

## Annex B

### Property, plant, and equipment valuation estimate

Question	Management response
<p>1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?</p>	<p>Impact of Covid-19 on the property market deemed to be a risk potentially resulting in uncertain or reduced valuations.</p> <p>Risk mitigated by independent, objective, suitably qualified in house valuation team.</p>
<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?</p> <p>Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?</p>	<p>Valuations are made by a qualified valuer (RICS) Member in line with RICS guidance based on 5 year valuations with interim reviews.</p> <p>We are currently awaiting the results of the 2020/21 valuation exercise from the Council's internal valuation team. Not aware of any changes in method or models in 2020/21.</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?</p>	<p>Rolling programme of valuations, the finance team issue term of engagement covering specific issues for the year.</p> <p>Valuations are performed to ensure that the current value of a revalued asset does not differ materially from its carrying amount.</p> <p>No changes in assumptions identified in 2020/21.</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2020/21, and if so what was the reason for the change?</p>	<p>Source data in respect of floor areas, useage and condition is held internally by the Property Services team and is provided to the valuer as part of the valuation exercise.</p> <p>Market trends are considered by the valuer as part of the valuation process.</p> <p>Not aware of any changes to the source data.</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>Yes, Publica internal valuer (Valuer and Estates Surveyor (RICS))</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>All valuations provided to management will be subject to robust review and challenge if appropriate. This will ensure any significant movements or assumptions are understood and consistent with the knowledge and experience of the team.</p> <p>Management ensure that valuers appointed are independent, professional, suitably experienced and qualified.</p>

<p>7. In management's opinion, are there adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>We will undertake more robust challenge and scrutiny of the reports received from the internal valuers than was undertaken in prior years as is appropriate in the current Covid context.</p> <p>We engaged with the internal valuation team in December 2020 and have been in regular communication with the internal valuer to provide instructions on the assets that require valuation in 2020/21 and the need to provide assurance that assets not valued as part of the rolling programme in 2020/21 are not materially misstated.</p> <p>Controls are subject to review from both internal and external audit.</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>No changes made to the key control activities.</p>
<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p>Valuations are made in line with RICS guidance. Degree of uncertainty inherent with any revaluation. We employ professional, qualified valuers and rely on expert opinion.</p> <p>We have not yet received the results of the 2020/21 valuation exercise but we are not anticipating that the covid-19 pandemic and impact on the global economy will mean that valuations provided will be on the basis of material uncertainty.</p> <p>Assets are reviewed on a rolling 5 year programme and all assets are reviewed annually to ensure values reflect current values.</p>
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?</p>	<p>Valuations are made in line with RICS guidance. Degree of uncertainty is inherent with any revaluation. We employ professional valuers and rely on expert opinion.</p> <p>Any valuation uncertainty reported by our internal valuers as a result of Covid-19 will be adequately disclosed as such in the financial statements.</p> <p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and/ or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £30m (based on 2019/20 statement of accounts)</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and/ or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and/or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>

### Estimated Remaining Useful Lives of PPE

Question	Management response
<p>1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?</p>	<p>No risks identified.</p>
<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?</p> <p>Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?</p>	<p>The following asset categories have general asset lives:</p> <ul style="list-style-type: none"> <li>- Buildings – 30 to 60 years</li> <li>- Car Parks – 20 years</li> <li>- Vehicles, Plant and Machinery – 5 to 7 years.</li> </ul> <p>Estimated useful remaining lives of PPE is recorded in accordance with the qualified RICS internal valuer and can vary dependent upon specific examples.</p> <p>Where items or property plant and equipment are revalued, and the valuer identifies an asset which has component parts that have significantly different useful lives, where one or more parts represent a significant proportion of the overall asset, then the asset may be componentised. With componentisation, one or more constituent parts may be identified, and the component parts separately valued for the accounts and depreciated over different useful lives to the main asset. Useful economic lives (and therefore depreciation calculations) will be based upon the asset lives recommended by the Council's valuers.</p> <p>No changes in methods or models proposed for 2020/21.</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?</p>	<p>Assumptions are based on general asset lives and assessment undertaken by the valuer.</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2020/21, and if so what was the reason for the change?</p>	<p>Estimated useful life is based on category of asset and condition of asset, which for property is based upon assessment by the RICS qualified valuer.</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>Yes, Publica internal valuer (Valuer and Estates Surveyor (RICS))</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>Standard asset lives are included in the asset register and are updated on receipt of the valuation report received from the RICS internal valuer.</p>
<p>7. In management's opinion, are there adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Adequate controls are in place over the calculation of this accounting estimate. General asset lives are used and are varied where the valuer assesses that a different life is more appropriate.</p> <p>Assurances are sought and provided on the qualifications, independence and experience of the valuers as management's experts.</p> <p>Controls are subject to review from both internal and</p>

	external audit.
8. Were any changes made to the key control activities this year? If so please provide details.	We will undertake more robust challenge and scrutiny of the reports received from the internal valuers than was undertaken in prior years as is appropriate in the current Covid context. .
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	<p>Assets are depreciated over useful lives that are dependent upon assumptions about usage, obsolescence and the level of repairs and maintenance that will be incurred in relation to individual assets. The assumptions applied in determining the useful life will be considered to determine whether there has been any general or specific change that might have had the effect of changing useful lives materially.</p> <p>All valuations provided to management, which include assessment of useful lives are subject to robust review and challenge if appropriate. This will ensure any significant movements or assumptions are understood and consistent with the knowledge and experience of the team.</p> <p>Management ensure that experts appointed are independent, professional, suitably experienced and qualified.</p>
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Management reviews any changes in estimated useful life proposed and would undertake a sensitivity analysis of the impact. Changes in useful lives applied would be disclosed in the financial statements.

### Investment Property Valuations

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	<p>Impact of Covid-19 on the property market deemed to be a risk potentially resulting in uncertain or reduced valuations.</p> <p>Risk mitigated by independent, objective, suitably qualified in house valuation team.</p>
<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?</p> <p>Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?</p>	<p>Valuations undertaken by a qualified valuer (RICS member) in line with RICS guidance on an annual basis.</p> <p>We are currently awaiting the results of the 2020/21 valuation exercise from the Council's internal valuation team. Not aware of any changes in method or models in 2020/21 although Publica's internal valuers are undertaking the valuations of Investment Properties this year.</p>

	The finance team issue terms of engagement to the internal valuer.
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?</p>	<p>Valuations are made in line with RICS guidance.</p> <p>Values will be based upon assumptions of rental income expected in 2021/22 adjusted to</p> <p>Values will be based on assumptions of rental income expected in 2021/22 adjusted to account for Coronavirus considerations and potential void periods.</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2020/21, and if so what was the reason for the change?</p>	The valuers have access to source data such as rental income received and void periods held by the Property team at Publica.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	Yes, Publica internal valuer (Valuer and Estates Surveyor (RICS))
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	<p>All valuations provided to management will be subject to robust review and challenge if appropriate. This will ensure any significant movements or assumptions are understood and consistent with the knowledge and experience of the team.</p> <p>Management ensure that valuers appointed are independent, professional, suitably experienced and qualified.</p>
7. In management's opinion, are there adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	<p>Adequate controls are in place, assurances are sought and provided on the qualifications, independence and experience of the valuers as management experts.</p> <p>Controls are subject to review from both internal and external audit.</p>
8. Were any changes made to the key control activities this year? If so please provide details.	<p>We will undertake more robust challenge and scrutiny of the reports received from the internal valuers than was undertaken in prior years as is appropriate in the current Covid context.</p> <p>We engaged with the internal valuation team in December 2020 and have been in regular communication with the internal valuer to provide instructions on the assets that require valuation in 2020/21 and the need to provide assurance that assets not valued as part of the rolling programme in 2020/21 are not materially misstated.</p>

<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p>Valuations are made in line with RICS guidance. Degree of uncertainty inherent with any revaluation. We employ professional valuers and rely on expert opinion.</p> <p>We have not yet received the results of the 2020/21 valuation exercise but we are not anticipating that the covid-19 pandemic and impact on the global economy will mean that valuations provided will be on the basis of material uncertainty.</p> <p>All investment properties will be valued in 2020/21 to minimise the inherent uncertainty.</p>
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?</p>	<p>The Council's internal valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best data available.</p> <p>Valuations are made in line with RICS guidance. Degree of uncertainty is inherent with any revaluation. We employ professional, qualified valuers and rely on expert opinion.</p> <p>Any valuation uncertainty reported by our internal valuers as a result of Covid-19 will be adequately disclosed as such in the financial statements.</p> <p>Estimated fair values may differ from actual prices that could be achieved in an arm's length transaction at the reporting date.</p>

### Depreciation and Amortisation

Question	Management response
<p>1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?</p>	<p>No risks identified.</p>
<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?</p> <p>Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?</p>	<p>Depreciation is provided for all Property, Plant and Equipment with a finite useful life (except investment properties) on a straight-line basis by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.</p> <p>There were no changes made to the method or models in 2020/21.</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?</p>	<p>Depreciation is calculated based on useful economic lives.</p> <p>Assets are not depreciated until they are available for use and each significant part of property, plant and equipment is depreciated separately. Asset lives are determined at acquisition/revaluation as recommended by the Council's valuers.</p>

	Asset lives are based upon assumed repair and maintenance being carried out to maintain an asset.
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	Depreciation is calculated based on general asset lives for different categories of assets and assessment undertaken by valuer.  We are awaiting the results of the 2020/21 valuation exercise from our internal valuers, which could identify changes in asset lives.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	Yes, Publica internal valuer (Valuer and Estates Surveyor (RICS))
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	Standard asset lives are included in the asset register and are updated on receipt of the valuation report received from the RICS internal valuer.
7. In management's opinion, are there adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Adequate controls are in place, assurances are sought and provided on the qualifications, independence and experience of the valuers as management experts.  Controls are subject to review from both internal and external audit.
8. Were any changes made to the key control activities this year? If so please provide details.	We will undertake more robust challenge and scrutiny of the reports received from the internal valuers than was undertaken in prior years as is appropriate in the current Covid context.
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Assets are depreciated over useful lives that are dependent upon assumptions about usage, obsolescence and the level of repairs and maintenance that will be incurred in relation to individual assets. The assumptions applied in determining the useful life will be considered to determine whether there has been any general or specific change that might have had the effect of changing useful lives materially.  All valuations provided to management, which include assessment of useful lives are subject to robust review and challenge if appropriate. This will ensure any significant movements or assumptions are understood and consistent with the knowledge and experience of the team.  Management ensure that experts appointed are independent, professional, suitably experienced and qualified.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Management reviews any changes in estimated useful life proposed and would undertake a sensitivity analysis of the impact. Changes in useful lives applied would be disclosed in the financial statements.  If the useful economic life of an asset is reduced, depreciation increases and the carrying value of an asset will fall. Depreciation charges for operational buildings will

	change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is over £63m.
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## Impairments

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	No risks identified.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?  Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired due to obsolescence, damage or an adverse change in the statutory environment. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	This assessment is made by the internal valuer and capital accountant (and other relevant officers for the asset type) for other assets.  No changes in assumptions identified in 2020/21.
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	Assessment based on knowledge of finance team and internal valuer, no specific source data used.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	Yes, Publica internal valuer (Valuer and Estates Surveyor (RICS))
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	All valuations provided to management will be subject to robust review and challenge if appropriate. This will ensure any significant movements or assumptions are understood and consistent with the knowledge and experience of the team.  Management ensure that valuers appointed are independent, professional, suitably experienced and qualified.
7. In management's opinion, are there adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Adequate controls are in place, assurances are sought and provided on the qualifications, independence and experience of the valuers as management experts.  Controls are subject to review from both internal and external audit.

8. Were any changes made to the key control activities this year? If so please provide details.	We will undertake more robust challenge and scrutiny of the reports received from the internal valuers than was undertaken in prior years as is appropriate in the current Covid context.
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Valuations are made in line with RICS guidance. Degree of uncertainty inherent with any revaluation. We employ professional, qualified valuers and rely on expert opinion.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Valuations are made in line with RICS guidance. Degree of uncertainty is inherent with any revaluation. We employ professional, qualified valuers and rely on expert opinion.

#### Provision for Liabilities (NNDR appeals provision)

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	No specific risk identified other than inherent estimation uncertainty
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?  Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	The NNDR provision has been set aside for the potential cost to the Council for outstanding appeals against property valuations.  The non- domestic (NDR) appeals provision for the 2010 valuation list is estimated based on past experience of successful appeals and other RV reductions.  Following the introduction of the Check, Challenge and Appeal process a lower level of appeals have been received. The process has reduced the number of vexatious claims. The provision is based on the percentage of successful appeals over the past three years and the basis of calculation has not changed since last year.
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	The provision is calculated based on outstanding appeals losses and past experience of successful appeals.  The assumptions will be revisited as part of the 2020/21 accounts process to ensure that they remain prudent and soundly based.

<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2020/21, and if so what was the reason for the change?</p>	<p>Source data includes appeals settled during the financial year.</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>No specialised skills or knowledge required but a review of the process and level of provision was undertaken by the S151 officer in conjunction with the Business Partner Accountant who has many years of experience in this area.</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>The provision is calculated by the Business Partner Accountant, the calculation and assumptions applied are reviewed by the S151 Officer.</p>
<p>7. In management's opinion, are there adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Adequate controls are in place in respect of the calculation of the estimate. The S151 officer reviews the work of the Business Partner Accountant and reasonableness of assumptions applied.</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>No changes in key control activities planned.</p>
<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p>There is a significant level of estimation uncertainty in relation to business rate appeals due to the volume of outstanding appeals, which are processed by the Valuation Office.</p> <p>The value of provision is assessed using information on outstanding appeals rates.</p>
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?</p>	<p>Where appeals are successful, refunds of business rates are generally repayable back to the latest valuation date which reduces the business rate yield in the year in which the refund is made. Management disclose there is significant estimation uncertainty surrounding this estimate in the statement of accounts.</p> <p>An increase in the appeals provision reduces the Council's share of income. A decrease in the size of the provision would increase the income distributed to the Council.</p>

### Expected Credit Losses

Question	Management response
<p>1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?</p>	<p>Uncertainty risk that expected credit losses recognised in respect of Trade Debtors (specifically commercial rental income) will be insufficient.</p> <p>Review of methodology used for calculation of expected credit losses in respect of these debtors.</p>

<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?</p> <p>Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?</p>	<p>Collective lifetime expected credit losses are calculated based on the credit risk, the credit status of the instrument and whether there has been any change in the credit risk since initial recognition.</p> <p>There have been no changes to these methods but specific factors in the calculation will be reviewed in light of the risks identified.</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?</p>	<p>Assumptions are based on the reasonable and supportable credit risk information available e.g. the nature of the debt, the age of the debt and the likelihood of recovery.</p> <p>The assumptions will be revisited as part of the 2020/21 accounts process to ensure that they remain prudent and soundly based.</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2020/21, and if so what was the reason for the change?</p>	<p>Source data available from Accounts Receivable combined with intelligence from service managers.</p> <p>No changes.</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>No.</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>Debt is being monitored as part of the quarterly revenue budget monitoring; controls are in place.</p>
<p>7. In management's opinion, are there adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Yes – management has oversight of the source data and assumptions.</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>No.</p>
<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p>Management consider the potential materiality and risk as part of their review process.</p>
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?</p>	<p>We will undertake a sensitivity analysis to assess the impact of changes in assumption and other factors in the calculation of the expected losses.</p>

### Accruals

Question	Management response
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1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	No risks identified.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?  Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	We use standard accruals accounting. Accruals are based on expenditure incurred that has not yet been paid or income due that has not yet been received. Activity is accounted for in the year it takes place, not when money is paid or received.  Quarterly budget monitoring provides analysis so that accruals are identified.  Accruals for income and expenditure are principally based on known values. Where accruals are estimated they are based on the latest information available.
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	Procedures for identifying accruals are included in the closedown instructions distributed to budget holders.  No changes in assumptions.
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	Various sources of data are used in calculating accruals including previous outturn and estimated usage.  No changes identified.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	No specialised skills or knowledge used. Accruals identified by finance team and through discussion and return of accruals forms from officers.
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	Significant accruals are reviewed by the Chief Accountant as part of the accounts preparation process.  Supporting documentation is maintained to support accruals and any assumptions made in the estimation process.
7. In management's opinion, are there adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Adequate controls are in place  Controls are subject to review from both internal and external audit.
8. Were any changes made to the key control activities this year? If so please provide details.	No changes to the key control activities.
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Accruals are largely based on known values, where estimates are used the level of uncertainty is not deemed to be material.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	See above, the level of uncertainty in respect of estimates made is not deemed to be material.

**Non-Adjusting Events- events after the balance sheet date**

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	No risks identified.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?  Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	Non adjusting events (both favourable and unfavourable) which occur between the Balance Sheet date and the date on which the Accounts are signed by the S151 Officer are included in the accounts if deemed by management to be of such materiality that their disclosure is required for the fair presentation of the Statement of Accounts.  The Chief Finance Officer makes an assessment as part of the year end process  The Chief Finance Officer is aware of any potential events through discussions with Group Managers and the senior leadership team.
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	Assumptions used will depend upon the post balance sheet event identified, no such potential events have yet been identified.
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	Any source data used will depend upon the post balance sheet identified; no events have yet been identified.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	This would be considered on individual circumstances.
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	The identification of such events forms part of the closedown process. The S151 officer will make an assessment based upon discussion with officers across the Council and Publica.
7. In management's opinion, are there adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Adequate controls are in place. The Chief Finance Officer makes an assessment as part of the year end process  The Chief Finance Officer is aware of any potential events through discussions with Group Managers and the senior leadership team.
8. Were any changes made to the key control activities this year? If so please provide details.	None expected.
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Estimation uncertainty to be considered and disclosed in the financial statements dependent upon events identified.

10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	The sensitivity of the estimate to the methods and assumptions used will be considered and disclosed in the financial statements dependent upon events identified.
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### Pension Fund Actuarial Gains/Losses

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	<p>The pension fund liability and any in year actuarial gain/loss is inherently risky due to its material nature and sensitivity to small changes in assumptions.</p> <p>The risk is addressed by placing reliance on the actuarial expert, Hymans Robertson and ensuring the data and assumptions used by the actuary are reasonable.</p>
<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?</p> <p>Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?</p>	<p>The Council is an admitted body to the Oxfordshire County Local Government Pension Scheme. The administering body (the County Council) engage Hymans Robertson (the actuary) who provide the estimate of the pension liability.</p> <p>Payroll data is provided to the actuary. Management reconcile this estimate of contributions to the actuals paid out in the year.</p> <p>No changes in methods/model used for 2020/21</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?</p>	<p>The assumptions used for estimating actuarial gains and losses are calculated by Hymans Robertson as the actuarial expert.</p> <p>Assumptions include discount rate used, rate of salary increases, changes in retirement age, mortality rates and expected return on Pension Fund Investments. Assumptions are updated on an annual basis and are shared with the Council.</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2020/21, and if so what was the reason for the change?</p>	<p>The source data is held by Oxfordshire Pension Fund, payroll data is submitted on a monthly basis from the Publica payroll team to Oxfordshire Pension Fund.</p> <p>A questionnaire is completed by the finance team and returned directly to the Actuary confirming any major changes in membership of the pensions scheme and updating details of any unfunded pensions and premature non ill health retirements.</p>
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	The administering body (the County Council) engage Hymans Robertson (the actuary) who provide the estimate of the pension liability.

<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>Reliance is placed on the work of the Actuary as an expert. Terms of engagement have been provided by the actuary to the Council in respect of the basis of appointment, scope and methodology of the work undertaken.</p> <p>Data disclosed in the IAS 19 report provided by the Actuary to the Council is reviewed by the finance team for reasonableness and any unexplained variances challenged or queried with the actuary and Oxfordshire Pension Fund.</p> <p>Assurances are provided to both the Council and External audit in respect of the qualifications, independence, professionalism and experience of Hymans Robertson.</p>
<p>7. In management's opinion, are there adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Adequate controls are in place.</p> <p>The Council challenges any unusual movements or assumptions with the actuary and responds to any queries raised by the administering body.</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>No changes made to key control activities in year.</p>
<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p>Management recognise that there is a large degree of estimation uncertainty in relation to the pension liability. The estimate is based upon a number of factors and judgements applied by the scheme's actuary including discount rate used, rate of salary increases, changes in retirement age, mortality rates and expected return on Pension Fund Investments. Estimates are made upon judgements and conditions, as seen by the actuary, at a point in time.</p> <p>The Council engage Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to apply.</p> <p>The statement of accounts will disclose estimates in respect of the pension liability as a major source of estimation uncertainty in the statement of accounts.</p> <p>The Council have requested that a report is provided by the actuary in April 2021 which will include the estimated liability based upon projected contributions for February and March 2021 and estimated investment returns. A further request was made to receive an updated report in May 2021 based on final outturn investment returns at 31 March 2021 and actual contributions for February and March 2021. This will provide the finance team with further assurance that the estimates disclosed in the account are materially correct and are not understated or overstated as a result of major market fluctuations in the last three months of the financial year.</p>
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?</p>	<p>The effect of changing assumptions will result in changes in the valuation of the pension fund's assets and liabilities.</p> <p>Further details of the impact of variations in key assumptions will be disclosed in note F1 to the financial statements. The sensitivities regarding the principal</p>

assumptions used to measure the scheme liabilities as at 31/3/20 were as follows:

- 0.5% increase in the real discount rate could result in approximate 9% increase in employer liability (approximately £7.5m)
- 0.5% increase in the salary increased rate could result in approximate 1% increase in employer liability (approximately £0.7m)
- 0.5% increase in pension increase rate could result in approximate 8% increase in pension liability (approximately £6.5m).