



Tamar Bridge and Torpoint Ferry Joint Committee

2020/21 Annual Financial Report and Statement of Accounts

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Explanatory Foreword from the Joint Treasurers

We are pleased to introduce the Tamar Bridge and Torpoint Ferry Joint Committee's Annual Financial Report and Statement of Accounts for 2020/21. The Joint Committee carry out the operation, maintenance and control of the Tamar Bridge and the Torpoint Ferries on behalf of Cornwall Council and Plymouth City Council.

This document provides a summary of the Joint Committee's financial affairs for the financial year 1 April 2020 to 31 March 2021 and the financial position at 31 March 2021.

1. The Financial Report and Statements

Our Annual Financial Report and Statement of Accounts includes the following financial statements and disclosure notes:

- **Explanatory Foreword** – from the Joint Treasurers. This provides a concise guide for the reader of the accounts of the most significant aspects of the Joint Committee's financial performance, year-end position and cash flows.
- **Statement of Accounts**
 - **Statement of Responsibilities** – this explains the different responsibilities relating to the Statement of Accounts.
 - **The Main Financial Statements**
 - **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the Joint Committee.
 - **Comprehensive Income and Expenditure Statement** – this statement shows the net cost in the year of providing the Joint Committee services.
 - **Balance Sheet** – the Balance Sheet shows the value at 31 March 2021 of the assets and liabilities held by the Joint Committee.
 - **Notes to the Main Financial Statements** – these provide additional, more detailed information on certain issues included in the main financial statements.

Except where otherwise indicated, figures are presented in millions of pounds (£m) and are rounded to the nearest thousand pounds (£0.001m).

Financial Review of 2020/21

The Tamar Bridge and Torpoint Ferries are run as a self-funding joint undertaking by the Joint Committee on behalf of the parent authorities, Cornwall Council and Plymouth City Council. The only significant source of revenue generated by the Joint Committee is the revenue from tolls charged for using the crossings and it is therefore entirely dependent on this income stream to fund its day to day running costs and ongoing programme of repairs and maintenance.

Tolls were increased on 19 November 2019 following a Public Inquiry and Department for Transport authorisation. It was anticipated that the increase would ensure that reserve levels remained above £2m until 2023. The £2m continues to be considered the minimum prudent level for reserves. The balance of reserves at the 31st March 2021 totalled £2.485m.

The crossings continued to ensure that its essential transport links remained available throughout the year despite the Covid19 pandemic. Essential maintenance and capital work also continued, subject to Government restrictions and advice. The suspension of tolls that began in late March 2020, continued to the end of May 2020, when restrictions associated with the first English lockdown started to be eased. Revised arrangements included contactless payment at bridge toll booths. Traffic volumes remained significantly lower than anticipated prior to the pandemic, even during the period of limited restrictions. Traffic volumes again fell during the initial weeks of subsequent lockdowns by the 70% seen in the first March 2020 pandemic lockdown. The effect on revenue was significant, despite the receipt of central government grants, whilst there was little effect on expenditure given that services and maintenance continued.

In 2020/21, operational expenditure was £9.561m, some £0.292m less than the original budget of £9.853m for the year. The budget was revised in December which decreased the planned expenditure to £9.662m, which provides a favourable variance of £0.101m.

The main reasons for the significant variance are:

- reduced bridge painting budget
- reduction of staffing costs
- increase in tag purchases prior to leaving the customs union on the 31st December 2020
- loss of toll income following the severe reduction in traffic volumes from mid-March 2020 associated with the Covid19 pandemic and the ongoing reduction in traffic flows during the three national lockdown periods.

The level of revenue raised was £12.617m (which includes £3.094m of government support for loss of income during the current Covid19 pandemic) which is £1.859m less than the original budget of £14.476m and £0.016m favourable than the revised forecast. At the operating level, a surplus of £3.056m was achieved in 2020/21 against an original budget forecast surplus of £4.623m.

From its income, the Joint Committee also has to fund its capital financing costs, which amounted to £3.365m for the year, a decrease from the original £3.953m budget and revised budget estimate of £3.704m. After taking these costs into account and a small amount of interest received on cash balances, the overall position was a deficit of £0.307m, compared to an original budgeted surplus of £0.680m.

1.1 Comparison of Outturn Figures to Approved Budget

The table below provides a high level summary of the £0.307m deficit set out on the basis on which it was monitored during the year by the Joint Committee. This reflects the costs that the Joint Committee budgets for from its revenues.

A number in brackets in the Variance from Budget column represents an underspend against the budget.

	Outturn £m	Original Budget £m	Variance from Budget £m
Operational Expenditure			
Bridge Operations	4.024	4.278	(0.254)
Ferry Operations	5.004	5.100	(0.096)
Corporate Expenditure	0.533	0.475	0.058
Sub-total	9.561	9.853	(0.292)
Operational Income			
Toll Income	(11.773)	(13.483)	1.710
Other Income	(0.844)	(0.993)	0.149
Sub-total	(12.617)	(14.476)	1.859
Net Operational (Surplus)/Deficit	(3.056)	(4.623)	1.567
Other Expenditure			
Interest on Cornwall Council financing	1.423	1.657	(0.234)
Contribution to Cornwall Council's MRP	1.942	2.296	(0.354)
Sub-total	3.365	3.953	(0.588)
Income			
Interest on balances	(0.002)	(0.010)	0.008
Net Overall (Surplus)/Deficit	0.307	(0.680)	0.987

1.2 Comparison of Outturn against the Comprehensive Income and Expenditure Statement

There is a difference between the outturn deficit of £0.307m and the (Surplus) or Deficit on Provision of Services line of £7.675m as reported in the Comprehensive Income and Expenditure Statement (CIES) on page 12 of these Accounts.

This is because the Joint Committee is required to prepare its accounts in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 published by CIPFA. Under the Code, there are a number of notional (non-cash) costs that the Joint Committee is required to recognise in its CIES even though it is not required to meet these costs out of its cash revenues and therefore does not budget for them out of its General Fund (usable reserves).

The items that give rise to these different bases of reporting are identified below:

	2020/21	
	£m	£m
Net overall deficit per Outturn		0.307
Depreciation		0.796
Adjustment on Revaluation		8.008
IAS19 pension adjustments	0.287	
Net interest expense	0.157	
		0.444
Increase in annual leave accrual		0.062
Contribution to Cornwall Council's MRP		(1.942)
(Surplus) or Deficit on Provision of Services		7.675

The items giving rise to the difference between the Joint Committee's reported outturn surplus for 2020/21 and the deficit on the CIES are explained below:

- Depreciation is not included in the budget outturn position but is a required charge to the CIES within the Statement of Accounts. The charge is reversed out in the Movement in Reserves Statement (MIRS) so as not to impact the Joint Committee's usable reserves.
- A downward adjustment on the revaluation of assets is not included in the budget outturn position but is required as a charge to the CIES within the Statement of Accounts. The charge is reversed out in the Movement in Reserves Statement (MIRS) so as not to impact the Joint Committee's usable reserves.
- A net pension debit (as defined by International Accounting Standard 19) of £0.444m has been applied to the CIES, as required by regulation.

- An accrual for short-term compensated absences (annual leave) has been applied to the CIES, as required by regulation.
- The Joint Committee's contribution to Cornwall Council's Minimum Revenue Provision (MRP) cannot be charged to the CIES.

Consequently, although the CIES shows a deficit on the provision of services of £7.675m (2019/20 £1.940m) for the year, the Joint Committee's usable reserves position has only reduced by £0.307m (2019/20 £0.828m).

2. Material Items of Income or Expense

There are no material Items of Income or Expense.

3. Pensions Assets and Liabilities

The Joint Committee participates in the Local Government Pension Scheme, administered locally by Cornwall Council. This is the combination of a funded defined benefit final salary scheme, meaning that the Joint Committee and its employees pay contributions into a fund, calculated at a level intended to balance pension liabilities with investment assets and career average revalued earnings scheme. The joint authorities are liable as employers for any deficit in the funding of the pension scheme.

The Joint Committee has fully adopted the provisions of International Accounting Standard 19 (IAS 19) in relation to accounting for post-employment benefits. On the basis of valuation required by IAS 19, the Joint Committee's net pension liability at 31 March 2021 was £11.227m, (2019/20 £6.655m). This should be considered alongside the level of usable reserves of £2.485m (2019/20 £2.792m) and total assets less liabilities of £89.574m (2019/20 £101.377m).

4. Capital Expenditure and Funding

In addition to our day to day running costs, the Joint Committee spends money on assets such as the bridge and ferries, vehicles and information and communications technology. Such expenditure is intended to contribute to service provision over a number of years and is defined as capital expenditure.

Capital expenditure tends to be characterised by large individual schemes, with expenditure often incurred over several financial years. As a consequence, it is controlled through a programme of approved schemes within a multi-year capital plan.

During 2020/21, actual capital spending was £5.757m (2019/20 £5.382m). The following table shows where the money was spent:

Capital Expenditure	2020/21 £m
Suspension System Remedial Works	(0.022)
Bridge Protective Coating	1.164
Bridge Office Development	0.086
Toll System Upgrade	0.286
Bridge Kerb Units and Waterproofing	2.074
Bridge Structural Monitoring System	0.053
Ferry Refit	1.856
Bridge Resurfacing	0.235
Ferry Chain Gantry	0.025
Total	5.757

This expenditure was fully funded through advances from Cornwall Council.

5. Current Borrowing Facilities and Capital Funding

The Joint Committee cannot legally borrow in its own right. However, the parent authorities have the power to borrow on its behalf and provide advances to the Joint Committee to fund its capital expenditure programme. In recent years, these advances have been made by Cornwall Council.

The Joint Committee pays interest to Cornwall Council at a rate reflecting the Council's own cost of borrowing. The Joint Committee also makes a contribution to Cornwall Council in respect of the Minimum Revenue Provision (MRP) charged by the Council in its own accounts to provide for future repayment of the funding advanced to the Joint Committee.

The level of contribution made will provide for repayment of the amounts advanced evenly over a 25 year period. This is considered by the Joint Treasurers to be a prudent basis on which to make that provision and complies with Cornwall Council's MRP policy. The advances are held in the Joint Committee's balance sheet as deferred liabilities, split between the elements payable within one year and more than one year from the balance sheet date.

Looking Ahead to 2021/22 and Beyond

The toll revision which came into effect in November 2019 was anticipated to increase the Joint Committee's reserves over the short term and then maintain those reserves at an appropriate level over the medium term, to 2023. It was anticipated that this position was further assisted by the upcoming "fallow" refit period following the programmed completion of LYNHER II's refit early in financial 2020-2021.

Substantial capital expenditure will continue with resurfacing of the bridge deck and further cable remedial work taking place during the year. The toll system upgrade will be completed and a smaller capital project to improve onshore traffic control systems at Torpoint will be undertaken. Preparation for major overhauls of the six ferry chain gantries will start and as will monitoring of the condition of the bridge pendles in anticipation of major work in future years.

The overall anticipated position of the Undertaking has been severely compromised by the impact of the Covid19 pandemic on traffic levels. It is anticipated that effects will continue for some time as traffic volume is not expected to fully recover during the financial year or the following year. Revenue budgets for 2021/22 anticipate revenue to be only 90% of that anticipated pre-pandemic. With partial central Government support for this loss of revenue currently not extending beyond June 2021, Officers and Members will need to actively review the position and consider actions during the first half of the upcoming financial year, seeking to put the organisation back on a stable and sustainable footing.

Statement of Responsibilities

Our Responsibilities

We must:

- make sure that one of our officers is responsible for proper administration of our financial affairs. In our case the Joint Treasurers are responsible for doing this;
- manage our affairs so as to use our resources economically, efficiently and effectively and to protect our assets; and
- approve this Statement of Accounts.

The Joint Treasurers responsibilities

The Joint Treasurers are responsible for preparing our Statement of Accounts in accordance with proper practices.

In preparing this Statement of Accounts, the Joint Treasurers have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Main Financial Statements

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee analysed into 'usable reserves' (those that can be applied to fund expenditure) and 'unusable reserves' (which have specific purposes). The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Joint Committee'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.

	General Fund Balance £m	Total Usable Reserves ⁵ £m	Unusable Reserves ⁶ £m	Total Authority Reserves £m
Balance at 31 March 2019	(3.620)	(3.620)	(96.547)	(100.167)
Movement in reserves during 2019/20				
(Surplus) or deficit on the provision of services	1.940	1.940	-	1.940
Other Comprehensive Income and Expenditure	-	-	(3.150)	(3.150)
Total Comprehensive Income and Expenditure	1.940	1.940	(3.150)	(1.210)
Adjustments between accounts basis & funding basis	(1.112)	(1.112)	1.112	-
Increase/Decrease in Year	0.828	0.828	(2.038)	(1.210)
Balance at 31 March 2020 carried forward	(2.792)	(2.792)	(98.585)	(101.377)
Movement in reserves during 2020/21				
(Surplus) or deficit on the provision of services	7.675	7.675	-	7.675
Other Comprehensive Income and Expenditure	-	-	4.128	4.128
Total Comprehensive Income and Expenditure	7.675	7.675	4.128	11.803
Adjustments between accounts basis & funding basis	(7.368)	(7.368)	7.368	-
Increase/Decrease in Year	0.307	0.307	11.496	11.803
Balance at 31 March 2021 carried forward	(2.485)	(2.485)	(87.089)	(89.574)

Notes are explained more fully in "Notes to the Financial Statements" pages 14-23

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 toll income.

	2020/21 £m	2019/20 £m
Gross Expenditure	18.714	12.236
Gross Income	(12.617)	(11.868)
Cost of services	6.097	0.368
Financing and investment income and expenditure	1.578	1.572
(Surplus) or deficit on provision of services	7.675	1.940
Remeasurement of the net defined benefit liability/(asset)	4.128	(3.150)
Other comprehensive income and expenditure	4.128	(3.150)
Total comprehensive income and expenditure	11.803	(1.210)

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Joint Committee at 31 March. The net assets are matched by usable and unusable reserves.

	31 March 2021 £m	31 March 2020 £m
Property, Plant and Equipment ³	137.424	140.472
Long Term Assets	137.424	140.472
Cash and Cash Equivalents	0.890	1.393
Inventories ⁴	0.501	0.504
Short Term Debtors	4.283	4.152
Current Assets	5.674	6.049
Deferred Liabilities - Short Term ⁸	(2.172)	(1.942)
Short Term Creditors	(3.299)	(3.307)
Current Liabilities	(5.471)	(5.249)
Deferred Liabilities - Long Term ⁸	(36.825)	(33.240)
Other Long Term Liabilities - Pensions	(11.227)	(6.655)
Long Term Liabilities	(48.052)	(39.895)
Net Assets	89.574	101.377
Usable Reserves ⁵	(2.485)	(2.792)
Unusable Reserves ⁶	(87.089)	(98.585)
Total Reserves	(89.574)	(101.377)

Notes are explained more fully in "Notes to the Financial Statements" pages 14-23

Notes to the Main Financial Statements

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**Note
1****Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Joint Committee's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Assumptions
Property, Plant and Equipment	Assets are included on the basis of valuations and assessed useful lives determined by external consultants, NPS South West in liaison with Cornwall Council's Property Data systems and Assurance Manager on the basis of condition surveys and standards of professional practice set out by the Royal Institute of Chartered Surveyors (RICS). The assumptions underlying such valuations and the assessment of useful lives are subject to revision and the valuation would therefore be expected to change accordingly. The Covid-19 pandemic has had a global impact on financial markets. This makes judgements around valuations much more challenging as the previous market evidence which is used to inform valuations is less reliable given the substantially increased market uncertainty. Valuations are generally undertaken within guidance provided by the The Royal Institution of Chartered Surveyors (RICS) "Red Book". RICS current guidance is that valuations should be reported on the basis of "material valuation uncertainty". This means that less certainty and a higher degree of caution should be attached to valuations than would normally be the case. As the future impact of Covid-19 on real estate markets is unknown, property valuations will be kept under review. The carrying value of these long term assets at the end of the reporting period was £137.424m.	The impact of a change in valuation or useful life would be to affect the carrying value of the asset in the balance sheet and the charge for depreciation or impairment in the CIES. These changes do not have an impact on the Joint Committee's usable reserves as the Joint Committee is not required to pay for such charges out of its revenues.
Pensions Liability	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 return on pension fund assets. Cornwall Council, the administrators of the Joint Committee's pension arrangements, have engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied. The carrying value of this long term liability is (£11.227m).	The impact of a change in the actuarial assumptions will be to increase or decrease the net pension liability shown in the balance sheet and the cost shown in the CIES. These changes do not have an impact on the Joint Committee's usable reserves as the Joint Committee is not required to pay for such charges out of its revenues.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

**Note
2****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 Joint Committee in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Joint Committee to meet future capital and revenue expenditure.

Adjustments in 2020/21	General Fund Balance £m	Movement in Unusable Reserves £m
Adjustments primarily involving the Reserve Held for Capital Adjustment Account:		
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non current assets	(0.796)	0.796
Revaluation losses on Property, Plant and Equipment	(8.008)	8.008
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:		
Contribution to Cornwall Council MRP	1.942	(1.942)
Adjustments primarily involving the Reserve for Pensions:		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1.285)	1.285
Employer's pensions contributions and direct payments to pensioners payable in the year	0.841	(0.841)
Adjustment primarily involving the Reserve Held for Accumulated Absences Account:		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year	(0.062)	0.062
Total Adjustments	(7.368)	7.368

Note 3 **Property, Plant and Equipment**

The main assets held by the Joint Committee and reflected in its balance sheet are set out below:

- Tamar Bridge - The Tamar Bridge and approach roads, associated land and offices.
- Torpoint Ferries - The three Torpoint ferries (Plym II, Tamar II and Lynher II) and landing stages, associated land and offices.
- Joint / Other - Rendell Park, Torpoint, Electronic Toll System and Advance Traffic Signage System.

Movements on Balances 2020/21

	Other Land and Buildings £m	Vehicles, Plant, Furniture Equipment £m	Infrastructure Assets £m	Infrastructure Assets Toll Bridge £m	Assets Under Construction £m	Total Property, Plant and Equipment £m
Cost or Valuation						
At 1 April 2020	7.453	18.750	0.798	121.063	5.034	153.098
Additions	-	-	-	-	5.757	5.757
Revaluation increases/(decreases) in the Revaluation Reserve	(0.258)	-	-	(7.750)	-	(8.008)
Assets reclassified (to)/from Other	0.086	3.317	-	5.820	(9.223)	-
At 31 March 2021	7.281	22.067	0.798	119.133	1.568	150.846
Accumulated Depreciation and Impairment						
At 1 April 2020	-	(12.528)	(0.098)	-	-	(12.626)
Depreciation charge	-	(0.787)	(0.009)	-	-	(0.796)
Depreciation written out to the Revaluation Reserve	-	-	-	-	-	-
At 31 March 2021	-	(13.315)	(0.107)	-	-	(13.422)
Net Book Value						
at 31 March 2021	7.281	8.752	0.691	119.133	1.568	137.424
at 31 March 2020	7.453	6.222	0.700	121.063	5.034	140.472

Movements on Balances 2019/20

	Other Land and Buildings £m	Vehicles, Plant, Furniture Equipment £m	Infrastructure Assets £m	Infrastructure Assets Toll Bridge £m	Assets Under Construction £m	Total Property, Plant and Equipment £m
Cost or Valuation						
At 1 April 2019	2.673	18.749	0.798	126.232	5.763	154.215
Additions	-	-	-	-	5.382	5.382
Revaluation increases/(decreases) recognised	(0.702)	-	-	(5.797)	-	(6.499)
in the Revaluation Reserve						
Assets reclassified (to)/from Other	5.482	0.001	-	0.628	(6.111)	-
At 31 March 2020	7.453	18.750	0.798	121.063	5.034	153.098
Accumulated Depreciation and Impairment						
At 1 April 2019	(0.373)	(11.859)	(0.088)	(4.860)	-	(17.180)
Depreciation charge	-	(0.669)	(0.009)	-	-	(0.678)
Depreciation written out to the Revaluation Reserve	0.373	-	-	4.860	-	5.233
At 31 March 2020	-	(12.528)	(0.098)	-	-	(12.626)
Net Book Value						
at 31 March 2020	7.453	6.222	0.700	121.063	5.034	140.472
at 31 March 2019	2.300	6.890	0.710	121.372	5.763	137.034

Depreciation

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

- Other Land and Buildings – offices 30-35 years, ferry waiting area 35 years
- Vehicles, plant, furniture and equipment – Torpoint ferries 25 years, IT equipment 5 years
- Infrastructure – approach road 40 years
- Infrastructure (Toll Bridge) – Tamar Bridge 120 years.

Revaluations

The Joint Committee carries out 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. All valuations were carried out by property consultants, NPS South West. 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 Institute of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest prices adjusted for the condition of the asset.

	Other Land and Buildings £m	Vehicles, Plant, Furniture and Equipment £m	Infrastructure Assets £m	Infrastructure Assets Toll Bridge £m	Assets Under Construction £m	Total £m
Carried at historical cost	-	8.752	0.691	-	1.568	11.010
Valued at fair value as at:						
31 March 2021	7.281	-	-	119.133	-	126.414
31 March 2020	-	-	-	-	-	-
31 March 2019	-	-	-	-	-	-
31 March 2018	-	-	-	-	-	-
31 March 2017	-	-	-	-	-	-
Net Book Value - Valuation Movements	7.281	8.752	0.691	119.133	1.568	137.424

Note 4 Inventories

	Chain & Materials		Tamar Tags		Fuel		Other		Total	
	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m
Balance outstanding at start of year	0.286	0.386	0.108	0.152	0.045	0.060	0.065	0.073	0.504	0.671
Purchases	0.489	-	0.165	0.269	0.112	0.218	0.248	0.070	1.014	0.557
Recognised as an expense in the year	(0.413)	(0.100)	(0.209)	(0.313)	(0.106)	(0.233)	(0.289)	(0.078)	(1.017)	(0.724)
Balance at year end	0.362	0.286	0.064	0.108	0.051	0.045	0.024	0.065	0.501	0.504

Note 5 Usable Reserves**General Fund Reserve**

The General Fund Reserve is a usable reserve, i.e. a reserve that the Joint Committee may use to provide services, subject to the need to maintain the reserve at a prudent level.

	2020/21 £m	2019/20 £m
General Fund Reserve	(2.485)	(2.792)
Total Usable Reserves	(2.485)	(2.792)

Note 6 Unusable Reserves

	2020/21 £m	2019/20 £m
Revaluation Reserve	(1.789)	(1.827)
Capital Adjustment Account	(96.639)	(103.463)
Pensions Reserve	11.227	6.655
Accumulated Absences Account	0.112	0.050
Total Unusable Reserves	(87.089)	(98.585)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Joint Committee 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 service provision 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.

Revaluation Reserve	2020/21	2019/20
	£m	£m
Balance at 1 April	(1.827)	(2.011)
Adjustment to Capital Adjustment Account	0.038	0.184
Amount written off to the Reserve Held for Capital Adjustment Account	0.038	0.184
Balance at 31 March	(1.789)	(1.827)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Joint Committee to finance acquisitions, construction and enhancement.

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

Note 2 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2020/21	2019/20
	£m	£m
Balance at 1 April	(103.463)	(103.497)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	0.796	0.678
Revaluation losses on Property, Plant and Equipment	8.008	1.266
	8.804	1.944
Adjusting amounts written out of the Reserve Held for Revaluation	(0.038)	(0.184)
Net written out amount of the cost of non-current assets consumed in the year	8.766	1.760
Cornwall Council provision for the financing of capital investment charged against the General Fund	(1.942)	(1.726)
	(1.942)	(1.726)
Balance at 31 March	(96.639)	(103.463)

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 Joint Committee accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service. Associated liabilities are updated to reflect inflation, changing assumptions, and investment returns on any resources set aside to meet the costs. Statutory arrangements require benefits earned to be financed, therefore, the Joint Committee either makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. Consequently, the debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the Joint Committee has set aside to meet them. The statutory arrangement will ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve	2020/21 £m	2019/20 £m
Balance at 1 April	6.655	8.924
Remeasurements of the net defined benefit liability/(asset)	4.128	(3.150)
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	1.285	1.688
Employer's pensions contributions and direct payments to pensioners payable in the year	(0.841)	(0.807)
Balance at 31 March	11.227	6.655

Accumulated Absences Account

The Accumulated Absences 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 of the General Fund Balance is neutralised by transfers to or from the Account.

Accumulated Absences Account	2020/21 £m	2019/20 £m
Balance at 1 April	0.050	0.037
Settlement or cancellation of accrual made at the end of the preceding year	(0.050)	(0.037)
Amounts accrued at the end of the current year	0.112	0.050
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.062	0.013
Balance at 31 March	0.112	0.050

Note 7 Officers' Remuneration

The Joint Committee's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

		Salary, Fees and Allowances £	Expenses Allowances £	Pension Contribution £	Total £
General Manager	2020/21	83,471	469	15,505	99,445
	2019/20	81,593 *	517 *	15,090	97,200
Bridge Operations Manager	2020/21	52,101	189	10,420	62,710
	2019/20	51,878 *	570 *	10,423	62,871
Engineering Manager	2020/21	53,951	596	10,790	65,337
	2019/20	52,531 *	1,396 *	10,506	64,433
Governance & Finance Manager	2020/21	53,623	476	10,725	64,824
	2019/20	58,300 *	426 *	11,660	70,386
Ferry Manager	2020/21	44,959	358	8,992	54,309
	2019/20	52,507 *	264 *	10,501	63,272

* 19/20 figures restated to split out expenses from salary

Note 8 Deferred Liabilities

The Joint Committee has a liability to Cornwall Council in respect of long-term financing for capital expenditure, an element of which is payable within one year from the balance sheet date and which is therefore treated as a current liability. The repayment of this liability is made in the form of contributions to Cornwall Council's Minimum Revenue Provision (MRP).

	2020/21 £m	2019/20 £m
Balance at 1 April	35.182	31.526
New Advances	5.757	5.382
Repayments Due	(1.942)	(1.726)
Total	38.997	35.182
Of Which: Due within one year	(2.172)	(1.942)
Due after more than one year	(36.825)	(33.240)