

## Appendix to agenda item 9

### The Valuation of Land & Buildings

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 currently identified – the external valuer (Gerald Eve) has been provided with the valuation schedule that currently covers 96% of Property, Plant and Equipment and 100% of surplus assets.</p> <p>Last year the valuer included a material valuation estimation uncertainty clause although the approach to be applied in 2020/21 is not yet determined.</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>We rely on the expertise of the external valuer and related RICS guidance and CIPFA requirements together with the internal estates team.</p> <p>No changes.</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>We rely on the expertise of the external valuer and related RICS guidance together with the internal estates team.</p> <p>No changes.</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>We rely on the expertise of the external valuer and related RICS guidance together with the internal estates team.</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>The external valuer through a framework agreement.</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>We utilise the knowledge and expertise of the internal estates team.</p>
<p>7. In management's opinion, are their 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 we believe there are adequate controls in place through the contract and instructions provided to the external valuer.</p> <p>We utilise the knowledge and expertise of the internal estates team.</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>No changes.</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>We rely on the expertise of the external valuer and related RICS guidance together with the internal estates team.</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 have included a sensitivity analysis in the report to Audit and Member Standards based on +/- 10% valuation change.</p>

## Depreciation/Useful Economic Lives of Buildings

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?	The useful lives of buildings and related plant and equipment are provided by the external valuer and standalone vehicles, plant and equipment are provided by the asset owner.  No changes.
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 useful lives of buildings are provided by the external valuer and plant and equipment by the asset owner.  No changes.
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?	The useful lives of buildings are provided by the external valuer and plant and equipment by the asset owner.  No changes.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	The external valuer provides useful lives for buildings. Framework agreement.
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?	We utilise the knowledge and expertise of the internal estates team for property assets.
7. In management's opinion, are their 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?	Yes we believe there are adequate controls in place through the contract and instructions provided to the external valuer for the material element related to property.  We utilise the knowledge and expertise of the internal estates team.
8. Were any changes made to the key control activities this year? If so please provide details.	No changes.
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	For property which is the material element, we rely on the expertise of the external valuer and related RICS guidance together with the internal estates team.
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?	We have included a sensitivity analysis in the report to Audit and Member Standards based on +/- 1 year change in useful lives.

## The Valuation of Investment Property

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 currently identified – the external valuer (Gerald Eve) has been provided with the valuation schedule that covers 100% of Investment Properties.</p> <p>Last year the valuer included a material valuation estimation uncertainty clause although indications are that this will not be necessary for 2020/21.</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>We rely on the expertise of the external valuer and related RICS guidance and CIPFA requirements together with the internal estates team.</p> <p>No changes.</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>We rely on the expertise of the external valuer and related RICS guidance together with the internal estates team.</p> <p>No changes.</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>We rely on the expertise of the external valuer and related RICS guidance together with the internal estates team.</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>The external valuer through a framework agreement.</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>We utilise the knowledge and expertise of the internal estates team.</p>
<p>7. In management's opinion, are their 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 we believe there are adequate controls in place through the contract and instructions provided to the external valuer.</p> <p>We utilise the knowledge and expertise of the internal estates team.</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>No changes.</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>We rely on the expertise of the external valuer and related RICS guidance together with the internal estates team.</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 have included a sensitivity analysis in the report to Audit and Member Standards based on +/- 10% valuation change.</p>

### Valuation of the Pension Liability

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 currently 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 rely on the expertise of the Staffordshire Pension Fund's appointed Actuary and related guidance, together with SCC's Pensions Committee and Senior Pensions Officers  No changes.
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?	We rely on the expertise of the Pension Fund Actuary and related guidance together with SCC' pension's team.  As above  No changes.
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?	We rely on the expertise of the Pension Fund actuary and related guidance together with SCC' pension's team.  As above  No changes.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	The Actuary was appointed through a procurement exercise undertaken by the Staffordshire Pension Fund.
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?	We rely on the knowledge and expertise of the Actuary, the SCC Pensions Committee, Senior Pensions Officers plus the external audit opinion from previous financial years.
7. In management's opinion, are their 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?	Yes we believe there are adequate controls in place.  We utilise the knowledge and expertise of SCC's Pensions Committee and Senior Pensions Officers
8. Were any changes made to the key control activities this year? If so please provide details.	No changes.
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	We rely on the expertise of the actuary and related guidance together with SCC's Pension's team.  As above
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?	We have included a sensitivity analysis in the report to Audit and Member Standards based on +/- 1% change in <ul style="list-style-type: none"> <li>• Real discount rate.</li> <li>• Salary rate.</li> <li>• Pension rate</li> </ul>

### Bad Debt Provision (general)

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>The COVID-19 pandemic has increased the uncertainty in this area and in 2019/20 we included an extra 13% allowance.</p> <p>We may add a further allowance (to be determined) to bad debt provisions.</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>We utilise the corporate debt team who collect all debt within the Council and the finance team who have detailed knowledge related some of the debts.</p> <p>No changes.</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>We utilise the corporate debt team.</p> <p>No changes.</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>We utilise the corporate debt team.</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>We utilise the corporate debt team.</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>Finance undertake the calculation based on the information provided by the corporate debt team.</p> <p>Internal Audit undertake systems/risk based audits.</p>
<p>7. In management's opinion, are their 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 - Finance undertake the calculation based on the information provided by the corporate debt team.</p> <p>Internal Audit undertake systems/risk based audits.</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>No changes.</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>We utilise the corporate debt team who collect all debt within the Council and the finance team who have detailed knowledge related some of the debts.</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 have included a sensitivity analysis in the report to Audit and Member Standards based on +/- 10% change in average impairment allowance.</p>

## Fair value of Financial Instruments

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?	We utilise Arlingclose for information on fair values.  No changes.
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?	We utilise Arlingclose for information on fair values.  No changes.
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?	We utilise Arlingclose for information on fair values.  No changes.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	Arlingclose procured through a competitive tender.
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 contract with Arlingclose, internal audit of Treasury Management and the expertise of the Finance Team.
7. In management's opinion, are their 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?	Yes – Internal Audit of Treasury Management.
8. Were any changes made to the key control activities this year? If so please provide details.	No changes.
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	We utilise Arlingclose for information on fair values.
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 Council has a relatively 'vanilla' debt and investment portfolios and therefore the level of risk is very low.

## Business Rate Appeals

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?	The COVID-19 pandemic has introduced a potential risk around a material change in circumstances for certain business rate valuations such as retail.  We plan to review the estimates utilised.
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 historic average rates of success and average valuation reductions for each class of property.  The COVID-19 pandemic has introduced a potential risk around a material change in circumstances for certain business rate valuations such as retail.
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?	We use historic average rates of success and average valuation reductions for each class of property.  The COVID-19 pandemic has introduced a potential risk around a material change in circumstances for certain business rate valuations such as retail.
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?	We utilise the VOA appeals information.  No changes.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	We may consider using our financial planning experts to provide additional assurance – we procured them directly.
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?	At present the calculation is undertaken by the Finance Team using factual historic information.
7. In management's opinion, are their 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?	Yes – external audit review as part of the statement of accounts and returns are submitted to government.
8. Were any changes made to the key control activities this year? If so please provide details.	No changes.
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	We utilise historic factual information from the 2005 and 2010 valuation lists provided by the VOA.
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?	We have included a sensitivity analysis in the report to Audit and Member Standards based on +/- 10% change in average appeals allowance.