opportunistic Credit £115.87 million, Indirect Property £190.42 million and Other Alternatives £11.77 million. As some of these funds are denominated in foreign currencies, the commitment in sterling is subject to change due to currency fluctuations.

### Note 22 Contingent Assets

When determining the appropriate Fund policy for employers, the different participating characteristics as either a contractor or community body or whether a guarantor of sufficient financial standing agrees to support the pension obligations is taken into consideration when setting the fiduciary strategy.

It is the policy to actively seek mechanisms to strengthen employer covenants by engaging "contingent assets" in the form of bonds/indemnity insurance, local authority guarantors, parent company guarantors or charge on assets to mitigate the risk of employers exiting the Fund leaving unrecoverable debt.

These financial undertakings are drawn in favour of Wirral Council, as the Administrating Authority of Merseyside Pension Fund and payment will only be triggered in the event of employer default.

### Note 23 Related Party Transactions

There are three groups of related parties: transactions between Wirral Council (as Administering Authority) and the Fund, between employers within the Fund and the Fund, and between Members and Senior Officers and the Fund.

Management expenses include charges by Wirral Council in providing services in its role as Administering Authority to the Fund, which amount to £4.0 million, (2020/21 £3.9 million). Such charges principally relate to staffing required to maintain the pension service. Central, Finance and IT costs are apportioned to the Fund on the basis of time spent on Fund work by Wirral Council. There was a debtor of £7.5 million (2020/21 £6.6 million) and a creditor of £0.9 million as at 31 March 2022 (2020/21 £1.1 million).

Employers are related parties in so far as they pay contributions to the Fund in accordance with the appropriate Local Government Pension Scheme Regulations (LGPS). Contributions for the year are shown in note 7 and in respect of March 2022 payroll are included within the debtors figure in note 20.

## MERSEYSIDE PENSION FUND ACCOUNTS

A specific declaration has been received from Pension Committee Members, Pension Board Members and principal officers regarding membership of, and transactions with, such persons or their related parties. A number of Members act as Councilors or Board members of particular Scheme employers, listed below, who maintain a conventional employer relationship with the Fund:

Liverpool City Council, Knowsley Council, Sefton Council and St Helens Borough Council, Wirral Council, Merseyside Fire and Rescue Authority and Liverpool Hope University. The value of the transactions with each of these related parties, namely the routine monthly payments to the Fund of employers' and employees' contributions, is determined by the LGPS Regulations, and as such, no related party transactions have been declared.

Each member of the Pension Committee and Pension Board Members formally considers conflicts of interest at each meeting.

### Note 23a Key Management Personnel

The Fund's senior management during 2021/22 was comprised of seven individuals: the Director of Pensions, the Head of Pensions Administration, Senior Portfolio Managers (x3), Head of Finance & Risk and Senior Manager Operations & Information Governance, the remuneration paid to the senior management during 2021/22 was £495,615 (2020/21 £473,338). In addition, employer contributions of £83,899 (2020/21 £80,601) was also met from the Fund and charged to the Fund Account.

### Note 23b Officer Board Roles

A number of officers at MPF act in an un-remunerated board capacity on investment bodies in which the Fund has an interest:

Officer Name	Position at MPF	Company	MPF Value as at 31/3/22
Peter Wallach	Director of Pensions	GLIL	£302.8m
There were no new commitments to GLIL during 2021/22, the contingent liability as at 31 March 2022 is £32.4m.			
		Northern Pool GP (NO.1) Ltd	£186.5m
MPF committed an additional £60m to NPEP during 2021/22, the contingent liability as at 31 March 2022 is £361.4m.			
Adil Manzoor	Senior Portfolio Manager	Virtus	£20.9m
MPF committed an additional \$5m to Virtus during 2021/22, there is no contingent liability as at 31 March 2022.			
Owen Thorne	Portfolio Manager	Technology Enhanced Operations Ltd (TEO)	£20.9m
There were no new commitments to TEO during 2021/22, there is no contingent liability as at 31 March 2022.			
Alan Robertson	Portfolio Manager	GLIL	£302.8m
There were no new commitments to GLIL during 2021/22, the contingent liability as at 31 March 2022 is £32.4m.			

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### Note 24 Additional Voluntary Contribution Investments

<b>2020/21</b>	<b>Additional Voluntary Contribution (AVC) Investments</b>	<b>2021/22</b>
<b>£000</b>		<b>£000</b>
Restated*	The aggregate amount of AVC investments is as follows :	
2,007	Utmost Life	1,819
5,374	Standard Life	5,165
11,114	Prudential	11,546
<b>18,495</b>		<b>18,530</b>
	Changes during the year were as follows:	
2,752	Contributions	2,699
2,055	Repayments	3,078
1,422	Change in market values	422

The Equitable Life Scheme transferred to Utmost Life on 1 January 2020.

\*For 2020/21 reporting, the information was not available for Prudential at the time the Statement of Accounts were approved, this information is now available and has now been included.

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### Scheme Employers with Active Members as at 31 March 2022

#### Scheduled Bodies

Academy of St Francis of Assisi	Halewood Town Council
Alsop High School	Halsnead Primary School (Academy)
Bellerive FCJ Catholic College	Harmonize (Academy)
Billinge Chapel End Parish Council	Hawthornes Free School
Birkdale High School (Academy)	Heygreen Community Primary (Academy)
Birkenhead High School Academy	Hilbre High School (Academy)
Birkenhead Sixth Form College (Academy)	Hillside High School (Academy)
Bishop Martin CE Primary	Holy Trinity CE Primary (Academy)
Blacklow Brow School (Academy)	Hope Academy
Blue Coat School (Academy)	Hugh Baird College
Brakenwood Junior School	Huyton with Roby CE Primary (Academy)
Carmel College	Kew Woods
Calday Grange Grammar School (Academy)	Kings Leadership Academy (Liverpool)
Chesterfield High School (Academy)	Kirkby High School
Chief Constable	Knowsley Lane Primary School (Academy)
Childwall Sports and Science Academy	Knowsley M.B.C.
Christ Church Moreton Primary (Academy)	Knowsley Town Council
Church Drive Primary	LDST – Liverpool Diocesan Schools Trust (Academy)
Church Town Primary (Academy)	Litherland High School (Academy)
Co-op Academy Bebington	Litherland Moss Primary (Academy)
Co-op Academy Portland	Liverpool City Council
Co-op Academy Woodslee	Liverpool City Region Combined Authority (LCRCA)
Cronton C of E Primary (Academy)	Liverpool College (Academy)
Cronton Parish Council	Liverpool John Moores University
Croxteth Community Primary School (Academy)	Liverpool Life Science UTC (Academy)
De la Salle Academy	Liverpool Street Scene Services Ltd
Deyes High School (Academy)	Lord Derby Academy
Dixons Broadgreen Academy	Maghull High School (Academy)
Dixons Fazakerley Academy	Maghull Town Council
Eccleston Parish Council	Merseyside Fire & Rescue Authority
Edsential SLE	Merseyside Passenger Transport Executive (MPTE)
Egremont Primary School (Academy)	Merseyside Recycling and Waste Authority
Everton Free School (Academy)	New Park Primary (Academy)
Finch Woods Academy	North Liverpool Academy
Formby High School (Academy)	Nutgrove Methodist Aided Primary
Garston C of E Primary School (Academy)	Office of the Police and Crime Commissioner for Merseyside (OPCCM)
Great Meols Primary School (Academy)	Oldershaw Academy
Greenbank High School (Academy)	
Halewood Academy Centre for Learning	
Halewood C of E Primary (Academy)	

## MERSEYSIDE PENSION FUND ACCOUNTS

Our Lady of Pity RC Primary School (Academy)  
Parish CE Primary (Academy)  
Park View Academy  
Poulton Lancelyn Primary School (Academy)  
Prenton High School for Girls (Academy)  
Prescot Town Council  
Rainford CE Primary School  
Rainford High School (Academy)  
Rainford Parish Council  
Rainhill Parish Council  
Rainhill High School (Academy)  
Rainhill St Anns CE Primary School (Academy)  
Range High School (Academy)  
Roscoe Primary (Academy)  
School Improvement Liverpool Ltd  
Sefton M.B.C.  
Shared Education Services Ltd  
Shoreside Primary School  
Southport College  
St Andrew's CE Primary (Academy)  
St. Anselms College (Academy)  
St. Edwards College (Academy)  
St. Edmund Arrowsmith Catholic Academy  
St. Francis Xavier's College (Academy)  
St Gabriel's CE Primary  
St. Helens College  
St. Helens M.B.C.  
St James' Primary School (Academy)  
St John Plessington Catholic College  
St. Joseph's Catholic MAT  
St Joseph's Primary (Academy)  
St Margaret Church of England Academy  
St Mary & St Thomas CE Primary School (Academy)  
St Marys Catholic College  
St Michael's C of E High School (Academy)  
St Silas C of E Primary School (Academy)  
St Thomas C of E Primary (Academy)  
Stanley High School (Academy)  
Stanton Road Primary School  
Sylvester Primary Academy

The ACC Liverpool Group Ltd  
The Academy of St Nicholas  
The Beacon C E Primary School (Academy)  
The Belvedere Academy  
The Birkenhead Park School  
The City of Liverpool College  
The Prescot School (Academy)  
The Studio (Academy)  
The Sutton Academy  
Town Lane Infant School (Academy)  
Townfield Primary School (Academy)  
University of Liverpool Maths School  
Upton Hall School (Academy)  
Weatherhead High School (Academy)  
West Derby School (Academy)  
West Kirby Grammar School (Academy)  
Whiston Town Council  
Whiston Willis Primary (Academy)  
Willow Tree Primary  
Wirral Council  
Wirral Evolutions  
Wirral Grammar School for Boys (Academy)  
Wirral Grammar School for Girls (Academy)  
Wirral Metropolitan College  
Woodchurch High School (Academy)  
Yew Tree Primary Academy

[Admission Bodies](#)  
Absolutely Catering (Holy Family)  
Absolutely Catering (Longmoor)  
Addaction (Sefton)  
Age Concern – Liverpool  
Agilisys Limited  
Agilisys Ltd (Sefton)  
Arriva North West  
Association of Police Authorities  
Balfour Beatty PFI SEN School  
Balfour Beatty Workplace  
Birkenhead School (2002)  
Bouygues E & S FM UK Ltd  
Bulloughs  
Bulloughs @ Emmaus  
Bulloughs @ SLT  
Care Quality Commission  
Catholic Children's Society  
CDS Housing  
Change Grow Live

## MERSEYSIDE PENSION FUND ACCOUNTS

Churchill @ Sutton  
Citizens Advice Liverpool  
City Heath Care (St Helens)  
Commual (Torus Foundation)  
Compass (Scolarest) Liverpool  
Schools  
Compass (Scolarest) Wirral Schools  
CWP (NHS)  
Dolce Ltd  
Friends of Birkenhead Council Kennels  
Fun 4 Kidz  
Glenvale Transport Ltd/Stagecoach  
Greater Hornby Homes  
Greater Merseyside Connexions  
Hochtief Liverpool Schools  
Hochtief Wirral Schools  
Improvement & Development Agency  
Interserve (Facilities Management)  
Ltd  
Kingswood Colomendy Ltd.  
L&T FM (Chroda)  
Maxim @ Bank View  
Maxim @ Redbridge  
Liverpool Hope University  
Local Government Association  
Mellors Catering – Birkdale  
Mellors Catering - Rainhill  
Mellors Catering – St Anns  
Mellors Catering – St Johns  
Mellors Catering – St Mary & St  
Thomas  
Mellors @ Sutton Academy  
Mitie Care Custody Ltd  
Orian Solutions  
Partners Credit Union  
Port Sunlight Village Trust  
Sanctuary Home Care Ltd  
Sefton New Directions Ltd.  
South Liverpool Housing Ltd  
Southern Electric Co Ltd  
Tarmac Trading Ltd  
Taylor Shaw (Great Meols)  
Taylor Shaw (Hugh Baird)  
Taylor Shaw (Raeburn)  
Taylor Shaw (Range)  
Taylor Shaw (St Andrews)  
Torus 62 Ltd  
Veolia ES Merseyside & Halton  
Volair Ltd  
WCFT (NHS)  
Welsh Local Government Association  
WIRED  
Wirral Autistic Society (Autism  
Together)  
Wirral Partnership Homes (Magenta)  
Yunex Ltd

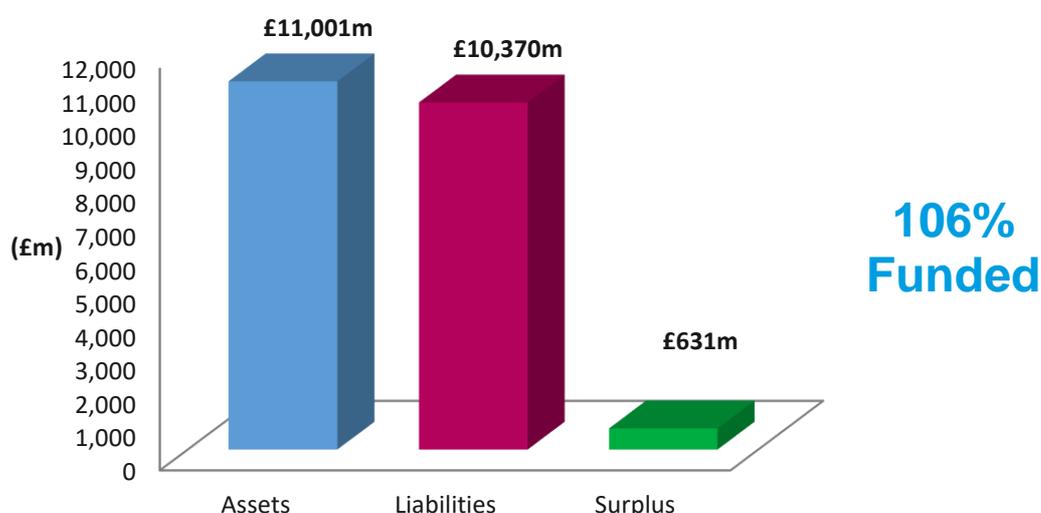
**MERSEYSIDE PENSION FUND**

**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 - STATEMENT BY THE CONSULTING ACTUARY**

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Merseyside Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund’s assets of £11,001 million represented 106% of the Fund’s past service liabilities of £10,370 million (the “Solvency Funding Target”) at the valuation date. The surplus at the valuation was therefore £631 million.



The valuation also showed that a Primary contribution rate of 18.7% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the 2022 actuarial valuation the average recovery period adopted was 11 years for employers in deficit and 14 years for the employers in surplus, and the total initial recovery payment (the “Secondary rate” for 2023/26) was a surplus offset of approximately £37m per annum in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer’s position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
<b>Rate of return on investments (discount rate):</b>		
<b>Higher Risk Investment Bucket</b>	4.60% per annum	5.10% per annum
<b>Medium Risk Investment Bucket</b>	4.35% per annum	4.85% per annum
<b>Lower Risk Investment Bucket</b>	2.70% per annum	2.70% per annum
<b>Rate of pay increases (long term)*:</b>		
<b>Higher Risk Investment Bucket</b>	4.60% per annum	4.60% per annum
<b>Medium Risk Investment Bucket</b>	4.60% per annum	4.60% per annum
<b>Lower Risk Investment Bucket</b>	5.10% per annum	5.10% per annum
<b>Rate of increases in pensions in payment (in excess of GMP):</b>		
<b>Higher Risk Investment Bucket</b>	3.10% per annum	3.10% per annum
<b>Medium Risk Investment Bucket</b>	3.10% per annum	3.10% per annum
<b>Lower Risk Investment Bucket</b>	3.60% per annum	3.60% per annum

\*allowance was also made for short-term public sector pay restraint over a 3 year period

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

## Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2022 (the 31 March 2021 assumptions are included for comparison):

	31 March 2021	31 March 2022
<b>Rate of return on investments (discount rate)</b>	2.1% per annum	2.8% per annum
<b>Rate of CPI Inflation / CARE benefit revaluation</b>	2.7% per annum	3.3% per annum
<b>Rate of pay increases</b>	4.2% per annum*	4.8% per annum**
<b>Increases on pensions (in excess of</b>	2.8% per annum	3.4% per annum

	31 March 2021	31 March 2022
<b>GMP) / Deferred revaluation</b>		

\*An adjustment has been made for the short-term pay restraint in line with the 2019 actuation valuation

\*\*An adjustment has been made for the short-term pay restraint in line with the 2022 actuarial valuation

The demographic assumptions are based on those used for funding purposes as follows:

- the start of period assumptions are based on the 2019 actuarial valuation assumptions
- the end of period assumptions are based on the updated assumption adopted for the 2022 actuarial valuation, with a long-term rate of life expectancy improvement of 1.5% pa

Full details of the demographic assumptions are set out in the formal reports to the respective valuations.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

<b>Start of period liabilities</b>	£13,675m
<b>Interest on liabilities</b>	£286m
<b>Net benefits accrued/paid over the period*</b>	£283m
<b>Actuarial gains (see below)</b>	£106m
<b>End of period liabilities</b>	£14,138m

*\*this includes any increase in liabilities arising as a result of early retirements*

Key factors leading to actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased significantly over the year, with a corresponding increase in discount rate to 2.8% p.a. from 2.1% p.a. In addition, there has been an increase in long-term assumed CPI to 3.3% p.a. from 2.7%. In combination, these factors lead to a slight reduction in liabilities
- **Change in demographic assumptions:** As noted above, the assumptions have been updated to reflect the 2022 actuarial valuation assumptions. This acts to reduce the liabilities
- **Pension increases / high short-term inflation:** The figures allow for the impact of the April 2022 pension increase of 3.1%, along with the high levels of CPI since September 2021 (which will feed into the 2023 pension increase). As current inflation is higher than the long term assumption, this increases the liabilities
- **2022 actuarial valuation:** The year-end liabilities allow for the final 2022 valuation results, and so will allow for the difference between the assumptions and actual member experience over 2019/22. This will include factors such as the impact of actual pay increases awarded, actual rates of ill-health retirement, etc.

**Paul Middleman**  
Fellow of the Institute and  
Faculty of Actuaries

**Mark Wilson**  
Fellow of the Institute and  
Faculty of Actuaries

**Mercer Limited**

**August 2023**

## **Appendix - additional considerations**

**The “McCloud judgment”:** The figures above allow for the impact of the judgment based on the proposed remedy.

**GMP indexation:** The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

**Covid 19 / Ukraine:** The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The impact of COVID deaths over the period 2019/22 will be included in the actuarial gains / losses item above. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.

**Current high inflation:** The period-end figures above allow for the impact of actual known CPI at the accounting date as noted above. The period-end assumptions then allow for expected (market implied) CPI from that point.