

ANNUAL FINANCIAL REPORT
STATEMENT OF ACCOUNTS
2021/22



HAMBLETON
DISTRICT COUNCIL

HAMBLETON DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2021/22

	Page
Narrative Report	1
Independent Auditors Report to the Members of Hambleton District Council	16
Annual Governance Statement	19
Statement of Responsibilities for the Statement of Accounts	36
Comprehensive Income and Expenditure Statement	37
Movement in Reserves Statement	38
Balance Sheet	40
Cash Flow Statement	41
Explanatory Notes to the Core Financial Statements	42
Collection Fund Statement	120
Notes to the Collection Fund	122
Group Accounts	127
Notes to Group Accounts	133
Glossary of Terms	138

NARRATIVE REPORT

The purpose of this narrative report is to provide a fair, balanced and understandable guide to the most significant matters reported in the accounts; along with information on the authority, its main objectives and strategies and the principal risks that it faces. The Narrative Report provides how the authority has used its resources to achieve its desired outcomes in line with its objectives and strategies.

A. HAMBLETON DISTRICT COUNCIL OVERVIEW AND EXTERNAL ENVIRONMENT

1. Hambleton District Introduction

Hambleton District Council occupies the broad Vale of York between the Yorkshire Dales and the North York Moors. A predominantly rural district, Northallerton is the largest settlement with 18% of the District's population, whilst the majority of the population live in outlying villages with 5% residing in each of the main market towns of Bedale, Easingwold, Stokesley and Thirsk.

The local area is well known for its stunning landscape, with the Hambleton Hills, between Helmsley and Sutton Bank, and the Howardian Hills Area of Outstanding Natural Beauty. Population levels have risen steadily over the past decade as more people choose to make the district their home. Local shopping, recreation and sports facilities are very good and there is a strong sense of community. Added to this, exceptional business and transport links mean the district is a popular location for new and existing businesses of many types, from local enterprises to global companies. Hambleton is a place to grow.

2. Governance Arrangements

Hambleton District Council in 2021/22 had a Council structure with 28 Councillors representing its 17 wards (24 Conservative, 2 Independent, 1 Labour and 1 Liberal Democrat). The Government are looking at implementing a single unitary Council from 1 April 2023 an an election for the new unitary Council members was held on 5 May 2022.

The Council elected the Leader - Councillor Mark Robson - who subsequently appointed Cabinet Members for the Deputy Leader (who leads on Economic Development and Finance and portfolio holders for the key areas of Leisure, Environment, Planning, Governance and Transformation and Projects.

The Council has a statutory duty to set a balanced budget every year where the 2022/23 budget was approved by Council in February 2022 along with the 3 Year Financial Strategy, 4 Year Capital programme, Capital Strategy and Treasury Management Strategy. The budget and future years estimates were prepared taking into account the impact of changes to the local government structure for North Yorkshire which takes effect from 1 April 2023. The budget will therefore be revisited during 2022/23 to determine any in-year action required to balance 2022/23, taking into considering the Local Government Reorganisation to create a Unitary council in North Yorkshire. The actions will inform any required changes to the three Year Financial Strategy.

The Statement of Accounts shows the Council's financial position as at 31 March 2022. It has been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2021/22' ('the Code'), which is based upon International Financial Reporting Standards (IFRS). The Code constitutes 'proper accounting practice' under the terms of the Accounts and Audit Regulations 2015 and the Local Government and Housing Act 1989.

3. COVID-19 Pandemic

The effect of the Covid-19 pandemic have impacted on society to a various degree and fortunately the impact of the pandemic have started to reduce. During 2021/22 Hambleton District Council has continued services to support residents and businesses. This has included:

- Being there for communities
- Bringing the homeless into temporary accommodation
- Creating new community forums to engage stakeholders
- Supporting businesses throughout the District through a series of grants and reliefs.

Financial Impact on the Council's Budgets 2021/22 - The financial impact of the pandemic has been felt across all local government. The impact on Hambleton District Council has been:

- The Council has incurred additional expenditure in its response to the pandemic
- The impact on the local economy has led to significant falls in income from sales, fees and charges

The impact of the pandemic has been mitigated by the support provided to local authorities by Central Government. The most considerable of the is the general COVID-19 grant tranche funding and the income 75% Sales, Fees and Charges compensation scheme. Collectively these two sources of funding have provided the Council with £0.974m of income during the year. This has meant that the Council has been able to maintain a healthy level of reserves as at the end of this financial year.

Medium Term Financial Planning - There is still uncertainty surrounding the impact of the pandemic on the UK's - and by extension - the Council's medium to long-term finances. The Council has continued to maintain a good sustainable level of reserves shown in the financial strategy to ensure the Council is financially resilient in a recession. The call on the general fund balances this year has been fairly low given all factors considered and the Council is therefore in a sound financial position to draw upon its reserve balances in 2021/22 if required.

The Council has reset its Financial Strategy this year in recognition of the impact of the pandemic and at the time the impending decision of Local Government Reorganisation and the Council's strategic objectives. The COVID-19 crisis has meant that the Council has had to focus on its ways of working and the financial strategy includes savings targets for 2022/23 to 2024/25 along with the income to be generated in future from the Crematorium and the development of the Treadmills site.

COVID-19 Government Business Grants - In addition to grant funding being received to support the Council, the Council has received grant funding to support the local area in the form of business grant funding such as the Restart Grant, Omicron grants and Additional Restriction grants along with the continued Test and Trace support payments.

The table below shows the COVID-19 business grants that have been provided by this Council from 1 April 2021 to 31 March 2022 in the Hambleton District area.

<u>COVID-19 Business Grant</u>	Amounts Received from Government (£)	Number of Grants Awarded	Grants Paid (£)
Covid support grant payments			
Restart Grant	1,618,081	56	396,005
Local Restriction Support Grant Omicron	2,004,192	383	1,214,758
Additional Restriction Grant	1,773,461	633	1,771,051
Track and Trace Self-isolation payments - discretionary	218,500	437	218,500
TOTAL	5,395,734	1,072	3,381,814

The coronavirus pandemic has had a profound impact on all aspects of life in the District over the last couple of years. Through 2022/23 the Council will continue to focus on delivering services, achieving the Council's key projects in the Council Plan and ensure that it responds to the emerging needs of residents and businesses.

B COUNCIL PERFORMANCE

The Council Plan is a key document that provides strategic direction to the Council. This is a working document that exists to enable Councillors, employees and partners to work together to deliver the vision that Hambleton is 'a place to grow' that everyone can share.

The Council's primary purpose is to serve its communities and to ensure Hambleton continues to be an attractive and vibrant place to live, work, visit and invest. It has four priorities to achieve this:

- Driving Economic Vitality
- Enhancing Health and Wellbeing
- Caring for the Environment
- Providing a Special Place to Live

The Council Plan for 2019-23, updated for 2022/23, responds to lead on activities for the people of Hambleton District to implement and deliver successful schemes for the benefit of all. A flavour of these is included below:

- Discover Hambleton – encouraging people to visit and do business in the area
- COVID-19 Economic Response & Recovery Plan
- Treadmills – Phase 2 and 3 and Future High Street Fund Northallerton
- Community Leisure Facilities Improvements
- Thirsk & Sowerby Leisure Centre Improvements
- Northallerton and Thirsk & Sowerby Sports Villages
- Implementing the Climate Change Action Plan
- Hambleton Decarbonisation Scheme
- Crematorium
- Electric Vehicle Charging Points
- Best in Class Planning Service
- Vibrant Market Towns and Heritage Action Zone

Working with partners and the voluntary sector is key to the Council's performance. The Council has a well-established track record of working with volunteers, all partners and the not-for-profit sector. A wide range of initiatives are delivered that support and recognise the sector but more is being done at a strategic level to recognise their importance and further more through collaborative work to support local priorities. This is demonstrated in the Council Plan, Community Leadership and Place Shaping.

Non-Financial Performance of the Council 2021/22

4. Performance Against Corporate Objectives

The Council Plan shapes the performance management framework for the Council. Performance towards the four priorities is monitored through 24 key performance indicators where progress is reported to Scrutiny Committee on a six monthly basis. Scrutiny Committee noted the performance of the Council during the year and no issues were raised to be further discussed at Cabinet or full Council.

Overall, for 2021/22, 96% (72% in 2020/21) of key performance indicators performed within tolerance. The performance indicator which fell below tolerance level was impacted upon by the ongoing effects of COVID-19. A backlog of inspections upon food premises had built up because of limited access during the pandemic. This made it difficult to achieve an inflated target for 2021/22. The Council has otherwise performed extremely well and all major schemes have progressed which is an outstanding achievement.

The performance reports provide information on the quarterly position, the cumulative position and supporting explanatory notes. Further detail is available in the Scrutiny Report - Council Performance 2021/22 (Quarter 4) - on the website <https://democracy.hambleton.gov.uk/ieListDocuments.aspx?CId=217&MId=2188&Ver=4>

Included in the Council Plan are the Council's core Foundations to support the priorities and delivery of key projects: Communications, Customers, People, Financial Sustainability and Governance.

The values of the Council - Open, Responsible, Customer Focus, Fair and Respectful - are embedded across the organisation and the Council Plan, strategies and all progress is delivered by their influences.

Where Governance is concerned the Council ensures that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council is required to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness, as well as ensuring that informed decisions are made, risks are properly managed and finances are sustainable so the Council uses resources to continue to deliver its services. Further information can be located in the Annual Governance Statement.

The Achievements of the Council are included in the Council Plan: <https://www.hambleton.gov.uk/downloads/download/294/hdc-council-plan-2019-23>

5. Council Employees

Our workforce is our most important asset, making a real difference to the communities, residents and businesses that we serve. The Council values the contribution of all staff and as such constantly reviews and develops employment practices and procedures to ensure the right staff are recruited and retained, with the right skills, working in the right way.

The Council works with UNISON, the public service union, on matters that affect the workforce. In addition all staff have access to a comprehensive Occupational Health service that aims to support those with ill health issues or disabilities. The Council also has a Home Working Policy and Flexible scheme to help staff achieve a work life balance. The Employee Assistance Programme RISE was launched at the end of 2020/21 which supports employees on mental health, physical, financial or personal issues.

In Autumn 2020, a survey was carried out with all staff to consult regarding the COVID-19 pandemic to support working at home and on site arrangements with the staff survey being undertaken which showed that of those that responded 84% thought that Hambleton was a nice place to work, this is the latest survey available. At the beginning of 2019/20 a digital skills survey has been conducted to continue to support the workforce with over 80% responding which enables contribution to future development. No similar surveys have taken place in 2021/22 however there is extensive consultation relating to the Local Government Reorganisation.

At the end of March 2021, the Council employed 326 full time equivalent staff. The Council's workforce is made up of:

- 43% males and 57% females
- 54% full time staff, 46% part time staff
- 343 casual staff
- 14% of Directors / Heads of Service are female
- 61% of Service Managers are female, 39% Male

The Gender Pay Gap analyses gender distribution across the workforce by measuring the difference in average hourly earnings between men and women. It's important not to confuse this with Equal Pay, which ensures that men and women get paid the same rate for the same or similar work.

During 2020/21, our workforce comprised 56% women (54% in 2019/20), 72% of whom are part-time with a median gender pay gap of -2.22% (-8.25% in 2019/20), and a mean gap of -1.85% (-5.92% in 2019/20). This means that our female employees work within a positive earnings environment which offers flexible working arrangements. The full report can be found on our website:

<https://www.hambleton.gov.uk/downloads/download/247/gender-pay-gap-report>

FINANCIAL PERFORMANCE 2021/22

6. Revenue Budget Process 2021/22

The Council works within a 4 year financial strategy in 2021/22 which sets a level of affordability for the operational budget for annual General Fund revenue expenditure (expenditure funded from council tax, business rates, grants, contributions and generated income) and for a 10 year programme of capital expenditure. The financial strategy, revenue budget, capital programme, treasury management strategy and capital strategy are all reviewed annually in February before the start of the new financial year. The financial strategy aims to deliver the revenue and capital programmes whilst maintaining and where possible, increasing the level of the Council's reserves.

7. Revenue Outturn in 2021/22 Compared to the Agreed Budget and the Impact of the COVID-19 Pandemic

The revenue outturn position compared to the budget resulted in an overspend of £0.473m. The impact on loss of income from COVID-19 resulted in £1.047m of Council reserves being used to fund the cost of the pandemic. However, due to increased government funding and Business Rate income the net impact of transfer from and to reserves was minimal.

The analysis of the revenue outturn position in 2021/22 and the impact of the COVID-19 pandemic are detailed below.

Revenue Outturn compared to agreed budget - The main components of the Council's 2021/22 budget and how these compare with actual income and expenditure are set out below. The latest approved budget, at Quarter 3, reflects changes made to the Council's budget during the financial year.

	Latest Approved Budget £'m	Actual £'m	Difference £'m
Net Expenditure by Business Theme:			
Economy & Planning	1.368	0.421	(0.947)
Environment	4.078	3.758	(0.320)
Finance & Commercial	1.637	3.314	1.677
Law & Governance	1.273	1.092	(0.181)
Leisure & Communities	1.995	2.239	0.244
Net Expenditure	10.351	10.824	0.473
Financed by:			
Council Tax	(4.271)	(4.271)	-
Business Rates	(3.084)	(3.280)	(0.196)
Other Grants	(2.693)	(2.966)	(0.273)
	(10.048)	(10.517)	(0.469)
Funding Transferred from Reserves	0.303	0.307	0.004

The original estimated net revenue expenditure budget for 2021/22 which was approved by Council in February 2021 was £10.351m. Comprehensive and detailed budget monitoring is undertaken throughout the year and is supplemented by quarterly formal budget monitoring reports to the Council's Cabinet. In the Quarter 3 budget monitoring report that was presented to Cabinet in February 2022 the net revenue expenditure budget remained static at £10.351m. The final outturn position of £10.824m shows an overspend of £0.473m on Net Expenditure by Business Theme compared to the revised budget at Quarter 3 as detailed in the table above.

The revenue outturn position is supported by income from council tax, business rates and other grants. At outturn, which is detailed in the table above, business rates income was only £0.196m higher than expected.

Impact of the COVID-19 Pandemic - The Council reserve funding used to support the financial implications of the COVID-19 pandemic was £1.047m

It can be seen in the table above that the current revenue outturn and income position of the Council, including the impact of the COVID-19 pandemic, for 2021/22 results in, £0.307m being transferred from the Council Tax Payers reserve. This is made up of:

- (i) the latest approved budget at Quarter 3 where funding was agreed to be transferred from reserves of £0.303m
- (ii) the overspend at outturn £0.473m
- (iii) the increased business rates income and other contributions £0.196m
- (iv) the increased grants and other contributions £0.273m

Revenue Outturn, Impact of Covid-19 pandemic and the connection with Comprehensive Income and Expenditure Statement

The Business Theme expenditure headings, the method of financing and the figures reported in the tables above for budget monitoring reflect the Council's organisational and management structure. The Net Expenditure detailed in the table above at £10.824m differs from that reported in the Comprehensive Income and Expenditure Statement, which confirms to the code from accounting at year end, due to a number of accounting adjustments that are required to be reflected. A brief reconciliation of the two sets of figures is as follows:-

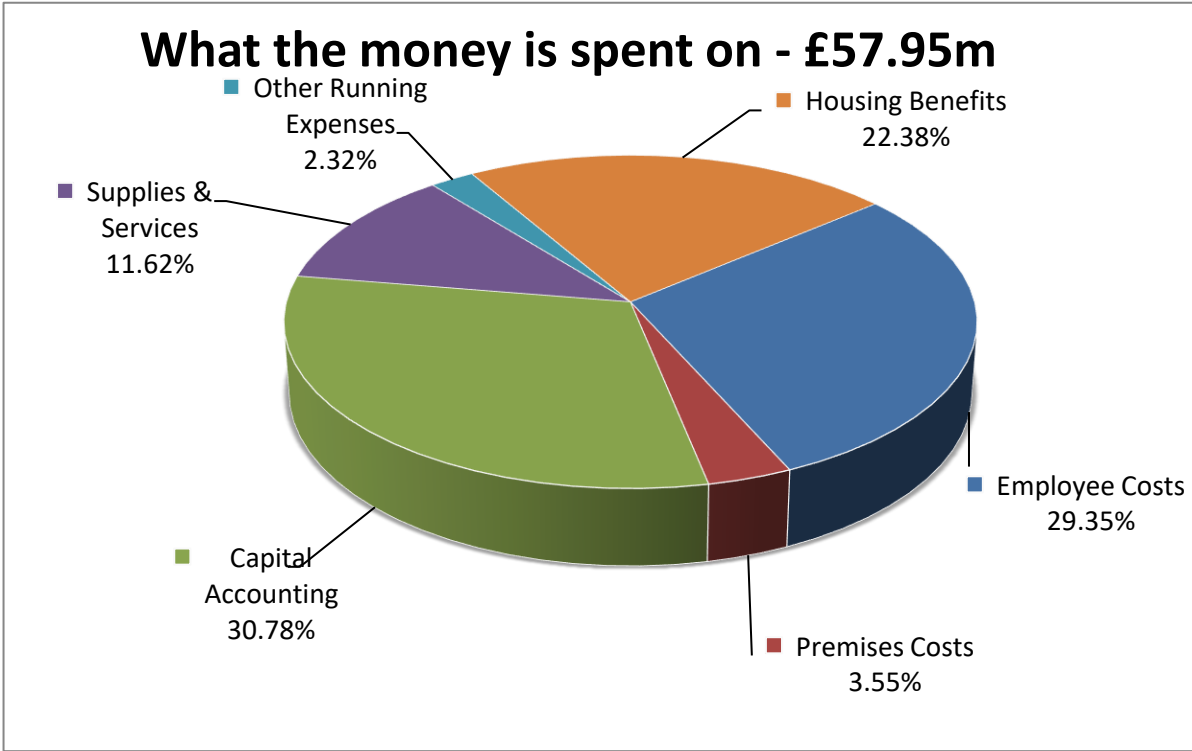
	Expenditure £'m
Expenditure Revenue Outturn (as above)	10.824
Other required accounting entries reflected in the Comprehensive Income and Expenditure Statement	
- Capital Accounting	17.835
- Pensions Accounting	2.913
- Accumulated Absence	(0.286)
Less Funding:	
Council Tax	(4.270)
Business Rates	(3.280)
Other Grants	(7.162)
Government Tranche funding	(0.650)
Government Sales Fees and Charges funding	(0.324)
Deficit on Provision of Services per Comprehensive Income & Expenditure Statement	15.600

8. Revenue Outturn Position for the Financial Year 2021/22

This section provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position.

Revenue Expenditure is generally spent on items which are consumed within the year and is financed from council tax, business rates, government grants, rents and other income. The COVID-19 pandemic also saw expenditure relating to COVID-19 costs and associated funding provided mainly from Government. Total Revenue Expenditure and COVID-19 Expenditure for 2021/2022 is summarised in the Comprehensive Income and Expenditure Statement. This shows the costs of all the Council's services, the impact of the pandemic and how the expenditure has been funded.

The Comprehensive Income and Expenditure Statement shows gross expenditure on all of the Council's services and COVID-19 costs for 2021/22 is £57.95m (2020/21 is £47.22m). The following chart shows what the Council's money is spent on.



The chart above shows that 22.38% (£12.97m) of the Council's expenditure is on Housing benefit payments and 29.35% (£17.01m) is spent on Employee costs. The remaining spend comprises 13.94% (£8.08m) on Other Running expenses and Supplies & Services such as the costs of operating vehicles and purchasing various external supplies and services, 30.78% (£17.83m) relates to capital charges for depreciation of the Council's assets and 3.55% (£2.06m) is spent on maintaining the Council's buildings and leisure facilities.

9. Capital Programme Outturn for the Financial Year 2021/22

Capital Expenditure is spent on acquiring or maintaining fixed assets, such as land, buildings and equipment which have value to the Council or the Community for more than one year and can be financed from borrowing, income realised from the sale of capital assets, revenue contributions or reserves.

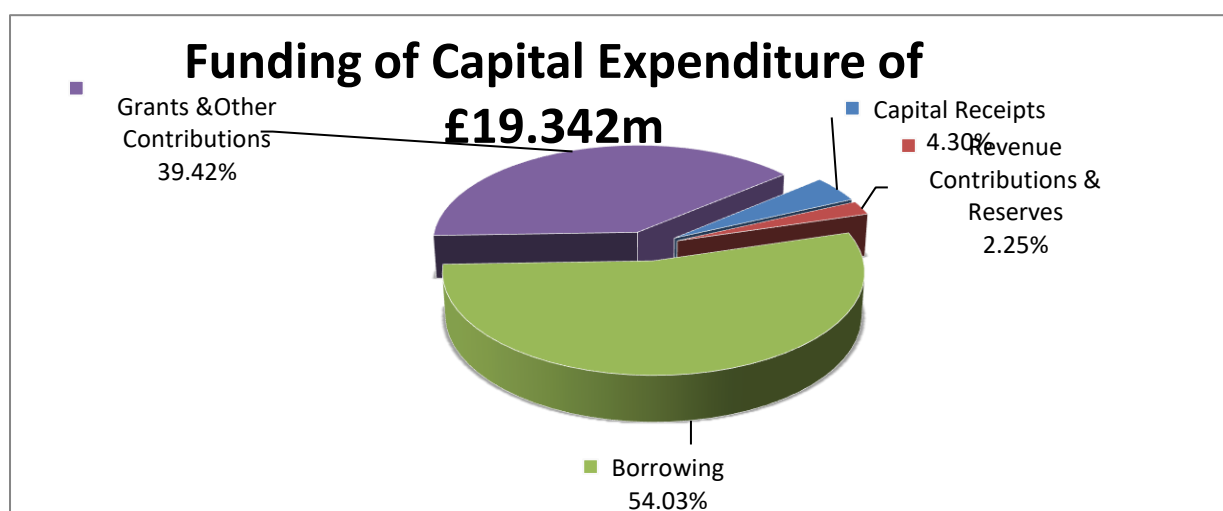
In 2021/22 the Council spent £19.342m (2020/21 £16.924m) on capital schemes, which is shown in Note 37. Capital expenditure was higher in 2021/22 than in 2020/21 mainly due to the Council's key projects being developed with expenditure on the Crematorium, Treadmills site, the Town square enhancement scheme and Thirsk and Sowerby Leisure Centre improvement project. An analysis of where the capital was spent and the sources of funding are shown in the table below:-

2020/21 %	2020/21 £'m	Capital Schemes Expenditure	2021/22 %	2021/22 £'m
13	2.264	Leisure & Communities	34	6.523
1	0.247	Environment	1	0.214
20	3.292	Economy & Planning	15	2.951
2	0.274	Finance & Commercial	1	0.244
-	0.011	Economic Development Fund	-	0.000
64	10.836	Corporate Schemes	49	9.410
100	16.924	Total Capital Expenditure	100	19.342

The major schemes over £0.4m where the Council's capital expenditure in 2021/22 occurred were:

- Thirsk & Sowerby Leisure Centre Improvement scheme
- Decarbonisation Programme at the Leisure Centres
- Thirsk and Sowerby Sports Village
- Town Square Enhancement Scheme
- Disabled Facilities Grant
- Treadmills Phase 2
- Crematorium

The Council financed the capital programme through capital receipts, revenue contributions and reserves and other grant funding and contributions:



10. Treasury Management - Borrowing

The Council's ability to borrow is governed by the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council determines the capital programme for capital investment that will assist in the delivery of its services to the people of Hambleton District subject to that programme being affordable, prudent and sustainable.

The Council monitors its capital financing requirement, which is the amount of borrowing required to support the capital expenditure programme, in the treasury management strategy and annual report. In 2021/22, no additional long term borrowing was required to support the capital programme or cashflow during 2021/22, therefore at 31 March 2022 the balance remained at £26.5m.

11. Treasury Management - Cash flow

31-Mar-21 £'m	Cash Flow	31-Mar-22 £'m
14.864	Cash and Cash Equivalents	10.848
	- Short Term Investments	-
	- Short Term Borrowings	-
14.864	Total	10.848

Total cash and cash equivalents at 31 March 2022 is £10.848m. This has decreased compared to 2020/21. The main factors that affect the cash are:

- Acquisition and disposal relating to the capital programme
- Financing of the capital programme and the external borrowing from the Public Works Loan Board
- Use of reserve balances
- Business rates provision for appeals
- Grants and contributions receivable and unapplied.

12. Treasury Management - Employee Benefits and Pension Liabilities

The Council is a member of the North Yorkshire Pension Fund, which is part of the Local Government Pension Scheme. This is a scheme which provides defined benefits based on members' career average revalued earnings (CARE) pensionable salary.

The Council had net future pension liabilities of £20.383m (£26.151m as at 31 March 2021) on an IAS19 basis. The North Yorkshire Pension Fund is independently revalued every three years by an independent actuary to set future contribution rates. The most recent actuarial revaluation, as at 31 March 2019, assessed the funding level at 110%. The ongoing impact of the Covid-19 pandemic has created uncertainty surrounding illiquid asset values and significant volatility in equity and credit markets. Despite this the Council's share of the Pension Fund assets has increased £1,896m (£21.067m at 31 March 2021) and the liability has decreased by £3.872m (£27.454m increase in 31 March 2021). This is an decrease in the pension fund net liabilities of £5.768m, 22.06%, in 2021/22 compared to an increase of £6.387m, 32.32% in 2020/21.

The future value of pension liabilities is determined by the discount rate, which is based on the yield on investment grade corporate bonds. As the spread on corporate bonds has decreased, it has led to an decreased discount rate which increases the future value of liabilities.

Further information in respect of retirement benefits is disclosed in Note 41 to the Statement of Accounts.

C. CORPORATE RISKS

The Council operates an embedded risk management process which helps it protect itself and make the most of opportunities by mitigating potential threats. Identifying, assessing and prioritising potential threats, and their likely impact, means being better prepared to deal with events should they occur. A clear understanding of risk management therefore services presents the Council with opportunities to introduce innovative ways of delivering its services, with better outcomes for the community.

The risk register is challenged by the Strategic Risk Management Group quarterly and reviewed on a six monthly basis by Management Team with the Council's risks with a threshold of 12 or above for the following, reported six monthly to Scrutiny (i) Corporate Risks, (ii) Key project and (iii) Service Risks. The risk management process is included in the Annual Governance Statement and also reported at least annually to the Audit, Governance and Standards Committee who has ultimate responsibility.

The corporate risks of the Council are included in the Corporate Risk Register where the Council's three main risks are mentioned below:

- Risk: Local Government Reorganisation – failure to deliver the projects of the Council, plan effectively for new requirements, motivate staff in the changing environment and pressures from Local Government Reorganisation (LGR) work resulting in financial loss and loss of reputation.

Mitigation: Focus on delivery of projects in a shorter timescale, effectively plan at regular MT and Strategic Risk Management Meetings, communicate with staff, continue to provide training and support their development.
- Risk: Loss of ICT Systems or data - Cyber-attack facilitated by user error leads to loss of key ICT infrastructure resulting in reduced ability to provide ICT Services and ineffective individual business continuity plans available leading to loss of service.

Mitigation: Cyber Security Incident Management Plan in place with compulsory annual Cyber Security training for all users. Annual review of Information Security Policy and Annual IT Health Check and remedial work PSN (Public Services Network) compliance. Regularly testing of Disaster Recovery and Business Continuity Plans across the Council.
- Risk: Workforce morale and motivation influenced by uncertain future and recruitment and retention of staff has potential to impact upon service delivery to Hambleton residents.

Mitigation: Clear direction from MT, positive attitude, understanding of what makes Hambleton an attractive place to work, Corporate Plan details the focus upon the remaining period, resources to be provided for employment of temporary staff.

The quarter 4 report for 2021/22 on the Review of Risk Management is located on the website:

<https://democracy.hambleton.gov.uk/ieListDocuments.aspx?CId=217&MId=2188&Ver=4>

D. SUMMARY POSITION

When looking ahead into 2022/23 the Council's financial strategy shows a position of affordability, sustainability and prudence.

The Council Plan, updated in 2022, is ambitious with the Council finalising the build of the Crematorium with the opening in quarter 4, the Treadmills site moved to phase 3 of development and the Thirsk & Sowerby Leisure Centre works are being finalised, as well as the Council now focusing on the green climate change agenda with the decarbonisation project.

The announcement by Government on 22 July 2021 that North Yorkshire will become one unitary council across the North Yorkshire County Council footprint by April 2023 will focus the Council to continue to provide high value quality services to the residents, communities and business over the coming year as set out in the Council Plan.

13. Explanation of the Statement of Accounts

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2022. It comprises core and supplementary statements, together with disclosure notes. The following provides an explanation of the purpose of each statement and the relationships between each of them.

These statements are:

Statement of Responsibilities for the Statement of Accounts

This explains both the Council's and Chief Finance Officer's responsibilities in respect of the Statement of Accounts.

Comprehensive Income & Expenditure Statement

This statement shows the accounting costs in the year of providing services in accordance with the relevant accounting standards, rather than the cost to be funded from taxation which is shown in the Movement in Reserves Statement. It reflects the costs that are reported to Cabinet during the year on a quarterly basis.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Balance Sheet

This sets out the financial position of the Council on 31 March 2022. It shows the balances and reserves at the Council's disposal, its long-term indebtedness, the non-current and net current assets employed in its operations and summarised information on the non-current assets held. The net assets held by the Council at the balance sheet date are matched by reserves.

Cash Flow Statement

This summarises the total movement in cash and cash equivalents held by the Council during the reporting period.

Explanatory Notes to the Core Financial Statements

The Notes to the Core Financial Statements have three significant roles:

- To present information about the basis of preparation of the Core Financial Statements and the specific accounting policies used
- To disclose information that is required by the Code that is not presented elsewhere in the Statement of Accounts
- To disclose information that is not elsewhere in the Statement of Accounts but is relevant to the users' understanding.

Collection Fund Statement

The Collection Fund reflects the Council's responsibility to collect Council Tax and Business Rates on behalf of North Yorkshire County Council, North Yorkshire Fire & Rescue Authority, Parish Councils and Council Tax for Police and Crime Commissioner North Yorkshire and re-distribute that funding.

Group Accounts

Accounts showing the results and financial position of separate entities – Hambleton District Council, the Joint Venture Company Central Northallerton Development Company Ltd and Thirsk and Sowerby Swimming Baths Charity - in a combined form.

Glossary of Terms

Explaining the meaning of the terms used in the Statement

14. FURTHER INFORMATION

Further information about the accounts is available from the Corporate Finance Manager (Deputy S151 Officer), Hambleton District Council, Civic Centre, Stone Cross, Northallerton, North Yorkshire, DL6 2UU and on our website:

www.hambleton.gov.uk

14. ACKNOWLEDGEMENTS

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

Gary Fielding
Corporate Director – Strategic Resources
Central Services
County Hall
Northallerton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH YORKSHIRE COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of Hambleton District Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2022. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement
- the related notes 1 to 45 and G1 to G8, and
- Collection Fund and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Group and the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The audits of the 2019/20 and 2020/21 financial statements for Hambleton District Council were not completed for the reasons set out in our opinion on those financial statements dated 13 December 2024 and 13 December 2024, respectively. As a result of the delays to the prior years audits together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2021/22 financial statements before the 13 December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 1 which discloses the local government reorganisation in North Yorkshire. As stated in these disclosures, a new council called North Yorkshire Council replaced the District Council in April 2023. The Council's assets, liabilities, services, and functions transferred to the new North Yorkshire Council on 1 April 2023. Our opinion is not modified in respect of this matter.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Group and the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities set out on pages 36, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the Group and Council financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group and the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Hambleton District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Hambleton District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Hambleton District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Hambleton District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Hambleton District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hassan Rohimun (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Manchester
13 December 2024

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 26 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

HAMBLETON DISTRICT COUNCIL

Scope of Responsibility

Hambleton District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Hambleton District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness, as well as ensuring that informed decisions are made, risks are properly managed and finances are sustainable so the Council uses resources to continue to deliver its services.

In discharging this overall responsibility, Hambleton District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. The Authority's financial management arrangements confirm with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Hambleton District Council's governance arrangements are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government (2016). The Annual Governance Statement sets out how the Authority has complied with the Code and also meets with regulation 4(2) of the Accounts and Audit Regulation, in relation to the publication of this statement - The Annual Governance Statement - on its Governance and internal control arrangements.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Hambleton District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically, ensuring financial sustainability.

Core Principles of Good Governance

The diagram below, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2016) (the 'International Framework'), which is also included in the CIPFA / SOLACE Framework, illustrates the seven principles of good governance in the public sector and how they relate to each other. Principles A and B permeate implementation of principles C to G illustrating that good governance is dynamic. In line with this, the Council's Annual Governance Statement demonstrates the Council is committed to improving its arrangements on a continuing basis through a process of evaluation and review, whilst achieving its objectives and acting in the best interest of the public.

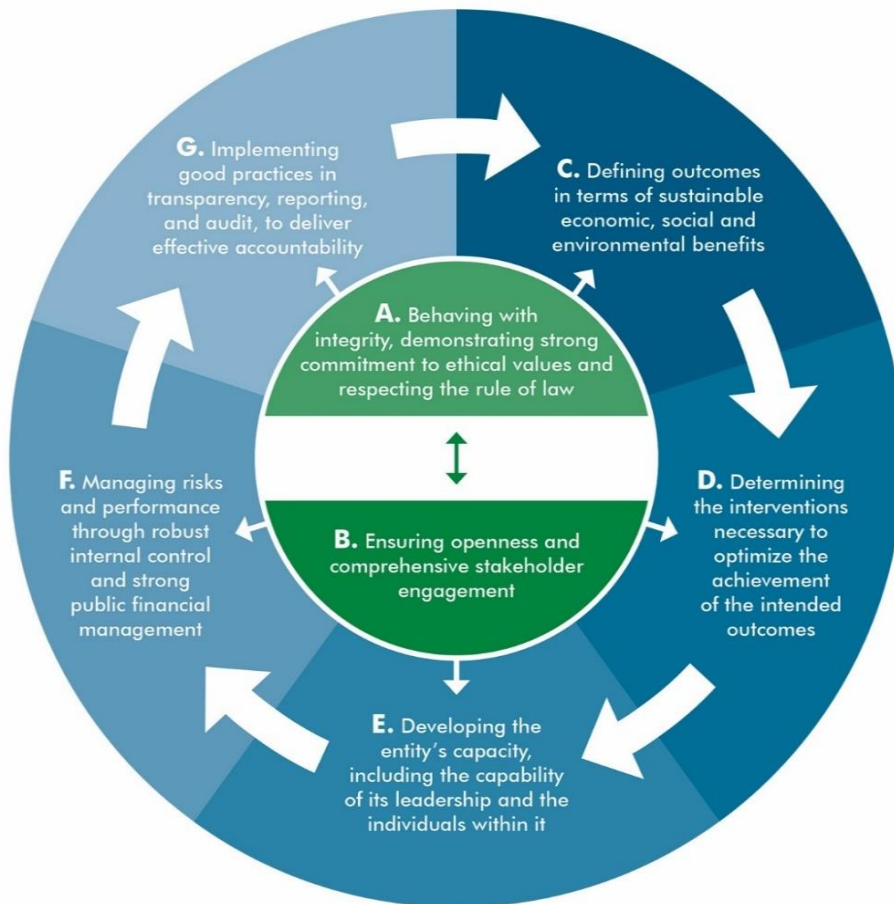


Diagram 1: the seven principles of good governance in the public sector

The Governance Framework – Key Elements

The Council is made up of 28 Councillors who are democratically accountable to residents of the District. The full Council appoints the Leader and the Leader appoints the Cabinet and Deputy Leader. The Cabinet is responsible for most strategic day to day decisions. The Council holds the Cabinet to account by appointing scrutiny committees to question decisions and to propose policy changes where appropriate.

The key elements of the Authority's governance framework are detailed against each principle in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government and the following information demonstrates the Council's assessment of compliance with 'the framework' along with the Governance Issues Action Plan.

Principle A - Behaving with integrity, demonstrating Strong commitment to ethical values, and respecting the rule of law	
Assessment of Compliance	It is considered that the Council's arrangements meet principle A of 'the framework'
Values and Integrity	<p>Values and Integrity - Good Governance flows from a shared ethos or culture as well as from systems and structures. The spirit of good governance can be expressed as values which become part of the Council's culture and underpin policy and behaviour through the Council from the governing body to the staff; this is in addition to compliance with legal requirements.</p> <p>The Council's Values accord with the requirements of good governance and are key to the Council plan:</p> <ul style="list-style-type: none"> - open, responsible, customer focused, fair and respectful
Respecting the rule of law Officers / Members of the Council	<p>Respecting the rule of law - Ongoing monitoring and review of the Council's activities is undertaken to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. This gives assurance as to the soundness of the system of internal controls that are in place for respecting the rule of law. Hambleton District Council achieves this through a number of mechanisms:-</p> <ul style="list-style-type: none"> • The Director of Law & Governance (Monitoring Officer) has access to all draft Cabinet and Council reports and approves the minutes; • The Legal Section monitors legal developments and notifies relevant Senior Officers; • The Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose. • A protocol for the Monitoring Officer is in place; • Senior Officers and Members are aware of the availability of the advice on propriety which is available from both the Monitoring Officer and Veritau North Yorkshire Limited providing assurance services - internal audit, fraud and freedom of information services in 2021/22; • The Monitoring Officer, the Chief Finance Officer (S151 Officer) and Veritau North Yorkshire Limited have good working relations and often cross-refer matters; • The Chief Finance Officer (S151 Officer) has unfettered access to information, to the Chief Executive and to Members of the Council. Therefore there are processes and procedures in place which provide assurance that the role of the Chief Finance Officer at Hambleton District Council meets the Statement's expectations. • The Council's Audit Governance and Standards Committee is responsible for promoting and maintaining high standards of conduct within the Council.

Parish / Town Councils	<ul style="list-style-type: none"> • The Council has Codes of Conduct for both Members and Officers which set out the standards of conduct and personal behaviour expected. • The Council has additional protocols which govern the conduct of work between members and officers. • The Council has arrangements in place to provide induction training to all newly elected councillors on the requirements of the code of conduct and other relevant codes, protocols, policies and procedures, and to ensure councillors meet their obligations to notify disclosable pecuniary interests (DPIs). • The Council has arrangements in place to consider complaints submitted in accordance with the Council's procedure for dealing with complaints against councillors under the code of conduct. • The Council has a pool of three Independent Persons in place. An Independent Person is consulted during the assessment stage on any code of conduct complaints received. An Independent Person attends any Standards Hearings Panel which is convened to consider any code of conduct complaint referred to it. • The Council has clear arrangements in place for the declaration of interests and for the registration of gifts and hospitality. • The Council has arrangements in place to consider code of conduct complaints submitted against parish / town councillors. • The Council provides advice to Parish / Town Councils on Code of Conduct matters
Link to Governance Issue Action Plan	None Significant

Principle B - Ensuring openness and comprehensive stakeholder engagement	
Assessment of compliance	It is considered that the Council's arrangements meet Principle B of 'the framework'
Partnership Approach	The Authority works closely with other local public bodies, community and voluntary groups via a partnership approach to ensure effective delivery of its services. This is detailed in the Council Plan 2019-2023 which was approved at Cabinet in July 2021 prior to reporting Quarter 1 to Scrutiny Committee. Our Purpose section of the Council Plan 2019-2023 includes Community Leadership and Place Shaping which aims to make best use of increased devolved power and finances for local decision making, working with our partners, and also to be responsive and flexible with our partners to meet their needs and requirements for improvements for all.

Business, Economic Development and community working	<p>The Business & Economy section connect with many businesses on an individual and group basis. Lunch & learn sessions are held regularly, as well as support provided for grant funding obtainable from many sources. The business awards and business conference providing an opportunity for businesses to network.</p> <p>Communities provide support to all residents for sport and leisure activities through individual support and also through the Council's Make A Difference fund. In addition, two key Council projects support the Community - Thirsk & Sowerby and Northallerton Sport Villages. During 2021/22 the Council has been instrumental in distributing further Governments' COVID-19 Business Grants to businesses across the district.. Additional Council COVID-19 support is detailed in Principle C.</p>
Communication	<p>The Council's communications team uses social media and works with the press to ensure information is received across the District. The Council's website is also user friendly and enables access to Council information. The Social Media strategy and policy was approved at Cabinet in April 2018 and has been absorbed into the Council as an additional communication channel on a daily basis. Internal communication across the Council is via Microsoft Teams, the intranet, staff and Member newsletters, individual section briefings and briefings by the Chief Executive. During the COVID-19 pandemic Chief Executive, regular member and staff briefings have been introduced to keep everyone appraised of changes.</p>
Transparency	<p>To demonstrate its openness, the Council adheres to the Local Government Transparency Code 2015 which is the foundation of local accountability and provides access to areas such as the pay policy, payments to suppliers, senior officer salaries, parking, waste contracts and grants. This information can be located at https://www.hambleton.gov.uk/info/20097/transparency/262/transparency</p>
Consultations	<p>Consultations are used across the Council to engage with the public and enable their direct views to influence strategies and policies, one such example being the annual budget consultation. During 2021/22, 15 consultations were undertaken with 5 of these being repeated regularly. In addition, to enable the public to highlight concerns, a complaints and compliments procedure is in place which is reported on a quarterly basis to Management Team, along with the numbers.</p> <p>Openness, transparency and community engagement is the key that gives people the tools and information they need to enable them to play a bigger role in society.</p>
Link to Governance Issue Action Plan	None Significant

Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits	
Assessment of compliance	It is considered that the Council's arrangements meet Principle C of 'the framework' with clarification provided in the Governance Issues Action Plan
Council Plan Outcomes	<p>The outcomes of the Council, to provide quality services, are determined in the Council Plan 2019-2023, which is updated annually. The plan sets out objectives focused on outcomes for communities, residents, businesses and visitors under the four priority headings: under the four priority headings:</p> <ul style="list-style-type: none"> • Driving Economic Vitality • Enhancing Health and Wellbeing • Caring for the Environment • Providing a Special Place to Live <p>which details Hambleton District Council's purpose towards achieving social, environmental and sustainable benefits for the vision 'a place to grow'. The Council Plan specifically focuses on community leadership, place shaping and delivering services to ensure working with partnership organisations to achieve shared aspirations. The Council Plan is located at: https://www.hambleton.gov.uk/downloads/download/294/hdc-council-plan-2019-23</p>
Council Plan Outcomes and the COVID-19 Pandemic	During 2021/22 the Council has continued to deliver the Council Plan ensuring that measures were in place for all employees, to support them through the COVID-19 pandemic and enable them to continue to work where possible. Office recovery plans and risk assessments to ensure COVID-19 safe measures were in place, as well as HR policies and this has been in conjunction with ICT, enabling everyone to work from home via Microsoft Teams and soft phones through the laptop roll out.
Sustainable economic, Social, environmental	<p>In setting the priorities, national, regional and the public's priorities were considered, which results in the setting of the Council's Key Performance indicators. These indicators are monitored on a quarterly basis by the operational business where the Council has established effective arrangements through Service Plans, reported to Management Team and then also to Members at Scrutiny Committee.</p> <p>The Council's decision-making process in Cabinet reports requires decision makers to consider risk assessment, financial implications, legal implications and equality/diversity issues and health & safety matters where appropriate.</p> <p>To ensure that project management and future plans deliver value for money the sustainability of the Financial Strategy is key. For 2020/21 and previously it is forecast for 10 years along with the 10 year Capital Programme; this allows the statement on the position of reserves and annual budget to remain affordable, sustainable and prudent. For 2021/22, the Financial strategy is 4 years to consider the impact of local government reorganisation and also the COVID-19 pandemic. The Treasury Management Strategy, in its relationship with the Capital programme, also enables an affordable and prudent approach to the Council's plans and projects. Finally, the annual accounts support stewardship responsibilities subject to external audit opinion.</p>

Covid-19 Pandemic Support	<p>Supporting residents - the Council has contacted with vulnerable residents in need and liaised with delivery partners to proactively support them. This encompasses providing for the homeless and also there was a process in place to support those that are in the highly vulnerable group. In addition the Council has provided funds for the community grants to support those who applied.</p> <p>Re-opening High Streets - Local Businesses have been supported by the Council with consideration being given to signage, social distancing, and closure of market town roads in order to attract people back to the 5 market towns in the district.</p> <p>Pavement Licences- The Government temporarily provided a new streamlined process for premises selling hot or cold food for takeaway (or consumption on the premises including cafes, snack bars, bars, pubs and restaurants) to be able to put tables and chairs and associated restaurant furniture on the highway, via an application to the local council.</p>
Link to Governance Issue Action Plan	<ul style="list-style-type: none"> 1 - Impact of Brexit 2021/22 and 2022/23 1 - Key Council Projects 2022/23 1 - Impact of Covid-19 pandemic 2022/23

Principle D - Determining the interventions necessary to optimise the achievement of the intended Outcome	
Assessment of compliance	It is considered that the Council's arrangements meet Principle D of 'the framework' with clarification provided in the Governance Issues Action Plan.
Relationships	<p>Member and Officer relationships - It is necessary that Members and Officers perform effectively in clearly defined roles to achieve the intended outcomes with the required level of intervention.</p> <p>Excellent relationships between Officers and Members exist which are based on mutual trust enabling decisions to be made in a productive and transparent way. Trust is maintained through the involvement of all relevant parties at the right level of responsibility ensuring strategic decisions are led by Members and implementation of operational matters are at officer level directed by Management team.</p>

Roles and Responsibilities	Roles and responsibilities are defined in The Constitution for the cabinet, scrutiny and officer functions with clear delegation arrangements. The Constitution includes the Code of Member Conduct, a Code for Planning Conduct and an Officer and Member Protocol, as well as the financial regulations.
Forward	Democratic Services Forward Plan - All meetings of the Cabinet and key Committees are included in the Council's Forward Plan, which is published and available to the public. All minutes are published where all delegated decisions are also recorded.
Change in the way the Council operates	The Covid-19 pandemic has seen the Council work at home successfully for a large proportion of the year where priorities and project of the Council have still been achieved. In future a '3 days in the office : 2 days at home arrangement' is considered to enable the workforce to have increased flexible working and extend Council productivity.
Financial Sustainability	<p>Financial sustainability - In order to achieve the long term financial targets the Authority has a 4 year financial strategy for 2021/22 which is supported by the annual budget setting the required income and savings targets. All the expected risks to the Authority were considered in the Financial Strategy 2021/22 report approved by Council prior to the beginning of each financial year and the position of reserves underpins the long term financial resilience of the Council.</p> <p>https://democracy.hambleton.gov.uk/ieListDocuments.aspx?CId=127&MId=1730&Ver=4</p> <p>The 4 Year Financial Strategy, has given long term certainty of funding and highlights the need to continue to identify efficiency savings and generation of income. The 4 year financial strategy set for 2021/22 to 2024/25 still maintain £5m of reserves at the end of the 4 year period where the council awaits future steps from government in relation to future funding from the Business Rate Retention scheme and Fair Funding Review where it is now indicated from Government that this will be delayed.</p>
Governance Committee	<p>Audit, Governance and Standards Committee - This Committee is an essential part of good governance, with aspects of governance, risk management, internal and external audit, fraud and financial management being reported throughout the 2021/22 year. Internal and External Audit both have direct access to and support the Committee including the ability to have direct contact, without Officers of the Authority being present.</p> <p>The detailed matters reviewed by the Audit, Governance and Standards Committee can be viewed at the quarterly meetings located at: http://democracy.hambleton.gov.uk/ieListMeetings.aspx?CId=149&Year=0</p>
Link to Governance Issue Action Plan	<p>2- Financial Sustainability 2021/22</p> <p>2- Financial Sustainability 2022/23</p>

Principle E - Developing the entity's capacity including the capability of its leadership and the individuals within it	
Assessment of compliance	It is considered that the Council's arrangements meet Principle E of 'the framework' with clarification provided in the Governance Issue Action Plan
Senior Management Structure	Senior Management Structure - The Chief Executive restructured the Management Team during 2020/21 with the Director of Economy & Planning's departure. There are now four Directors where the Director of Leisure & Communities and the Director of Environment report to the Deputy Chief Executive. The Deputy Chief Executive and both Statutory Directors (Monitoring Officer and S151 officer) report directly to the Chief Executive. The structure introduced in December 2020 operates effectively and is set to deliver both service improvement and the corporate projects. Support is also provided from Heads of Service, where the Head of Service for Commercial & Programme Management supports income generation and project management across the Council, with the Head of Planning and interim Head of Business and Economy reporting to the Deputy Chief Executive.
Individual Performance Management	In 2017 the Council embarked on a programme of individual performance management which replaced annual appraisals to bring a more fluid interaction approach to continued conversations between managers and officers to create a better ownership, responsibility and communicative organisation. The purpose of this is to achieve a balance between achieving organisational performance goals and personal development. The aim is that by encouraging individuals to take responsibility for their areas of work and own development, capacity will be released within the organisation, whilst empowering decision making and ownership. This approach is 'High Challenge, High Support' and further work is continuing to embed this approach across the authority.
Key Skills knowledge and decision making	With the ambitions of the Council as seen in the Council Plan, comes the acknowledgement that key decisions across the organisation need to be made by the right people with the right knowledge. The Capital Strategy details an approach to ensure that expert advice is acquired from outside the organisation if required. The Capital Strategy is approved annually : https://democracy.hambleton.gov.uk/ieListDocuments.aspx?CId=127&MId=1730&Ver=4
Staff Development	Staff Development - The Council supports individuals to review their own training requirement in the area at work where both the individual and the organisation will benefit. There are numerous graduates supported across the Council as well as apprenticeships being provided. During 2021/22, all employees have also had the opportunity to consider further study through graduate or MA courses, so the workforce remains fully equipped for future challenges.
Training Requirements	Training Requirements – The HR Strategy supports a variety of training techniques including the Induction training, Member training, Individual Performance Management coaching, Learning & Development training calendar, online learning, and bespoke courses, presentations to employees and Members alike.
Health and Wellbeing	The Employee Assistance programme RISE was launched across the Council on 1st April 2021 to support all staff regarding mental health, physical, financial, or personal issues. During 2021/22, the Covid-19 pandemic has affected employees in different ways and this initiative aims to maintain the authorities capacity.
Link to Governance Issue Action Plan	3 - Resources for 2022/23

Principle F - Managing risks and performance through robust internal control and strong public management	
Assessment of Compliance	It is considered that the Council's arrangements meet Principle F of 'the framework' with clarification provided in the Governance Issues Action Plan.
Public Scrutiny of Risk Management	<p>The Audit, Governance and Standards Committee have responsibility for overseeing the Risk Management Strategy and has delegated to the Scrutiny Committee to oversee the strategic risk register on a quarterly basis. Significant changes to the risk management process are reported to both Committees.</p> <p>Risk Management is a standard element of all officer reports to Cabinet and other Member Committees etc. All senior officers are required to implement the strategy and to further embed risk management within the Council. Risks are reported to Management Team on a quarterly basis with a full review occurring annually.</p>
Risk Register	<p>The Risk Register incorporates corporate, project and service risks associated with delivery of the Council's corporate objectives under each Council Plan priority and key projects. During 2019/20 the changes to the process of managing risk have been finalised with Strategic Risk Management Group championing risk across the Council to ensure consistency and appropriate challenge. Detailed information is available in the quarterly reports:</p> <p>http://democracy.hambleton.gov.uk/ieListMeetings.aspx?CId=149&Year=0</p>
Risk Training	Members of the Cabinet, the Audit, Governance and Standards Committee, Members, Risk Owners and other selected staff received specialist training in Spring 2019, which can be refreshed when required. The Risk Management Guidance Manual is revised annually and was approved by Audit Governance and Standards Committee in October 2019; the revised version is also available to all employees on the intranet.
Development of Risk Management	With the measures mentioned above in place the Council is able to identify, assess and manage the risks to the Council's corporate objectives. Development of the risk management process across the Council was finalised in 2019/20 and has enabled the Council to understand the exposure to risk that the Council faces. Enhancement of the risk process continues with the Council considering options during 2022/23. Revision of the current practice did not progress during 2021/22 due to the impact on resources of the COVID-19 pandemic and Local Government Reorganisation (LGR).
Partnership Risks	The Council recognises the need to ensure that good governance arrangements and robust controls exist within all partners and other group working. It also recognises the need for comprehensive agreements to be in place for all significant partnerships and that these agreements should clearly identify how the risks of the partnership or working group arrangements will be managed. All Council projects and working relationships have a risk register to ensure projects are managed effectively and the required outcome results. During 2020/21, the Commercial and Economic Developments Initiatives internal audit report provided substantial assurance in the Council's governance risk management and effective, monitoring of partnership working.
Link to Governance Issue Action Plan	4 - Loss of ICT Systems / Data 2021/22 & 2022/23

Principle G - Implementing good practices in transparency, reporting and audit to deliver effective accountability	
Assessment of Compliance	It is considered that the Council's arrangements meet Principle G of 'the framework'- with clarification provided in the Government Issues Action Plan
Effective accountability	<p>The Cabinet and Council - There is a hierarchy of decision making at Hambleton District Council to ensure reporting delivers effective accountability. Any new draft policies or strategies are developed and then submitted to the Management Team. Once any amendments have been made, the policy/strategy moves on to Cabinet and then on to the full Council for approval. Local Government Ethical Standards produced in January 2019 highlights the need to report on 'separate bodies' that have been set up.</p> <p>In all reports to Cabinet, risk is considered in the section 'risk assessment' and specifically, risks inform the financial strategy position approved annually in the February Financial Strategy report, thereby concluding financial sustainability for 2021/22 ; also the Revenue Outturn report 2021/22, following the impact of COVID-19, confirms financial sustainability.</p>
Effective Corporate Governance	<p>The Audit, Governance and Standards Committee - The Audit, Governance and Standards Committee has specific responsibility for monitoring the effectiveness of the Council's Code of Corporate Governance and to ensure that the Council undertakes its duties in an appropriate manner and maintains a high standard of Corporate Governance. Numerous reports updated the Committee on a quarterly basis throughout the year.</p> <p>The Committee has received an update report on the CIPFA Financial Management Code on 25 January 2022 to raise awareness of the Council's sensitivity to financial sustainability including a detailed actions plan.</p>
Scrutiny	Scrutiny Committee - Part of the function of the Council's Scrutiny Committee is to scrutinise Council policies. It does not have a specific role in dealing with Governance, although it reviews the Council's strategic risks on a quarterly basis.
Assurance Services	<p>Internal Audit and Fraud - The Council also operates internal audit and fraud investigation functions which comply with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. The service in 2021/22 was provided by Veritau North Yorkshire Limited. Veritau's internal audit and counter fraud teams undertake an annual programme of review covering financial and operational systems and including systems, regularity, and probity audits designed to give assurance to members and managers on the effectiveness of the governance, risk management and control environment operating within the Council. Through its work Veritau also provides assurance to the Section 151 Officer in discharging that statutory review and reporting responsibilities. In addition the team:</p> <ul style="list-style-type: none"> • provides advice and assistance to managers in the design, implementation and operation of controls • helps to maintain the council's counter fraud arrangements including policy framework • supports managers in the prevention and detection of fraud, corruption and other irregularities. <p>During 2020/21, a joint working group was set up between the Council and Veritau North Yorkshire Limited to discuss the Covid-19 business grant assurance process where Audit, Governance and Standards Committee and been updated in the Annual Fraud report. This has continued in 2021/22.</p>
Link to Governance Issue Action Plan	<p>5 - Business Continuity Planning 2021/22</p> <p>5 - Business Continuity Planning 2022/23</p>

Review of Effectiveness

Self-assessment and review

Hambleton District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control and this is documented in this Annual Governance Statement. The Council recognises an ongoing need to review its governance arrangements and to respond to external reports and changes in legislation to ensure it continues to learn, improve systems and ensure compliance with relevant regulations.

Therefore, during the year numerous reports have been presented to Audit, Governance and Standards Committee to confirm ongoing good governance arrangements where these are summaries in the 'Annual Report to Cabinet on the Audit, Governance and Standards Committee's Activities in 2021/22'.

Therefore, during the year numerous reports have been presented to Audit, Governance and Standards Committee to confirm ongoing good governance arrangements where these are summaries in the 'Annual Report to Cabinet on the Audit, Governance and Standards Committee's Activities in 2021/22'.

The Annual Governance Statement is approved by the Councils Senior Management Team prior to it being presented to Audit, Governance and Standards Committee and the External Auditor, assurance is gained through those discussions ensuring the Councils compliance with the CIPFA / SOLACE Framework – Delivering Good Governance in Local Government.

The Councils s151 Officer has a quarterly meeting with the Chair of the Audit Governance and Standards Committee to discuss governance matters and any issues or concerns that may arise.

The review of effectiveness is informed by the work of the senior officers and managers within the Council who have responsibility for the development and maintenance of the governance environment, Management Team, Veritau North Yorkshire Limited's Internal Audit Annual and quarterly Reports and also by comments made by the external auditors and other review agencies and inspectorates.

Assurances from Internal and External Audit

In 2021/22, the overall opinion of the Head of Internal Audit from Veritau North Yorkshire Limited on the the governance, risk management and control framework operating in the Council is that it provides Substantial Assurance.

The Council's external auditor, Ernst & Young LLP, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing economy, efficiency and effectiveness. The most recent Audit Letter, issued in August 2019, confirmed that they had been able to give an unqualified audit opinion in respect of the Council's 2018/19 Statement of Accounts, and concluded that proper arrangements were in place to secure value for money in the use of resources. The 2019/20 audit is ongoing due to recent consultation in regards to proposed changes to infrastructure assets and the 2020/21 |Audit is due to commence in September 2022.

Key Governance Issues Action Plan 2021/22:

Last year's Annual Governance Report highlighted seven key areas for improvement.

The table below sets out action taken to address these issues during 2021/22:

Issue	Principle	Action taken during 2021/22
Impact of Brexit on council services and local	C	<ul style="list-style-type: none"> Service managers business continuity plans and contingencies were in place to provide assurance against the impact of Brexit which was minimal to the Council.
Financial Sustainability- Significant reductions in government funding leading to the inability to sustain the Council's services at the current level. The ability to income generate does not occur in line with the projection included in the financial strategy.	D	<ul style="list-style-type: none"> Income to be generated to support the financial strategy is ongoing with the main contribution being from the development of the crematorium. The income to be generated to support the financial strategy has increased in 2021/22 due to the recovery from COVID-19 in 2020/21. The focus of the financial strategy now being 4 years due to local government reorganisation. Funding information provided from Central Government around Business Rates Retention and the Fair Funding Review is unclear and further information is awaited in due course.
Loss of ICT systems or data	F	<ul style="list-style-type: none"> Cyber Security Incident Management Plan's are in place with compulsory Cyber Security training for all users and refreshers as required. Annual review Information Security Policy and annual IT Health Check and remedial work PSN (Public Services Network) compliance passed in 2020/21
Ineffective business continuity plans leading to loss of service e.g. COVID-19	G	<ul style="list-style-type: none"> The risks associated with business continuity planning are reported quarterly in the Council's corporate risk register to Scrutiny Committee and annually to Audit Governance and Standards Committee. The Council responded to the impact of the COVID-19 pandemic, whilst maintaining services and achieving project goals.

Key Council Projects not delivered could result in reputational damage to the Council or increased financial pressure in the future	G	<ul style="list-style-type: none"> · Key project Groups delivered high level projects such as the Crematorium, Treadmills, Leisure Centre Development and Climate Change.
Impact of COVID-19 Pandemic	C	<ul style="list-style-type: none"> · Financial monitoring was reported to the Department for Levelling Up, Housing and Communities, Management Team and quarterly to Cabinet. · Recovery plans and risk assessments were completed and a successful return to work was developed and implemented · The Council worked with communities to support their needs. · Business and economy developed a recovery plan to support the district.
Resources of the council are under pressure due to Local Government Reorganisation	E	<ul style="list-style-type: none"> · The Government announced on 21 July 2021 the Local Government Reorganisation decision where North Yorkshire will merge into one unitary Council with the footprint of North Yorkshire County Council. This has implications for resources; staff are leaving and it is harder to replace staff due to unknown future circumstances · The Financial implications were acknowledged and a new Reserve was created using underspends during 2021/22 which will be used for any additional costs that Local Government Reorganisation will create.

The Action Plan below identifies the following governance issues and major risks for the Authority for 2022/23.

Issue	Principle	Action / proposal during 2022/23	Responsible Officer
Key Council Projects not delivered could result in reputational damage to the Council or increased financial pressure in the future.	C	<ul style="list-style-type: none"> ▪ Key project Groups exist for high level projects - Treadmills, Climate Change Thirsk and Sowerby Sports Village and Northallerton Sports Village. ▪ Key Dates on projects are reported quarterly to Management Team. Programme Management Board and Management Team receive regular update reports. The risks of council projects are reflected in the 4-year Financial Strategy. 	Deputy Chief Executive / Director of Leisure and Communities / Director of Environment / Director of Finance (S151 Officer)
Impact of COVID-19 Pandemic	C	<ul style="list-style-type: none"> ▪ Ongoing recovery plans and risk assessments to return to the place of work developed. ▪ Working with communities to support their needs. ▪ Business and economy recovery plan to support the district. 	Deputy Chief Executive / Director of Leisure and Communities / Director of Environment / Director of Finance (S151 Officer)
Financial Sustainability - Significant reductions in government funding leading to the inability to sustain the Council's services at the current level - the ability to income generate does not occur in line with the projection included in the financial strategy.	D	<ul style="list-style-type: none"> ▪ Income to be generated to support the financial strategy is ongoing with the main contribution being from the development of the crematorium. The income to be generated to support the financial strategy has reduced in 2020/21 and in future years. ▪ Funding information provided from central Government around the Business Rates Retention and the Fair Funding Review is that this is unclear. Further information is awaited in due course. 	Director of Finance (S151 Officer)

Resources of the council are under pressure due to Local Government Reorganisation	E	<ul style="list-style-type: none"> ▪ The Government has announced on 21 July 2021 the Local Government Reorganisation decision where North Yorkshire will merge into one unitary Council with the footprint of North Yorkshire County Council. This has implications for resources; staff retention is a significant issue to the Council and plans are being looked at to retain staff until vesting date. ▪ The Financial implications will be monitored and reported on a quarterly basis to Cabinet. 	All / Director of Finance S151 Officer)
Loss of ICT systems or data	F	<ul style="list-style-type: none"> ▪ Cyber Security Incident Management Plan in place to be reviewed and updated on a regular basis with compulsory annual Cyber Security training for all users to be refreshed as required. ▪ Annual review Information Security Policy and Annual IT Health Check and remedial work PSN (Public Services Network) compliance. Regularly testing of Disaster Recovery Plan. 	Director of Environment / All
Ineffective business continuity plans leading to loss of service e.g. Covid-19	G	<ul style="list-style-type: none"> ▪ Plans are in place to safeguard business continuity and respond to major incidents. Learning outcomes from previous major incidents will be used to inform future plans ▪ 	Director of Environment / All

Summary

The Council is satisfied with the level of assurance with regards to its governance arrangements which enables stakeholders to recognise that proper arrangements are in place to govern spending and the safeguarding of assets. The governance issues raised in the 'action plan' will be addressed on an ongoing basis to further enhance the governance arrangements. The evaluation on the effectiveness of arrangements detailed within the seven principles and the action plans, provides assurance that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Annual Governance Statement signed by:

Signed: ----- **Date:** 6 December 2024

Councillor Carl Les
Leader of the Council, North Yorkshire Council

Signed: ----- **Date:** 6 December 2024

Richard Flinton
Chief Executive, North Yorkshire Council

Statement of Responsibilities for the Statement of Accounts

The Chief Financial Officer’s Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council’s Statement of Accounts, in accordance with proper practices as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom* (*‘The Code of Practice’*).

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

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

The Chief Financial Officer has also:

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

Statement by the Chief Financial Officer

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

Gary Fielding
Chief Financial Officer, s151 Officer, North Yorkshire Council
Date: 6 December 2024

The Council’s Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this Council, the officer is the Chief Financial Officer;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

I confirm that the Audit, Governance and Standards Committee of Hambleton District Council will approve the Statement of Accounts at the meeting held 6 December 2024

.....
Councillor Cliff Lunn
Chair of Audit Committee, North Yorkshire Council
Date: 6 December 2024

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/21				2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£	£	£		£	£	£
11,109,666	(6,209,765)	4,899,901	Economy & Planning	13,336,120	(5,611,159)	7,724,961
2,664,727	(4,060,567)	(1,395,840)	Business Grants - COVID-19	2,560,087	(1,176,075)	1,384,012
5,830,309	(2,070,671)	3,759,638	Environment	6,479,591	(2,137,090)	4,342,501
18,409,648	(12,387,127)	6,022,521	Finance	23,305,437	(13,013,619)	10,291,818
1,434,025	(228,611)	1,205,414	Law & Governance	1,678,276	(452,269)	1,226,007
7,775,241	(2,406,327)	5,368,914	Leisure & Environment	10,586,528	(2,627,238)	7,959,290
47,223,616	(27,363,068)	19,860,548	Net Cost Of Services	57,946,039	(25,017,450)	32,928,589
2,173,688	(137,149)	2,036,539	Other Operating Expenditure (Note 10)	1,803,324	(162,090)	1,641,234
2,823,423	(3,529,633)	(706,210)	Financing and Investment Income and Expenditure (Note 11)	3,184,911	(3,551,417)	(366,506)
-	(22,340,071)	(22,340,071)	Taxation and Non-Specific Grant Income (Note 12)	-	(18,603,761)	(18,603,761)
52,220,727	(53,369,921)	(1,149,194)	(Surplus) or Deficit on Provision of Services	62,934,274	(47,334,718)	15,599,556
		225,575	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment (Note 26)			(1,206,521)
		4,457,000	Actuarial (Gains)/Losses on Pension Assets / Liabilities (Note 41)			(9,259,000)
		4,682,575	Other Comprehensive Income & Expenditure			(10,465,521)
		3,533,381	Total Comprehensive Income and Expenditure			5,134,035

MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'.

The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The (increase)/decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

2021/22	General Fund Balance £	General Fund Balance - Collection Fund Reserve £	Earmarked General Fund Reserves £	Capital Receipts Reserve £	Capital Grants Unapplied Account £	Total Usable Reserves £	Unusable Reserves £	Total Council Reserves £
Balance at 31 March 2021	(2,000,000)	(4,517,656)	(12,967,842)	(1,738,646)	(9,832,437)	(31,056,581)	(4,762,705)	(35,819,286)
Movements in Reserves during 2021/22								
Total Comprehensive Income and Expenditure	15,599,556	-	-	-	-	15,599,556	(10,465,521)	5,134,035
Adjustments between accounting basis & funding basis under regulations (Note 8)	(11,205,714)	-	-	413,938	750,486	(10,041,290)	10,041,290	-
Net increase/(decrease) before Transfers to earmarked reserves	4,393,842	-	-	413,938	750,486	5,558,266	(424,231)	5,134,035
Transfers to / (from) Earmarked Reserves (Note 9)	(13,379,859)	1,677,895	11,701,964	-	-	-	-	-
Increase / (Decrease) in 2021/22	(8,986,017)	1,677,895	11,701,964	413,938	750,486	5,558,266	(424,231)	5,134,035
Balance at 31 March 2022 carried forward	(10,986,017)	(2,839,761)	(1,265,878)	(1,324,708)	(9,081,951)	(25,498,315)	(5,186,936)	(30,685,251)

2020/21 Comparative figures

	General Fund Balance £	General Fund Balance - Collection Fund Reserve	Earmarked General Fund Reserves £	Capital Receipts Reserve £	Capital Grants Unapplied Account £	Total Usable Reserves £	Unusable Reserves £	Total Council Reserves £
Balance at 31 March 2020 carried forward	(2,000,000)	-	(11,338,965)	(2,107,716)	(5,361,316)	(20,807,997)	(18,544,670)	(39,352,667)
Movements in Reserves during 2020/21								
Total Comprehensive Income and Expenditure	(1,149,194)	-	-	-	-	(1,149,194)	4,682,575	3,533,381
Adjustments between accounting basis & funding basis under regulations (Note 8)	(4,997,339)	-	-	369,070	(4,471,121)	(9,099,390)	9,099,390	-
Net increase/(decrease) before transfers to earmarked reserves	(6,146,533)	-	-	369,070	(4,471,121)	(10,248,584)	13,781,965	3,533,381
Transfers to / (from) Earmarked Reserves (Note 9)	6,146,533	(4,517,656)	(1,628,877)	-	-	-	-	-
Increase / (Decrease) in 2020/21	-	(4,517,656)	(1,628,877)	369,070	(4,471,121)	(10,248,584)	13,781,965	3,533,381
Balance at 31 March 2021 carried forward	(2,000,000)	(4,517,656)	(12,967,842)	(1,738,646)	(9,832,437)	(31,056,581)	(4,762,705)	(35,819,286)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2021	Balance Sheet as at 31 March 2022	Note	31 March 2022
£			£
49,783,753	Property, Plant & Equipment	13	52,765,348
102,000	Investment Property	15	102,000
667,036	Intangible Assets	16	677,719
2,520	Long Term Investments	45	2,520
34,464,137	Long Term Debtors	17	33,600,000
85,019,446	Long Term Assets		87,147,587
75,621	Inventories	18	70,723
15,759,401	Short Term Debtors	19	7,853,775
14,864,496	Cash and Cash Equivalents	20	10,847,900
354,847	Assets Held for Sale	21	387,647
31,054,365	Current Assets		19,160,045
(1,200,897)	Short Term Borrowing	17	-
(24,611,776)	Short Term Creditors	22	(27,337,105)
(948,466)	Short Term Provisions	23	(895,230)
(611,533)	Other Short Term Liabilities		(325,104)
(27,372,672)	Current Liabilities		(28,557,439)
(26,706,922)	Long Term Borrowing	17	(26,648,011)
(23,931)	Other Long Term Liabilities	17	(33,931)
(26,151,000)	Pensions Liability	41	(20,383,000)
(52,881,853)	Long Term Liabilities		(47,064,942)
35,819,286	Net Assets		30,685,251
(31,056,581)	Usable reserves	24	(25,498,315)
(4,762,705)	Unusable Reserves	25	(5,186,936)
(35,819,286)	Total Reserves		(30,685,251)

CASHFLOW STATEMENT FOR YEAR ENDED 31 MARCH 2022

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2020/21 £		2021/22 £
(1,149,194)	Net (surplus)/deficit on the provision of services	15,599,556
(16,284,882)	Adjustments to net (surplus)/deficit on the provision of services for non-cash movements (Note 26)	(27,937,406)
9,666,130	Adjustments for items included in the net (surplus)/deficit on the provision that are investing and financing activities (Note 27)	8,321,452
(7,767,946)	Net cash (inflows)/outflows from Operating Activities	(4,016,398)
2,785,688	Investing Activities (Note 28)	5,341,725
4,089,116	Financing Activities (Note 29)	2,691,269
(893,142)	Net (increase)/decrease in cash and cash equivalent	4,016,596
(13,971,354)	Cash and cash equivalents at the beginning of the year	(14,864,496)
(14,864,496)	Cash and cash equivalents at the end of the year (Note 20)	(10,847,900)

EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

1 Accounting Policies

(i) General Principles

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/2022 and the Service Reporting Code of Practice 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The Statement of Accounts summarise the Council's transactions for the 2021/2022 financial year and its position at the year ending 31 March 2022.

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of tangible non-current assets.

Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The Council has carried out a detailed assessment of the likely impact of COVID-19 on its financial position and performance during 2020/21 and beyond. This included consideration of the following:-

- Loss of income on a service by service basis, due to temporary closures, reduction in demand and increased collection losses.
- Additional expenditure on a service by service basis, e.g. provision of new and expanded services in response to the crisis (such as additional costs relating to temporary accommodation for the homeless, and additional costs associated with changes to working practices (such as remote working)).
- Changes to government policy, e.g. changes to business rate reliefs, guidance on supplier relief, additional funding for local authorities, and additional responsibilities which go alongside.
- The impact on the Council's capital programme, e.g. delays caused by government restrictions, whether there is a need to rephase work for other reasons and consideration to schemes that do not need to proceed.
- The impact on the Council's subsidiaries and joint ventures.
- The impact of all of the above on the Council's cash flow and treasury management, including availability of liquid cash (as at 25 September 2020 the Council had around £14 million in cash and on demand / short notice deposits), impact on investment returns, and availability of external borrowing if required.
- The estimated overall impact on the Council's General Fund.

This review has highlighted that COVID-19 poses a significant financial challenge for the Council, as it will for all local authorities.

To reflect this, the Council highlighted the financial position relating to COVID-19 in the

2020/21 Q1 Revenue Monitoring Report on 8 September 2020.

The net total impact of COVID-19 on the General Fund in the report is estimated to be a reduction of £3,580,032. This takes into account additional specified government support for COVID-19 announced up until 31 August 2020 but is not yet crystallised due to the consideration still being given to impact from reductions in council tax and business rates and the Government also announcing the further Sales, Fees and Charges Scheme which will reimburse local authorities for lost income. The Council is still in the process of analysing the impact of this scheme, but it is likely to further mitigate the effect of COVID-19 on the General Fund to some degree. By way of context, the revenue earmarked reserves balance at 31 March 2020 was £11.3m.

It is therefore noted that there is headroom within the earmarked reserves, which includes the general fund reserve of £2m and also consideration of schemes that do not need to proceed to absorb the estimated financial impact of COVID-19 in the short to medium-term. Furthermore, the Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

At 31 March 2023 the Council's total earmarked reserves were 10.8m.

This is above our minimum reserve balance of £2m.

Local Government Restructure

In July 2020, the Minister for Regional Growth and Local Government announced that the Department for Levelling Up, Housing and Communities (DLUHC) would be publishing the Devolution and Local Recovery White Paper imminently.

The Secretary of State of DLUHC formally sought the views of the public on two proposals and the consultation closed on 19th April 2021. A decision was announced by DLUHC in July 2021 determining that the current county, district, and borough councils would be replaced by a new single council for North Yorkshire from 1 April 2023. In the intervening period the accounts and financial plans for Hambleton District Council will continue to be constructed on a 'going concern' basis - with any assets and liabilities transferring to the successor authority

Basis of Preparation

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions of the Code in respect of going concern reporting requirements reflect the economic and statutory environment within which authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. The Council's accounts are therefore produced under the Code and assume that the Council's services will continue to operate for the foreseeable future.

At the point of writing, budgets, Medium Term Financial Strategies, Capital plans and Treasury Management Strategies have been developed for the new Council. North Yorkshire County Council is a continuing authority and accounts for more than 80% of the total budget of the new Council; it has published its draft Financial Statements for 2019/20, 2020/21, 2021/22 and 2022/23 on a going concern basis.

The functions and services of Hambleton District Council transferred to North Yorkshire Council on 1 April 2023 in accordance with The North Yorkshire (Structural Changes) Order 2022 (Statutory Instrument 2022).

North Yorkshire Council Budget 2024/25 and Medium Term Financial Strategy (MTFS) 2025/26 TO 2026/27

This is the second Budget for the new North Yorkshire Council (NYC). It has been produced post-vesting day and based upon the experiences of 2023. The merger of eight organisations was always likely to lead to operational and financial challenges but, to date, there have been few surprises and this is testament to the work and collaboration of all eight councils in the run-up to vesting day.

Further significant work has now been done in production and refinement of the Budget to ensure it is fit for purpose for the (still relatively new) Council. This Budget / MTFS report seeks to capture the key spending needs to deliver the Council's objectives and

provides a very significant set of savings proposals which is largely derived from the structural opportunities delivered by unitarisation.

The Budget for 2024/25 and the MTFS are characterised by: -

- Reducing rates of inflation but some time lags and pent-up price expectation in the supply chain;
- Some distressed markets especially in adult social care;
- Workforce challenges with recruitment and retention;
- High demand for some key, high cost services (including SEND); and
- Insufficient capital funding putting pressure on NYC revenue and reserves.

Key assumptions included in the 2024/25 budget for North Yorkshire Council are:

- Council tax to increase by 4.99% (basic 2.99% and Adult Social Care 2%)
- Net Revenue Budget for 2024/25, after use of reserves of £685m
- A recurring Corporate Risk Contingency of £10m to provide for service growth and/or non-delivery of savings
- A 4 year capital investment programme of £300m
- An authorised limit for external debt of £661m

Total Investments held by the new council on vesting day totalled £512.0m and total debt at the same date was £379.8m. Total Debt forecasted up to 31 December 2025 is £355.1m. The total estimated surplus cash invested at 1 April 2023 was £483.2m.

Over the going concern period (up to 31 December 2025), the loan repayment terms vary as the council has different types of loan, the majority of the loans are annuity or maturity-based loans. The total loan repayments due up to December 2025 is £24.6m.

2024/25 Budget Setting and Medium Term Financial Planning Process

The development of the 2024/25 revenue budget and refinement of the medium term financial plan has been approved by full council.

Key Risks and Uncertainties

The financial position of the new council includes a number of risks and uncertainties. These include the potential changes to government funding arising from the Fair Funding, Business Rates Retention and New Homes Bonus reviews from 2024/25, the completion of the predecessor council's 2019/20, 2020/21, 2021/22 and 2022/23 external audit process and the inherent risks of establishing a new organisation. These risks are actively being monitored, managed, and mitigated.

Conclusion

Since the 2019/20 Draft Statement of Accounts were prepared, the impact of the Covid

pandemic has subsided from its peak in 2020. Further short-term lockdown restrictions were implemented in 2020/21 and the impact of the pandemic continued to impact on consumer confidence and economic activity through into 2022/23 mainly through lower activity in some Council income-generating services than was previously experienced. This has had an on-going detrimental impact on income levels in particular in 2021/22 and into 2022/23 in areas such as leisure and car parking income. However, the Council has carefully monitored and managed risks around these service areas and has been supported by significant financial support in 2020/21, 2021/22 and 2022/23 from the UK Government.

This has come in terms of both direct financial support to the Council to cover some of the shortfalls in sales, fees and charges as well as direct and indirect Covid grant support. Details are set out in the Grant Income Note to subsequent years Financial Statements.

The majority of this financial support was received in 2020/21 and 2021/22, with reduced amounts being received in 2022/23. During this period, the Council continued to undertake detailed financial monitoring and reporting to assist in mitigating the financial impact to the Council and as at 31st March 2023, the pandemic had not directly impacted on the overall level of reserves and balances available to the Council, with the General Fund Balance remaining in tact at £2m throughout this period, thanks to the external support received from the UK government and steps taken by the Council to manage the financial risks internally. In addition to the direct support received, the Council was used as an agency to passport additional UK Government Covid grants and financial assistance to residents and businesses across the District, which in turn has helped to support the local economy throughout this challenging time.

Having regard to the Code and its reporting requirements the Council concludes that it is appropriate to prepare its financial statements on a going concern basis, notwithstanding that the Council ceased to exist with effect from 1 April 2023. Based on budgets and Medium Term financial planning, the new North Yorkshire Council will be a going concern for at least 12 months from the date of approval of the financial statements.

(ii) Accruals of income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the balance sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than cash flows or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant service revenue account in the Comprehensive Income and Expenditure Statement, unless they represent capital receipts or capital expenditure.

(iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amount of cash with insignificant risk of change in value. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

(iv) Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately. Either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to understanding of the Council's financial performance.

(v) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(vi) Capital Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited in the Comprehensive Income and Expenditure Statement with the following amounts to record the cost of holding non-current assets during the year.

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make a contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(vii) Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries and wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and as far as practicable will be recognised in the year in which the service is rendered by the employees to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary and wage rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination Benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefit

Employees of the Council are members of the Local Government Pension scheme, administered by North Yorkshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the North Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on high quality corporate bond).
- The assets of the North Yorkshire Pension Fund attributable to the Council are included in the balance sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value

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

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of services earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Contribution paid to the North Yorkshire Local Government Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Scheme.

(viii) Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Account is authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the Balance Sheet date this will be classed as an adjusting event and the Statement of Accounts will be amended to reflect this event. A disclosure will also be made in the Events After Balance Sheet date (Note 6).
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure will be made in the Events after the Balance Sheet Date (Note 6) giving the nature of the event and an estimate of the financial effect or statement that an estimate cannot be reliably made.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

(ix) Fair Value measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) i in the principal market for the asset or liability, or
- b) ii in the absence of a principal market, in the most advantageous market for the asset or liability.

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

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

(x) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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

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

The Council's business model is to hold investments and other financial assets to collect contractual cashflows i.e. payments of interest and principal. All of the Council's financial assets are therefore currently classified as amortised cost, however in the future, those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument) will be classed as either fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)

The value is based on the principle that the equity shares have no quoted market prices and is based on an independent appraisal of the company valuation.

Dividend income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

The same accounting treatment would have been adopted in the prior year if the asset was classified as Available for Sale, except that accumulated gains and losses on the available for sale asset were previously held in an Available-for-Sale Financial Instruments Reserve at 31 March 2018. The balance on this reserve would have been transferred to the new Financial Instruments Revaluation Reserve as at 1 April 2018.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

(xi) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments and the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments to the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport and flood defences) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

(xii) Heritage Assets

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. When Heritage Assets are disposed of the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

(xiii) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

(xiv) Interests in Companies and Other Entities

The Council is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and/or joint ventures. In the Council's single-entity accounts the interests in companies and other entities are recorded as financial assets at cost less any provision for losses.

The Council has a material financial relationship with the Central Northallerton Development Limited Company so is required to prepare Group Accounts. Within the Group Accounts, the financial statements of Central Northallerton Development Company have been recorded on an equity basis under IFRS11 - Joint Arrangements and IAS28 – Investments in Associates and Joint Ventures.

(xv) Inventories and Long-term Contracts

Inventories, stocks, stores and works in progress are valued at average cost, with an allowance made for obsolete items. The effect of this valuation method as opposed to the lower of cost and net realisable value is not material.

(xvi) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The Gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

(xvii) Jointly Controlled Operations and Jointly Controlled Assets

The Council is in partnership with Thirsk & Sowerby Swimming Baths Charity (TSSBC) for the delivery of Leisure Services in Thirsk. This arrangement for the delivery of services is through the use of jointly controlled assets.

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of assets of the ventures rather than the establishment of a separate entity.

Jointly controlled assets are items of property, plant and equipment that are jointly controlled by the Council and other ventures (TSSBC), with the assets being used to obtain benefits for the ventures (TSSBC). The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf in respect of its interest in the venture and income that it earns from the venture.

(xviii) Leases

Leases are classed as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependant on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant and equipment – applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals paid are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease, generally meaning that rentals are charged when they become payable.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset (long-term debtor) in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement.)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted to the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

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

Operating Lease

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(xii) Overheads and Support Services

The costs of support services are charges in their own right and represent a service area in the Council in line with the Council's departmental management structure. They are therefore accounted for as separate headings, or within the headings to which they relate, in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Net Cost of Services.

(xiii) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged to the Comprehensive Income and Expenditure Statement as it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at current value. The difference between current value and any paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus assets – fair value, determined by the measurement of the highest and best use value of the asset
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use at existing use value – EUV.

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as minimum every five years.

The freehold and leasehold properties which comprise of the Council's property portfolio are valued on a 5 year rolling programme by external independent valuer, Align Property Partners (Chartered Surveyors), in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors, except where:

- Not all properties were inspected. This was neither practical nor considered by the valuer to be necessary for the purpose of the valuation;
- For all properties of a similar nature, the "beacon" principle was adopted; and
- IT assets and Vehicle, Plant & Equipment assets are not revalued as almost all of them have an expected life of between 5 and 10 years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance on the revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Componentisation

All property assets containing a building are split into two components – Land and Buildings. The buildings are then further reviewed to assess if there are additional components which should be recognised. This assessment is based on the value of the building and the value of the components. A materiality level has been set below which this additional review will not be done. Only buildings with a value greater than £150,000 will be considered for componentisation. The cost of the component should be at least 20% of the value of the building. Components whose value is under this level will be considered if the circumstances are deemed appropriate. Componentisation will only be done either at the full 5 yearly valuations or when major capital improvements are undertaken.

Revaluation Loss

Assets are assessed at each year end as to whether there is any indication that an asset may have reduced in market value. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where it is less than the carrying amount of the asset, a revaluation loss is recognised for the shortfall.

When revaluation losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where a revaluation loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. 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.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant and equipment – straight line allocation over the life of the asset, as advised by a suitably qualified officer
- Infrastructure - straight line allocation over the life of the asset

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

All amounts received from the disposal of assets are categorised as capital receipts, there is no de-minimus. If any housing receipts are received then a proportion of receipts relating to the housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to Government. This Council does not have any housing stock, therefore this does not occur. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

(xiv) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, based on the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account the relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than probable that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service line in the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered by another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed as a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be inflow of economic benefits or service potential.

(xv) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund Balance in the Movement in Reserve Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service line in Comprehensive Income and Expenditure Statement in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. An analysis of the movement on the reserves is shown in Note 8.

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

The Council maintains a General Fund Working Balance and also holds reserves earmarked for specific purposes which are detailed in Note 9 of the Notes to the Statement of Accounts. These are deemed to be distributable reserves, which can be utilised to support future expenditure and are known as Usable Reserves.

Non-distributable reserves or Unusable Reserves include the Revaluation Reserve and the Capital Adjustment Account and represent “technical non-cash” reserves which are maintained to manage the accounting processes for non-current assets. The Pension Reserve is a reserve which has been set up to manage the accounting process for retirement benefits and does not represent usable resources for the Council. These reserves do not impact upon the level of local taxation and are not able to be utilised in support of service delivery.

(xvi) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of Council Tax.

(xxiv) Revenue Recognition

Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient service to the service recipient.

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that are excluded from revenue.

(xxv) Tax Income

Council Tax, Retained Business Rates and Business Rates Top-up Grant income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.

Business Rates, Business Rates Top-up Grant and Council Tax income will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. As a billing Authority, the difference between the Business Rates and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

Each major preceptor's share of the accrued Business Rates and Council Tax income is available from the information that is required to be produced in order to prepare the Collection Fund Statement.

Business Rates and Council Tax income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council, and the amount of revenue can be measured reliably.

Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

(xxvi) VAT

Income and Expenditure excludes any amounts related to VAT, as all VAT collected is payable to H M Revenue & Customs and all VAT paid is recoverable from them.

2 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code of Practice of Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of new or amended standards within the 2022/23 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2022/23 code are:

IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These changes are not expected to have a material impact on the Council's single entity statements or group statements.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The main critical judgement made in the Statement of Accounts is regarding the high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

4 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 Council 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 can not be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2022, for which there is a significant risk of material adjustments in the forthcoming financial year, are as follows:

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful life assigned to Assets are depreciated over	If the useful life of assets depreciation increase carrying amount of the It is estimated that the depreciation charge would increase in the circumstances. For example, if the useful life of the PPE assets would be five years, the Council depreciation charge would increase by £6,623,680 per year
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 returns on pension fund assets. A firm consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net liability of changes in assumptions can be significant. For instance a 0.1% increase in the discounted rate assumption result in a decrease in liability of £2,551,000. The assumptions interact in various ways. During 2021/22 actuaries advised the pension liability had decreased by £9,622,000 as a result of being corrected as a result of experience and an increase of £363,000 attributable to the assumptions.
Business Rate provisions	The introduction of the Business Rates Retention Scheme on 1 April 2013 results in Local Authorities being liable for successful appeals against business rates charged to businesses in 2021/22 and earlier financial years in their proportionate share. Therefore a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2022. The estimate has been calculated using the Valuation Office (VO) ratings list of appeals and an estimate of successful appeals when providing the estimate of total provision up to and including 31 March 2022.	If a greater amount of appeals occurs than has been anticipated then this will be an increase on the Collection Fund. This will cause an increased cost on the Collection Fund. Further information on the Collection Fund for appeals is included in the Collection Fund Statement

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Arrears	<p>At 31 March 2022, the Council had a balance for sundry debtors of £9,136,435. A review of significant balances suggested that an impairment of doubtful debts of 14.04% (£1,282,660) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were a doubling of the amount, the impairment of doubtful debts would require an additional allowance to be set aside as an allowance.</p>
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's chief valuation officer and external valuer).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in Notes 15 and 17 below.</p>	<p>The Council uses the cash flow (DCF) model and Reversion valuation to determine the fair value of some investment properties and assets.</p> <p>The significant unobservable inputs used in the fair value measurements include management estimates regarding rent growth rates for investment properties (adjusted for reversion rates for financial assets).</p> <p>Significant changes in unobservable inputs could result in a significantly lower fair value measurement for investment properties and assets.</p>





5 Material Items of Income and Expense

The Comprehensive Income and Expenditure Statement shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months.

Items that are material would be disclosed on the face of the Comprehensive Income and Expenditure Statement but there were no material items of income or expenditure to report in these statements.

6 Events after the Balance Sheet Date

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

- Adjusting Events - Those events that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- Non-Adjusting Events - Those events that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and either their estimated financial effect or a statement that such an estimate can not be made reliably.

There are no events to report after the Balance Sheet date. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

7 Expenditure & Funding Analysis

The Expenditure and Funding Analysis shows how the annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates accepted accounting practices which is presented more fully in the Comprehensive Income and Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21 Expenditure and Funding Analysis				2021/22 Expenditure and Funding Analysis		
Net expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the CIES		Net expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the CIES
£	£	£		£	£	£
(1,561,372)	6,461,273	4,899,901	Economy & Planning	(1,153,573)	8,878,534	7,724,961
(1,395,840)	-	(1,395,840)	Business Grants - COVID-19	1,384,012	-	1,384,012
3,142,490	617,148	3,759,638	Environment	3,582,791	759,710	4,342,501
5,228,383	794,138	6,022,521	Finance & Commercial	4,933,437	5,358,381	10,291,818
1,105,018	100,396	1,205,414	Law & Governance	1,075,717	150,290	1,226,007
2,796,842	2,572,072	5,368,914	Leisure & Communities	2,644,688	5,314,602	7,959,290
9,315,521	10,545,027	19,860,548	Net Cost of Services	12,467,072	20,461,517	32,928,589
(15,462,054)	(5,547,688)	(21,009,742)	Other Income & Expenditure	(8,073,230)	(9,255,803)	(17,329,033)
(6,146,533)	4,997,339	(1,149,194)	(Surplus) or Deficit	4,393,842	11,205,714	15,599,556
(2,000,000)			Opening General Fund	(2,000,000)		
(6,146,533)			Less/Plus Surplus or (Deficit) on General Fund in Year	4,393,842		
6,146,533			Transfer (to) / from Earmarked Reserve (Note 9)	(13,379,859)		
(2,000,000)			Closing General Fund at 31 March	(10,986,017)		

7(a) Note to the Expenditure & Funding Analysis

2020/21 Expenditure and Funding Analysis					2021/22 Expenditure and Funding Analysis			
Adjustment for Capital purposes	Net change for the Pension Adjustment	Other Differences	Total Adjustments		Adjustment for Capital purposes	Net change for the Pension Adjustment	Other Differences	Total Adjustments
£	£	£	£		£	£	£	£
6,148,724	264,397	48,152	6,461,273	Economy & Planning	8,389,867	534,404	(45,737)	8,878,534
193,835	351,985	71,328	617,148	Environment	90,332	720,982	(51,604)	759,710
268,627	417,771	107,740	794,138	Finance & Commercial	4,620,612	804,946	(67,177)	5,358,381
-	76,464	23,932	100,396	Law & Governance	-	162,934	(12,644)	150,290
2,098,031	337,383	136,658	2,572,072	Leisure & Communities	4,734,135	689,734	(109,267)	5,314,602
8,709,217	1,448,000	387,810	10,545,027	Net Cost of Services	17,834,946	2,913,000	(286,429)	20,461,517
(11,061,548)	482,000	5,031,860	(5,547,688)	Other Income and Expenditure from the Funding Analysis	(7,317,698)	578,000	(2,516,105)	(9,255,803)
(2,352,331)	1,930,000	5,419,670	4,997,339	Difference between General Fund surplus or deficit and CIES (Surplus) or Deficit	10,517,248	3,491,000	(2,802,534)	11,205,714

7(b) Segmental Income

Income received on a segmental basis is analysed below:

2020/21 £	Income from Services	2021/22 £
(385,399)	Leisure Services	(1,536,546)
(1,293,688)	Development Control	(1,291,880)
(701,463)	Premises Development	(1,190,357)
(267,082)	Off Street Parking	(718,750)
(78,628)	Markets	(143,690)
(165,921)	Licensing	(179,127)
(95,366)	Land Charges	(106,193)
(151,500)	Environmental Services	(76,316)
(90,721)	Planning Services	(94,227)
(1,079,704)	Waste Collection	(1,103,994)
(4,309,472)	Total income analysed on a segmental basis	(6,441,080)

7(c) Expenditure and Income analysed by Nature

The Council's expenditure and income is analysed as follows:

2020/21 £	Expenditure / (Income)	2021/22 £
	Expenditure	
17,877,778	Employee benefits expenses	19,702,007
22,979,823	Other services expenses	23,133,218
8,709,217	Depreciation, amortisation, impairment	17,834,945
540,422	Interest payments	523,911
1,679,826	Precepts & Levies	1,731,889
433,661	Loss on disposal of assets	8,304
52,220,727	Total Expenditure	62,934,274
	Income	
(9,231,501)	Fees, charges and other service income	(10,849,444)
(1,728,632)	Interest and Investment income	(1,468,417)
(8,956,304)	Income from council tax and non-domestic rates	(9,991,724)
(33,453,484)	Government grants and contributions	(25,006,735)
-	Gains on disposal of assets	(18,398)
(53,369,921)	Total Income	(47,334,718)
(1,149,194)	(Surplus) or Deficit on the Provision of Services	15,599,556

8. Adjustments between Accounting Basis and Funding Basis under Regulations

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid out of and which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied

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

The tables for 2021/2022 and comparative year 2020/21 can be seen on the following pages:

2021/22

Usable Reserves

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£	£	£	£
Adjustments primarily involving the 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	(1,433,591)	-	-	1,433,591
Revaluation losses on Property, Plant and Equipment	(9,946,917)	-	-	9,946,917
Movements in the fair value of Investment Properties	-	-	-	-
Amortisation of Intangible Assets	(169,379)	-	-	169,379
Capital Grants and Contributions applied	7,903,054	-	-	(7,903,054)
Revenue Expenditure funded from Capital Under Statute	(6,285,059)	-	-	6,285,059
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(8,304)	-	-	8,304
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Capital Expenditure charged against the General Fund Balance	155,036	-	-	(155,036)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(750,486)	-	750,486	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	418,398	(418,398)	-	-
Use of the Capital Receipts Reserve to finance new Capital Expenditure charged against the General Fund	-	832,336	-	(832,336)
Cash payments in relation to deferred capital receipts.	(400,000)	-	-	400,000

Usable Reserves				
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£	£	£	£
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(5,154,000)	-	-	5,154,000
Employer's Pensions Contributions and direct payments to Pensioners payable in the year	1,663,000	-	-	(1,663,000)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which Council Tax income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	2,516,105	-	-	(2,516,105)
Adjustment involving the Accumulating Comprehensive Absences Adjustment Account:				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	286,429	-	-	(286,429)
Total Adjustments	(11,205,714)	413,938	750,486	10,041,290

2020/21				
Usable Reserves				
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£	£	£	£
Adjustments primarily involving the 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	(1,411,450)	-	-	1,411,450
Revaluation losses on Property, Plant and Equipment	(2,442,551)	-	-	2,442,551
Movements in the fair value of Investment Properties	-	-	-	-
Amortisation of Intangible Assets	(140,586)	-	-	140,586
Capital Grants and Contributions applied	6,933,799	-	-	(6,933,799)
Revenue Expenditure funded from Capital Under Statute	(4,714,630)	-	-	4,714,630
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(585,414)	-	-	585,414
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Capital Expenditure charged against the General Fund Balance	-	-	-	-
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	4,471,121	-	(4,471,121)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	2,732,331	(2,732,331)	-	-
Use of the Capital Receipts Reserve to finance new Capital Expenditure charged against the General Fund	-	3,101,401	-	(3,101,401)
Cash payments in relation to deferred capital receipts.	(2,490,289)	-	-	2,490,289

Usable Reserves				
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£	£	£	£
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(3,729,000)	-	-	3,729,000
Employer's Pensions Contributions and direct payments to Pensioners payable in the year	1,799,000	-	-	(1,799,000)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which Council Tax income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(5,031,860)	-	-	5,031,860
Adjustment involving the Accumulating Comprehensive Absences Adjustment Account:				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(387,810)	-	-	387,810
Total Adjustments	(4,997,339)	369,070	(4,471,121)	9,099,390

9. Transfers To / (From) Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2021/22. It had been agreed during 2021/22 that the number of reserves would be reduced to simplify the reserves position going into Local Government Reorganisation.

	Balances at R 31 March 2020	Transfers Out R 2020/21	Transfers In R 2020/21	Balance at R 31 March 2021	Transfers Out R 2021/22	Transfers In R 2021/22	Balance at R 31 March 2022
Council Tax Payers Reserve	6,460,693	(2,409,512)	2,789,711	6,840,892	(6,840,892)	-	-
Community Safety Partnership	12,544	(4,455)	-	8,089	(8,089)	-	-
Local Plan Reserve	61,237	(258,484)	217,540	20,293	(118,303)	98,010	-
Grants Fund	94,434	(48,700)	-	45,734	(48,700)	2,966	-
One Off Fund	1,273,920	(1,281,716)	712,511	704,715	(644,077)	679,362	740,000
Repairs & Renewals Fund	947,066	(113,353)	-	833,713	(833,713)	-	-
Make a Difference Fund	6,000	(96,492)	125,000	34,508	(284,508)	250,000	-
Economic Development Fund	989,276	(209,128)	-	780,148	(780,148)	-	-
Computer Fund	1,287,718	(191,986)	100,000	1,195,732	(1,195,732)	-	-
Community Infrastructure Levy (CIL) 5% Admin Reserve	38,026	(515)	-	37,511	(54,245)	16,734	-
Community Housing Fund Reserve	98,873	(77,135)	-	21,738	(21,738)	-	-
Swimming Project Reserve	-	-	-	-	-	-	-
Income Generating Fund	69,178	(31,262)	-	37,916	(37,916)	-	-
Local Government Reorganisation	-	-	-	-	-	522,800	522,800
National Leisure Recovery Fund	-	-	41,538	41,538	(41,538)	-	-
Reserve	-	-	-	-	-	-	-
COVID-19 Reserve	-	-	1,433,339	1,433,339	(1,430,261)	-	3,078
Business Grants	-	-	931,976	931,976	(931,976)	-	-
COVID-19 Reserve	-	-	-	-	-	-	-
Business Grants	-	-	4,517,656	4,517,656	(4,517,656)	2,839,761	2,839,761
NNDR S31 Grant Reserve	-	-	-	-	-	-	-
Total Earmarked Reserves	11,338,965	(4,722,738)	10,869,271	17,485,498	(17,789,492)	4,409,633	4,105,639
General Fund	2,000,000	-	-	2,000,000	-	8,986,017	10,986,017
Capital Grants	5,361,316	(1,046,721)	5,517,842	9,832,437	(2,520,448)	1,769,962	9,081,951
Unapplied Capital Receipts	2,107,716	(2,098,006)	1,728,936	1,738,646	(813,938)	400,000	1,324,708
Total Usable Reserves excluding Earmarked Reserves	9,469,032	(3,144,727)	7,246,778	13,571,083	(3,334,386)	11,155,979	21,392,676
Total General Fund	20,807,997	(7,867,465)	18,116,049	31,056,581	(21,123,878)	15,565,612	25,498,315

The purposes of the above reserves are as follows:

Council Taxpayers Reserve – To support Council Tax levels and revenue spending.

Community Safety Partnership – To receive surpluses and deficits from the Community Safety Partnership Accounts.

Local Plan Reserve – To assist in the funding of a continuous programme of Local Plan preparation and review.

Grants Fund – To fund revenue grants to organisations on an annual basis.

One Off Fund - To improve or sustain service delivery.

Repairs & Renewals Fund – To fund expenditure in relation to Repairs and Renewals

Make a Difference Grants Fund – To invest in worthy local community projects which help improve life in neighbourhoods and which support the voluntary sector.

Economic Development Fund – Established to comply with a key strategic priority for the Council of Economic Development and increasing business within the District.

Computer Fund – To fund ICT expenditure

Community Infrastructure Levy (CIL) 5% Admin Reserve – Established to fund expenditure relating to administration of the CIL scheme.

Community Housing Fund Reserve – Established to use on community led housing from funding from the Ministry of Housing, Communities & Local Government in accordance with grant guidelines.

Income Generating Reserve - Established to financially support projects in the initial stages of development which will generate revenue income to contribute to the future funding of the Council.

Local Government Reorganisation Reserve - Established to financially support Local Government Reorganisation

National Leisure Recovery Fund Reserve - Established to support Thirsk and Sowerby Swimming Baths Charity during COVID-19.

COVID-19 Reserve Business Grants - Established to fund discretionary Business grants to eligible businesses in the District.

COVID-19 Reserve - Established to support the Council's increased costs in relation to COVID-19.

NNDR S31 Grant Reserve - Established to support the Council's NNDR (National Non Domestic Rates) deficit in 2021/22 due to increased COVID-19 Business Reliefs.

General Fund – The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to cover) at the end of the financial year.

Capital Grants Unapplied – Holds grants and contribution to be used for a capital purpose which is restricted by the grant terms as to the capital expenditure against which it can be used and/or the financial year in which this can take place.

General Capital Receipts – Holds the proceeds of assets, which can only to be used to fund capital expenditure. The balance shows the resources still available for future years.

10. Other Operating Expenditure

2020/21 £	Other Operating Expenditure	2021/22 £
1,553,497	Parish Council Precepts	1,602,899
126,329	Drainage Board Levies	128,990
(76,948)	(Surplus / Deficit from Trading Activities	(80,561)
433,661	(Gains) / Losses on the Disposal of Non Current Assets	(10,094)
2,036,539	Total	1,641,234

11. Financing and Investment Income and Expenditure

2020/21 £	Financing and Investment Income and Expenditure	2021/22 £
540,422	Interest Payable and Similar Charges	523,911
482,000	Pensions Interest Cost & Expected Return on Pension	578,000
(1,723,632)	Interest Receivable and Similar Income	(1,463,417)
(5,000)	Income & Expenditure in relation to Investment Properties and Changes in their Fair Value	(5,000)
(706,210)	Total	(366,506)

12. Taxation and Non Specific Grant Income

2020/21 £	Taxation and Non Specific Grant Income	2021/22 £
(5,801,449)	Council Tax Income	(5,974,330)
(3,154,855)	Non Domestic Rates	(4,017,394)
(5,063,665)	Non-Ringfenced Grants	(3,594,465)
(8,320,102)	Capital Grants and Contributions	(5,017,572)
(22,340,071)	Total	(18,603,761)

13. Property, Plant and Equipment

Movement in 2021/22	Other Land and Buildings	Vehicles, Plant Furniture & Equipment	Infra-Structure Assets	Community Assets	Assets Under Construction	Total
	£	£	£	£	£	£
Cost or Valuation						
At 1 April 2021	36,139,873	10,497,341	5,406,752	108,986	9,406,551	61,559,503
Additions	2,378,122	376,919	88,678	-	10,352,967	13,196,686
Accumulated Depreciation & Impairment Written Out to Gross Carrying Amount	(642,415)	-	-	-	-	(642,415)
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	1,206,521	-	-	-	-	1,206,521
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on Provision of Services	(5,572,075)	-	-	-	(4,374,842)	(9,946,917)
Derecognition – Disposals	-	(12,728)	-	-	-	(12,728)
Assets reclassified (to)/from Held for Sale	(35,350)	-	-	-	-	(35,350)
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-
Other movements in Cost or Valuation	10,561,753	-	-	-	(10,561,753)	-
At 31 March 2022	44,036,429	10,861,532	5,495,430	108,986	4,822,923	65,325,300
Accumulated Depreciation and Impairment At 1 April 2021	(677,209)	(9,116,485)	(1,981,296)	(760)	-	(11,775,750)
Depreciation Charge	(869,243)	(347,015)	(126,843)	(760)	(89,730)	(1,433,591)
Accumulated Depreciation Written Out to Gross Carrying Amount	642,415	-	-	-	-	642,415
Depreciation Written out in the Surplus/Deficit on the provision of Services	-	-	-	-	-	-
Derecognition – Disposals	-	4,874	-	-	-	4,874
Assets reclassified (to)/from Held for Sale	2,100	-	-	-	-	2,100
Other movements in Cost or Valuation	(89,730)	-	-	-	89,730	-
At 31 March 2022	(991,667)	(9,458,626)	(2,108,139)	(1,520)	-	(12,559,952)
Net Book Value at 31 March 2021	35,462,664	1,380,856	3,425,456	108,226	9,406,551	49,783,753
Net Book Value at 31 March 2022	43,044,762	1,402,906	3,387,291	107,466	4,822,923	52,765,348
Movement in 2020/21		Vehicles, Plant	Infra-	Community	Assets Under	

	Other Land and Buildings	Plant Furniture & Equipment	Structure Assets	Community Assets	Assets Under Construction	Total
	£	£	£	£	£	£
Cost or Valuation						
At 1 April 2020	30,797,137	10,141,065	5,151,946	108,986	7,382,210	53,581,344
Additions	279,973	369,207	254,806	-	11,633,501	12,537,487
Accumulated Depreciation & Impairment Written Out to Gross Carrying Amount	(759,055)	-	-	-	-	(759,055)
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	(225,575)	-	-	-	-	(225,575)
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on Provision of Services	(1,651,953)	-	-	-	(790,598)	(2,442,551)
Derecognition – Disposals	(681,529)	(12,931)	-	-	(90,290)	(784,750)
Assets reclassified (to)/from Held for Sale	(347,397)	-	-	-	-	(347,397)
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-
Other movements in Cost or Valuation	8,728,272	-	-	-	(8,728,272)	-
At 31 March 2021	36,139,873	10,497,341	5,406,752	108,986	9,406,551	61,559,503
Accumulated Depreciation and Impairment At						
1 April 2020	(755,142)	(8,590,953)	(1,886,306)	-	-	(11,232,401)
Depreciation Charge	(787,088)	(528,612)	(94,990)	(760)	-	(1,411,450)
Accumulated Depreciation Written Out to Gross Carrying Amount	759,055	-	-	-	-	759,055
Depreciation Written out in the Surplus/Deficit on the provision of Services	-	-	-	-	-	-
Derecognition – Disposals	105,966	3,080	-	-	-	109,046
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-
Other movements in Cost or Valuation	-	-	-	-	-	-
At 31 March 2021	(677,209)	(9,116,485)	(1,981,296)	(760)	-	(11,775,750)
Net Book Value at 31 March 2020	30,041,995	1,550,112	3,265,640	108,986	7,382,210	42,348,943
Net Book Value at 31 March 2021	35,462,664	1,380,856	3,425,456	108,226	9,406,551	49,783,753

Depreciation

Assets are depreciated on the opening asset value, on a straight line basis over the expected life of the asset. The following useful lives have been used in the calculation of depreciation:

- Other Land and Buildings – 40-60 years
- Components – 15-30 years
- Community Assets – 40 years
- Vehicles, Plant, Furniture & Equipment – 5-10 years
- Infrastructure – 25 - 40 years

Effects of Changes in Estimates

In 2021/2022, the Council did not make any material changes to its accounting estimates for Property, Plant and Equipment.

Capital Commitments

At 31 March 2022, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2021/22 and future years budgeted to cost £17,172,900

The major commitments are Treadmills Phase 1&2 scheme of £1,239,486 Treadmills Phase 3 of £8,139,413, Decarbonisation at Leisure Centres of £2,769,045, Thirsk and Sowerby Sports Village of £1,141,571 Town Square Enhancement of £770,000 and Northallerton Sports Village of £1,320,947.

Revaluations

The Council 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. Property valuations are carried out by the Council's external valuer Align Property Partners. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

In addition the Council has also instructed its valuers to undertake a review of all assets held in the other land and buildings category to ensure that the carrying value of assets in previous years is not materially different from their fair value. All other asset classes are unaffected.

In order to perform this exercise the other land and building category was split into the sub-categories detailed in the table below:

Asset Class	Net Book Value as at 31 March 2021	Net Book Value as at 31 March 2022
	£	£
Sports - Leisure Centres	12,280,757	13,991,554
Community Buildings	459,669	455,703
Depots	540,000	590,873
Off Street Parking	5,526,000	5,521,000
Offices	2,939,959	2,909,542
Workspaces	12,580,058	13,255,517
Other	1,136,221	6,320,573
Total Cost or Valuation	35,462,664	43,044,762

The review concluded that for the fair value for assets valued at Depreciated Replacement Cost (DRC) there has been no significant change in values.

14. Heritage Assets

Hambleton District Council held no assets that fall under the Heritage Asset category for either the 2021/2022 or 2020/2021 financial year.

15. Investment Properties

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement.

2020/21 £	Investment Properties	2021/22 £
5,000	Rental Income from Investment Property	5,000
-	Direct Operating Expenses From Investment Property	-
5,000	Net Gain	5,000

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

The following table summarises the movement in the fair value of investment properties over the year.

2020/21 £	Investment Properties	2021/22 £
102,000	Balance at 1 April	102,000
-	Additions-Purchases	-
-	Disposals	-
-	Net Gains/(losses) from Fair Value Adjustments	-
102,000	Balance at 31 March	102,000

Fair Value Hierarchy

The Council's investment property has been value assessed as Level 3 on the fair value hierarchy for valuation purposes (See Note 1 Accounting Policies (ix) for an explanation of the fair value levels)

Significant Unobservable Inputs – Level 3

The commercial land located in our area is measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Council's own data.

The Council's commercial land is therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

	As at 31-Mar-22 £	Valuation Technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Commercial Land	-	Reversion Value	Rent	0%	Significant changes in rental income and rent growth vacancy levels or discount rate will result in a significantly lower or higher fair value
	-				

Valuation Process for Investment Properties

The fair value of the Council's investment properties is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

16. Intangible Assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are 5 to 10 years. The majority of the intangible assets have a useful life of 5 years and are amortised on a straight line basis.

2020/21 £		2021/22 £
	Balance at 1 April	
3,641,929	Gross Carrying Amounts	3,944,067
(3,136,445)	Accumulated Amortisation	(3,277,031)
505,484	Net Carrying Amounts at 1 April	667,036
302,138	Additions-Purchases	180,062
(140,586)	Amortisation for the year	(169,379)
667,036	Balance at 31 March	677,719

Comprising:

3,944,067	Gross Carrying Amounts	4,124,129
(3,277,031)	Accumulated Amortisation	(3,446,410)
667,036	Balance at 31 March	677,719

There are no intangible assets that are individually material to the financial statements.

17. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

Financial Assets

2021/22	Non-Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-22
	£	£	£	£	£
Amortised Costs	2,520	33,600,000	-	4,351,561	37,954,081
Non Financial Assets	-	-	-	-	-
Total	2,520	33,600,000	0	4,351,561	37,954,081

Financial Liabilities

2021/22	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-22	
	£	£	£	£	
Amortised Costs	(26,648,011)	(33,931)	-	(5,255,172)	(31,937,114)
Non Financial Liabilities	-	-	-	-	-
Total	(26,648,011)	(33,931)	-	(5,255,172)	(31,937,114)

Financial Assets

2020/21	Non-Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	
	£	£	£	£	
Amortised Costs	2,520	34,464,137	-	8,153,649	42,620,306
Non Financial Assets	-	-	-	-	-
Total	2,520	34,464,137	-	8,153,649	42,620,306

Financial Liabilities

2020/21	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	
	£	£	£	£	
Amortised Costs	(26,706,922)	(23,931)	(1,200,897)	(9,611,324)	(37,543,074)
Non Financial Liabilities	-	-	-	-	-
Total	(26,706,922)	(23,931)	(1,200,897)	(9,611,324)	(37,543,074)

Income, Expenses, Gains and Losses

Total interest income for financial assets that are not at fair value through profit or loss

	2020/21 Financial Assets			2021/22 Financial Assets		
	Financial Assets measured at amortised costs (Interest income) £	Interest expense £	Total £	Assets measured at amortised costs (Interest income) £	Interest expense £	Total £
Surplus or deficit on the provision of service	(1,720,953)	540,422	(1,180,532)	(1,460,378)	523,911	(936,467)

Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and long-term creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value; and
- The fair value of trade and other receivables is taken to be at the invoiced amount or at the billed amount.

The fair values calculated are as follows:

2020/21		Financial Liabilities	2021/22	
Carrying Amount £	Fair Value £		Carrying Amount £	Fair Value £
1,200,000	1,202,230	Short Term Borrowing	-	-
26,500,000	27,677,780	Long Term Borrowing	26,500,000	25,324,404
23,931	23,931	Long Term Creditors	33,931	33,931
27,723,931	28,903,941	Total	26,533,931	25,358,335

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders lower than current market rates.

The fair value of the Public Works Loan Board (PWLB) loan of £25,324,404 measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the reduced interest that the authority will pay over the remaining terms of the loan under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £26,500,000 would be valued at £25,324,404. But, if the Council were to seek to avoid the projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £30,648,350.

2020/21		Financial Assets	2021/22	
Carrying Amount £	Fair Value £		Carrying Amount £	Fair Value £
-	-	Loans and receivables	-	-
34,464,137	39,016,138	Long term debtors	33,600,000	35,625,162

The fair value of the assets – Long term debtors - is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2022) attributable to the commitment to receive interest above current market rates.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

18. Inventories

Inventories	Central Stocks		Operational Services		Leisure Facilities		Total	
	2020/21 £	2021/22 £	2020/21 £	2021/22 £	2020/21 £	2021/22 £	2020/21 £	2021/22 £
Balance outstanding at 1 April	7,441	8,134	27,077	33,553	37,866	33,934	72,384	75,621
Purchases	70,345	70,213	267,294	309,628	65	18,627	337,704	398,468
Recognised Expense in Year	(69,562)	(71,427)	(260,818)	(309,013)	(3,997)	(22,807)	(334,377)	(403,247)
Written Off Balances	(90)	(119)	-	-	-	-	(90)	(119)
Reversal of write-offs in Previous Years	-	-	-	-	-	-	-	-
Balance Outstanding at 31 March	8,134	6,801	33,553	34,168	33,934	29,754	75,621	70,723

19. Short Term Debtors

31-Mar-21 £	Short Term Debtors	31-Mar-22 £
7,379,174	Central Government Bodies	3,146,396
1,182,258	Other Local Authorities	638,056
46,400	Public Corporations and Trading Funds	46,400
8,181,874	Other Entities and Individuals	5,305,583
16,789,706		9,136,435
(1,030,305)	Less Provision for Doubtful Debts	(1,282,660)
15,759,401	Net Short Term Debtors	7,853,775

Movement in Provision for Doubtful Debts	£
Brought forward at 1 April 2021	(1,030,305)
Written off during the Year	81,899
Charged to Comprehensive Income & Expenditure Statement	(334,254)
Carried Forward at 31 March 2022	(1,282,660)

20. Cash and Cash Equivalents

31-Mar-21 £	Cash and Cash Equivalents	31-Mar-22 £
3,390	Cash Held by the Authority	3,390
3,330,393	Bank Current Accounts	(48,315)
11,530,713	Short Term Deposits with Banks	10,892,825
14,864,496	Total Cash and Cash Equivalents	10,847,900

21. Assets Held for Sale

Current	2020/21 £	2021/22 £
Balance Outstanding at 1 April	7,450	354,847
Assets Newly classified as Held for Sale	-	-
Property, Plant & Equipment	347,397	33,250
Investment Properties	-	-
Other Assets/Liabilities	-	-
Revaluation Losses recognised in the	-	-
Revaluation Losses recognised in the	-	-
Revaluation Gains	-	-
Impairment Losses	-	-
Assets Declassified as Held for Sale	-	-
Property, Plant & Equipment	-	-
Investment Properties	-	-
Other Assets/Liabilities	-	-
Assets Sold	-	(450)
Other Movements	-	-
Balance Outstanding at 31 March	354,847	387,647

22. Short Term Creditors

31-Mar-21 £	Creditors	31-Mar-22 £
(7,212,725)	Central Government Bodies	(6,817,706)

(1,883,175)	Other Local Authorities	(1,816,949)
(29,597)	Public Corporations and Trading Funds	(9,879)
(15,486,279)	Other Entities and Individuals	(18,692,571)
(24,611,776)	Total Creditors	(27,337,105)

23. Provisions

Short Term Provision	Provision for Business Rate Appeals	Redundancy Provision	Other Provisions	Total
Balance at 1 April 2021	(948,466)	-	-	(948,466)
Additional provision made in 2021/22	(224,628)	-	-	(224,628)
Amounts used in 2021/2022	277,864	-	-	277,864
Unused amounts reverse in 2021/22	-	-	-	-
Balance at 31 March 2022	(895,230)	-	-	(895,230)

Provision for Business Rate Appeals

This provision is to cover the future loss of income following business rate appeals.

Redundancy Provision

This provision covers committed redundancy costs known to the Council. In 2021/22 there were no redundancies. There are no committed redundancies as at 31 March 2022.

Other Provision

No Other Provisions are required at 31 March 2022.

24. Useable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement, Note 8 and Note 9.

25. Unusable Reserves

31-Mar-21 £	Unusable Reserves	31-Mar-22 £
(9,780,843)	Revaluation Reserve	(10,746,589)
(26,464,839)	Capital Adjustment Account	(17,672,790)
26,151,000	Pensions Reserve	20,383,000
(320,000)	Deferred Capital Receipts Reserve	-
5,040,444	Collection Fund Balance	2,524,339
-	Collection Fund Adjustment Account	-
611,533	Accumulating Compensated Absences	325,104
(4,762,705)	Total Unusable Reserves	(5,186,936)

Revaluation Reserve

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

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

The Revaluation 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.

2020/21 £	Revaluation Reserve	2021/22 £	
(10,270,209)	Balance at 1 April		(9,780,843)
-	Disposal of Assets Held for Sale	-	-
(191,325)	Upward Revaluation of Fixed Assets	(2,513,881)	-
416,900	Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/Deficit on the provision of services	1,307,360	-
225,575	Surplus or deficit on Revaluation of non-current assets not posted to the Surplus/Deficit on the provision of Services		(1,206,521)
259,669	Difference between fair value depreciation and historic cost depreciation	240,325	-
4,122	Accumulated gains on assets sold or scrapped	450	-
263,791	Amount written off to the Capital Adjustment		240,775
(9,780,843)	Balance at 31 March		(10,746,589)

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 Council as finance for the costs of acquisition, construction and enhancement.

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

Note 8 provide details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2020/21 £	Capital Adjustment Account	2021/22 £
(25,920,768)	Balance at 1 April	(26,464,839)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
1,411,450	Charges for Depreciation and Impairment of non-current Assets	1,433,591
2,442,551	Revaluation Losses on Property, Plant and Equipment	9,946,917
140,586	Amortisation of Intangible Assets	169,379
4,714,630	Revenue Expenditure funded from Capital Under Statute	6,285,059
585,414	Amounts of non-current Assets Written Off on Disposal or Sale as part of the Gain/loss on Disposal to the Comprehensive Income and Expenditure Statement	8,304
9,294,631		17,843,250
(263,791)	Adjusting amounts written out of the Revaluation Reserve	(240,775)
9,030,840	Net Written Out Amount of the cost of non-current Assets Consumed in the Year	17,602,475
	Capital Financing Applied in the Year:	
(2,641,112)	Use of the Capital Receipts Reserve to Finance New Capital Expenditure	(752,336)
(5,887,078)	Capital Grants and Contributions Credited to the Comprehensive Income and Expenditure Statement that have been Applied to Capital Financing	(5,382,606)
(1,046,721)	Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(2,520,448)
-	Capital Expenditure Charged against the General Fund Balance	(155,036)
(9,574,911)		(8,810,426)
-	Movements in the Market Value of Investment Properties Debited or Credited to the Comprehensive Income and Expenditure Statement	-
(26,464,839)	Balance at 31 March	(17,672,790)

Pension Reserve

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

2020/21 £	Pensions Reserve	2021/22 £
19,764,000	Balance at 1 April	26,151,000
4,457,000	Actuarial (Gains) or Losses on Pensions Assets and Liabilities	(9,259,000)
3,729,000	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	5,154,000
(1,799,000)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(1,663,000)
26,151,000	Balance Carried Forward at 31 March	20,383,000

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2020/21 £	Deferred Capital Receipts Reserve	2021/22 £
(2,350,000)	Balance at 1 April	(320,000)
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
2,030,000	Transfer to the Capital Receipts Reserve upon receipt of cash	320,000
(320,000)	Balance at 31 March	-

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council Taxpayers compared with the statutory arrangements for paying across amounts to General Fund from the Collection Fund.

2020/21 £	Collection Fund Adjustment Account	2021/22 £
8,584	Balance at 1 April	5,040,444
5,031,860	Amount by which Council Tax & NNDR Income Credited to the Comprehensive Income and Expenditure Statement is different from Council Tax Income Calculated for the Year in accordance with Statutory Requirements	(2,516,105)
5,040,444	Balance at 31 March	2,524,339

The Accumulating Compensated Absences Adjustment Account

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

2020/21 £	Accumulating Compensated Absences Adjustment Account	2021/22 £
223,723	Balance at 1 April	611,533
(223,723)	Settlement or Cancellation of Accrual Made at the end of the preceding Year	(286,429)
-		325,104
611,533	Amounts Accrued at the end of the Current Year	-
611,533	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	325,104
-		-
611,533	Balance at 31 March	325,104

26. Cash Flow Statement - Operating Activities: Non-Cash Movements

The Cash flows for operating activities include the following items:

31-Mar-21 £	Information relating to Interest Received and Interest Paid	31-Mar-22 £
(1,728,632)	Interest Received	(1,468,417)
540,422	Interest Paid	523,911
(1,188,210)	Total	(944,506)

The Net (Surplus) / Deficit on the provision of services has been adjusted for the following non-cash movements:

31-Mar-21 £	Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non Cash Movements	31-Mar-22 £
(1,411,450)	Depreciation	(1,433,591)
(2,442,551)	Impairment and downward valuations	(9,946,917)
(140,586)	Amortisation	(169,379)
(13,218,742)	(Increase) / Decrease in Creditors	(2,682,093)
7,620,033	Increase / (Decrease) in Debtors	(8,769,763)
3,237	Increase / (Decrease) in Inventories	(4,898)
(1,930,000)	Movement in Pension Liability	(3,491,000)
(675,707)	Carrying amount of non-current assets and non-current AHFS,	(8,304)
-	Increase/decrease in impairment for bad debt	-
-	Movement in the Fair Value of Investment Properties	-
(4,089,116)	Other non cash items charged to the net surplus or deficit on	(1,431,461)
(16,284,882)	Total	(27,937,406)

27. Cash Flow Statement-Operating Activities: Adjustments for Investing & Financing Activities

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

31-Mar-21 £	Adjustments to Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities	31-Mar-22 £
6,933,799	Grants applied to the financing of Capital Expenditure	7,903,054
2,732,331	Proceeds from the sale of Property, Plant and equipment, Capital Receipts Received	418,398
-	Any other Items for which the cash effects are investing or	-
-		-
9,666,130	Total Cash Flows from Operating Activities	8,321,452

28. Cash Flow Statement - Investing Activities

31-Mar-21 £	Investing Activities	31-Mar-22 £
17,554,255	Purchase of Property, Plant and Equipment, Investment Property and Intangible assets	19,661,807
(4,714,630)	Revenue Expenditure Financed from Capital Under Statute (REFCUS)	(6,285,059)
166,460,000	Purchase of Short Term and Long Term Investments	128,120,000
(2,732,331)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(418,398)
(166,847,807)	Proceeds from Short Term and Long Term investments	(127,833,571)
(6,933,799)	Other receipts from investing activities	(7,903,054)
2,785,688	Net Cash Flows from Investing Activities	5,341,725

29. Cash Flow Statement-Financing Activities

31-Mar-21 £	Cash Flow Statement -Financing Activities	31-Mar-22 £
-	Cash receipts of short- and long-term borrowing	1,259,808
-	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	-
4,089,116	Other (receipts) / payments from financing activities	1,431,461
4,089,116	Net Cash Flows from Financing Activities	2,691,269

Reconciliation of Liabilities arising from Financing Activities

	Balance at 1-Apr-21 £	Cash Flows £	Non Cash Flows £	Balance at 31-Mar-22 £
Financial Liability				
Long Term Borrowing	26,706,922	(58,911)	-	26,648,011
Short Term Borrowing	1,200,897	(1,200,000)	(897)	-
Total Liabilities from financing activities	27,907,819	(1,258,911)	(897)	26,648,011

	Balance at 01-Apr-20 £	Cash Flows £	Non Cash Flows £	Balance at 31-Mar-21 £
Financial Liability				
Long Term Borrowing	27,907,819	-	(1,200,897)	26,706,922
Short Term Borrowing	-	-	1,200,897	1,200,897
Total Liabilities from financing activities	27,907,819	-	-	27,907,819

30. Trading Operations

The Council operates two market undertakings at Northallerton and Thirsk. The total income, which was largely rents from stallholders and grants, amounted to £143,690 (2020/2021 £137,149), and the surplus credited to the General Fund was £80,561 (2020/2021 surplus £76,948).

2020/21 £	Trading Operations	2021/22 £
(76,948)	Markets	(80,561)
(76,948)	(Surplus)/Deficit	(80,561)

31. Pooled Budgets

The Authority has 3 pooled budget arrangements - Rural Housing Enablers, York, North and East Riding Strategic Housing Partnership and Community Led Housing - to meet the needs of Yorkshire people living in the Hambleton area.

The table below provides information on the Rural Housing Enablers pooled budget:

The Rural Housing Enablers arrangement is with 7 local authorities 1 National Park and 16 Housing Associations, where the agreement is in place to 31 March 2025. Contributions stand at a £7,500 annual fixed contribution from 7 local authorities which include Hambleton District Council, and £5,000 from one National Park. The 16 Housing Associations contribute a total amount of £77,440 between them. This is calculated by a fixed retainer element of £3,500 per Housing Association with the remainder based on how many new rural homes are delivered by each association within the year.

2020/21 £	Rural Housing Enablers	2021/22 £
	Funding provided to the pooled budget:	
(7,500)	Hambleton District Council	(7,500)
(197,924)	Partners	(128,497)
(205,424)		(135,997)
182,205	Expenditure met from the pooled budget:	148,809
(113,285)	Funding brought forward from previous year	(136,504)
-	Adjustment in year	-
(136,504)	Net Funding arising on the pooled budget during the year	(123,692)
	For future use on the pooled budget scheme:	
(4,982)	Authority's Share of 3.65% of the net funding to be carried forward	-
-	Authority's Share of 5.51% of the net funding to be carried forward	(6,815)

The North Yorkshire Strategic Housing Manager services arrangement is with 9 local authorities, where Hambleton District Council and the eight authorities contribute £4,000 on an annual basis. Furthermore, the Local Enterprise Partnership (LEP) contributes £8,000 on an annual basis. The North Yorkshire Strategic Housing Services Manager is a permanent post until such time that the 10 partners wish to cease the agreement. The table below provides further detail:

2020/21 £	North Yorkshire Strategic Housing Manager	2021/22 £
	Funding provided to the pooled budget:	
(4,000)	Hambleton District Council	(4,000)
(40,000)	Partners	(40,000)
(44,000)		(44,000)
41,222	Expenditure met from the pooled budget:	42,713
(30,585)	Funding brought forward from previous year	(33,363)
-	Adjustment in year	-
(33,363)	Net funding arising on the pooled budget during the year	(34,650)
(3,033)	For future use on the pooled budget scheme: Authority's Share of 9.09% of the net funding to be carried forward	(3,150)

The Community Led Housing budget is an arrangement, agreed by York, North Yorkshire & East Riding Housing Board, with 8 local authorities to fund a support 'Hub' for Community Led Housing groups. During 2021/22 it was agreed that the Pooled Budget should be transferred to Community First Yorkshire who will take the lead on the project.

The table below provides further detail:

2020/21 £	Community Led Housing	2021/22 £
	Funding provided to the pooled budget:	
-	Hambleton District Council	-
-	Partners	-
-		-
3,360	Expenditure met from the pooled budget:	91,995
(95,355)	Funding brought forward from previous year	(91,995)
(91,995)	Net funding arising on the pooled budget during the year	-
(2,907)	For future use on the pooled budget scheme: Authority's share of 3.16% of the net funding to be carried forward	-

32. Members Allowances

The Council paid the following amounts to member of the Council

2020/21 £	Member Allowances	2021/22 £
335,303	Allowances	337,693
3,266	Expenses	12,181
338,569	Total Member Allowances	349,874

33. Officers Remuneration

The number of employees whose total remuneration, excluding pension contributions,

was £50,000 or more in bands of £5,000 were :-

Total Emoluments	Number of Employees	
	2020/21	2021/22
£50,000 - £54,999	13	16
£55,000 - £59,999	4	2
£60,000 - £64,999	-	1
£65,000 - £69,999	-	-
£70,000 - £74,999	-	1
£75,000 - £79,999	-	-
£80,000 - £84,999	1	-
£85,000 - £89,999	1	2
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
Total	19	22

The remuneration paid to the Council's Senior Officers is as followed:

Post Title	Salary (Inc Fees & Allowances) 2021/22 £	Performance Related Pay 2021/22 £	Car Allowances 2021/22 £	Compensation for Loss of Office 2021/22 £	Total Remuneration excl. Pension Contributions 2021/22 £	Employers Pension Contributions 2021/22 £	Total Remuneration (+pension contributions) 2021/22 £
Chief Executive - Dr Justin Ives	132,676	26,535	9,287	-	168,498	28,021	196,519
Deputy Chief Executive - Mr Mick Jewitt	109,676	21,935	7,677	-	139,288	23,164	162,452
Director of Finance and Commercial - S151 Officer *	29,203	5,060	1,885	-	36,148	5,631	41,779
Director of Law and Governance -Monitoring Officer	75,900	13,283	5,313	-	94,496	15,696	110,192
Director of Environment	75,900	11,385	5,313	-	92,598	15,362	107,960
Director of Leisure & Communities	75,900	13,283	5,313	-	94,496	15,696	110,192
Total	499,255	91,481	34,788	-	625,524	103,570	729,094

* The Director of Finance and Commercial left the authority on 8 August 2021. The interim Director of Finance (S151 Officer) was appointed on 2nd August 2021 and was employed from an agency who were paid £100,139 for the period to 31 March 2022. The interim Director of Finance left the Council on 7 July 2022.

Post Title	Salary (Inc Fees & Allowances) 2020/21 £	Performance Related Pay 2020/21 £	Car Allowances 2020/21 £	Compensation for Loss of Office 2020/21 £	Total Remuneration excl. Pension Contributions 2020/21 £	Employers Pension Contributions 2020/21 £	Total Remuneration (+pension contributions) 2020/21 £
Chief Executive - Dr Justin Ives	132,676	26,535	9,287	-	168,498	29,613	198,111
Deputy Chief Executive - Mr Mick Jewitt	109,676	21,935	7,677	-	139,288	24,480	163,768
Director of Finance and Commercial - S151 Officer	75,900	13,283	5,313	-	94,496	16,588	111,084
Director of Law and Governance - Monitoring Officer	75,900	13,283	5,313	-	94,496	16,588	111,084
Director of Economy and Planning **	57,537	8,539	4,028	-	70,104	12,290	82,394
Director of Environment	75,900	9,488	5,313	-	90,701	15,882	106,583
Director of Leisure & Communities	75,900	13,283	5,313	-	94,496	16,588	111,084
Total	603,489	106,346	42,244	-	752,079	132,029	884,108

** The Director of Economy and Planning post was deleted from 3 January 2021

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

(a) Exit package cost band including special payments	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b) + (c)]		(e) Total cost of exit packages in each band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
	£0-20,000	-	-	4	-	4	-	38,277
£20,001-£40,000	-	-	-	-	-	-	-	-
£40,001-£60,000	-	-	-	-	-	-	-	-
£60,001-£80,000	-	-	-	-	-	-	-	-
£80,001-£100,000	-	-	-	-	-	-	-	-
£100,001-£150,000	-	-	-	-	-	-	-	-
£150,001-£200,000	-	-	-	-	-	-	-	-
Total	-	-	4	-	4	-	38,277	-

34. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims, statutory inspections and non-audit services provided by the Council's external auditors.

2020/21 £	Audit Fees	2021/22 £
31,381	Fees payable to the External Auditors with regard to external audit services carried out by the appointed auditor for the year	41,381
45,744	Additional fees available to be paid to the External Auditors with regard to external audit services carried out by the appointed auditor for prior years	9,516
11,290	Fees payable to the External Auditors for the certification of grant claims and returns for the year.	12,000
3,620	Additional fees payable to the External Auditors for the certification of grant claims and returns for prior years.	-
-	Fees payable to the External Auditors in respect of other services	-
92,035	Total Audit Fees	62,897

35. Grant Income

The grants and contributions in the Comprehensive Income and Expenditure Statement in 2021/22 which were credited to Services are:

2020/21 £	Grant Income - Credited to Services	2021/22 £
	Capital Grants	
(468,585)	Disabled Facilities Capital Grant	(533,817)
(1,250,000)	LEP - Capital Grant for Northallerton Town Square Enhancement	-
-	Energy Efficiency Grant	(1,327)
-	Future High Street Fund - Town Square Enhancement Scheme	(1,212,480)
-	Contribution from NYCC for Town Square enhancement	(176,808)
-	Contribution from Historic England for High Street Heritage Action Zone Scheme	(86,154)
(1,718,585)		(2,010,586)
	Revenue Grants	
(12,373,081)	Housing Benefits	(12,721,323)
(3,812)	Housing Benefits - Universal Credit	-
(182,205)	Rural Housing Enablers Grant	(148,089)
(41,221)	Strategic Housing Contribution	(42,713)
(3,360)	Community Led Housing	(91,995)
(38,572)	Community Infrastructure Levy (CIL) 5% Revenue Contribution	-
(1,867,821)	DLUHC Grant - Sales Fees & Charges Support Grant	(324,525)
(2,645,514)	Additional Restrictions Grants	(1,175,789)
(71,000)	Track and Trace Self isolation payments Discretionary Scheme	(134,000)
(41,337)	Local restrictions Support Grant – 5% discretionary element	-
(4,981)	EU Transition Work	-
(597)	DEFRA Burden grant for Taxi licensing	-
(151,542)	Sport England - National Leisure Recovery Fund for Thirsk and DLUHC Grant - Welcome Back Fund Allocation	(107,175)
(17,425,043)		(14,745,609)
(19,143,628)	Total	(16,756,195)

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/22 which were credited to Taxation and Non Specific Grant Income:

2020/21	Grant Income	2021/22
(5,801,449)	Credited to Taxation and Non Specific Grant Income Council Tax Income	(5,974,330)

(3,154,855)	National Non Domestic Rates Pool	(4,017,394)
(90,969)	Revenue Support Grant	(91,472)
	Non Ring-Fenced Grants and Contributions:	
	Department for Levelling Up, Housing and Communities (DLUHC)	
(628,843)	DLUHC Grant – Rural Services Delivery Grant	(659,897)
(1,123,921)	DLUHC Grant – COVID – 19 Support Grant	-
(413,300)	DLUHC Grant – COVID – 19 LA New Burden Admin Grant	(521,955)
-	DLUHC Grant – Neighbourhood Planning Grant	(20,000)
(63,477)	DLUHC Grant – Local Council Tax Support Grant	(62,001)
	DLUHC Grant – Council Tax Support Admin Subsidy Grant	(72,892)
(155,705)	DLUHC Grant – NNDR Cost of Collection	(156,796)
-	DLUHC Grant – Lower Tier Services Grant	(88,931)
(8,103)	DLUHC Grant – Transparency Grant	(8,103)
(1,630,901)	DLUHC Grant – New Homes Bonus	(1,414,631)
(5,000)	DLUHC Grant – Future High Street Fund	-
(46,695)	DLUHC Grant – Homelessness Reduction Act New Burdens	(38,086)
(61,178)	DLUHC Grant – Flexible Homelessness Support Grant	(87,320)
(67,387)	DLUHC Grant – Council Tax Relief Family Annexes	(75,674)
-	DLUHC Grant – New Burdens Pavement Licencing	(4,775)
(6,400)	DLUHC Grant - Rough Sleeping Cold Weather Fund	-
(1,471)	DLUHC Grant - Covid 19 Contingency Fund	-
(2,641)	DLUHC Grant - Rough Sleeping Protect Plus Revenue	(5,000)
(32,028)	DLUHC Grant - Self Isolation Payments Funding - Admin Fund	-
(198,280)	DLUHC Grant - C-19 Local Authority Compliance & Enforcement	-
(383,193)	DLUHC Grant - COVID 19 Hardship Fund	-
(568)	DLUHC Grant - Mobile Homes Fit & Proper Test	-
(100,000)	DLUHC Grant - Cyber Security Resilience Grant Payment	-
-	DLUHC Grant - Redmond Review Implementation	(16,177)
-	DLUHC Grant - LA Test and Trace Support New Burden Grant	(127,599)
-	DLUHC Grant - LA COVID-19 Track and Trace COMF Grant	(97,230)
	Department for Work and Pensions (DWP)	
(16,001)	DWP Grant – New Burdens Funding Welfare Reform	-
(8,295)	DWP Grant – Local Authority Data Share Programme	(16)
-	DWP Grant – Scottish Grant Child Dependency Payment	(825)
-	DWP Grant – IBR LEAP Case Reassessment	(330)
-	DWP Grant – New Burdens Migration to Universal Credit	(1,072)
(966)	DWP Grant – Severe Disability Premium	(1,907)
(596)	DWP Grant - Admin of Housing Benefit (Severe Disability)	-
(6,000)	DWP Grant – Verify Earnings & Pensions Alerts	(6,000)
(328)	DWP Grant - Covid 19 Housing Benefit Policy Changes	-
(3,526)	DWP Grant - Housing Benefit Award Accuracy Initiative	(4,573)
(361)	DWP Grant - Local Housing Allowance Changes	-
-	DWP Grant – New Burdens HB Maintenance on UC Case	(768)
-	DWP Grant – New Burdens SFIS	(278)
-	DWP Grant – HBMS	(3,061)
-	DWP Grant – Savings Credit	(2,650)
-	DWP Grant – PDVR	(1,278)
	Other Government Grants	
(7,532)	Cabinet Office – IER S31 Electoral Grant	-
-	Land Registry - New Burdens Local Land Charges Grant	(13,121)
-	DEFRA Grant - S31 Biodiversity Net Gain Grant	(10,047)
(14,019,969)	Total Revenue Grants	(13,586,189)

2020/21	Grant Income	2021/22
	Capital Grants & Contributions	
(565,902)	Community Infrastructure Levy (CIL) Grants	(515,975)
(398,618)	S106 Capital Grants	(23,492)
-	Revenue Contribution to Capital	(155,036)
-	CCTV Contribution	(1,837)
(485,507)	LEP - Capital Grant for E-campus at Treadmills Phase 2	(286,743)
(1,781,764)	Future High Street Fund - Capital Grant for Treadmills Phase 2	(1,851,525)
(68,282)	Contribution from Department of Education for Thirsk & Sowerby Sports Village	
(7,615)	ERDF Funding for Northallerton Sports Village	(9,820)
-	ERDF Funding for Thirsk Sports Village	(368,669)
(60,473)	Contribution from Historic England for High Street Heritage Action Zone scheme	(34,514)
(3,368,161)		(3,247,611)
(17,388,130)	Total	(16,833,800)

2020/21 £	Grant Income Capital Grants Received in Advance	2021/22 £
	Capital Grants	
(4,724,763)	Decarbonisation grant	-
(10,000)	High Street Heritage Action Zone - Northallerton BID contribution	-
(8,549)	Disabled Facilities Capital Grant	(67,504)
(208,629)	Dalton BID Contributions	-
-	Energy Efficiency Grant	(4,673)
-	Community Infrastructure Levy	(649,791)
-	Future High Street Funding	(1,047,993)
(4,951,941)	Total	(1,769,961)

36. Related Party Transactions

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

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received during the year are shown in Note 35.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/2022 is shown in Note 32. A number of Members are also Parish and County Council Members and will also be involved in decision making at that level. During 2021/2022 there were no material transactions with organisations in which Members have an interest.

Contracts were entered into in full compliance with the Council's standing orders. In all instances, the payments were made with proper consideration of declarations of interest. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Council Office during office hours.

Officers

The Chief Executive of Hambleton District Council, Dr Justin Ives, became a co-opted board member at Broadacres Housing Association on 21 May 2018. Dr Justin Ives attended the Broadacres' Board, Audit & Risk Committee and Customer Experience Committee and was paid a fee of £3,994 in 2021/22, (£3,994 in 2020/21).

The Council has lent Broadacres Housing association £33,600,000 as of the balance sheet date and this is shown as a long term debtor in the Balance Sheet. The Council has received interest payments from Broadacres Housing Association of £1,437,849 in 2021/22 (£1,458,650 2020/21).

Veritau North Yorkshire Limited

The Council owns a 12.5% share in Veritau North Yorkshire Limited. The principal activities of the company are the provision of internal audit, counter fraud and information governance services to the authorities within North Yorkshire. In 2021/2022 Hambleton District Council paid the company £154,280 (2020/21 £151,960) for these services in year. There was nothing outstanding at the year end.

North Yorkshire Pension Fund

Details of the Council's payment of employer's superannuation contribution to the pension fund are disclosed in Note 41 to the Statement of Accounts. Details of the Pension Fund creditors can also be found in Note 41.

Thirsk and Sowerby Swimming Baths Charity

Operationally this is run by Hambleton District Council, for a management fee of £42,580 that is paid by Hambleton District Council to Thirsk and Sowerby Swimming Bath Charity. The Charity is a separate entity but does have several Council Members who are Trustees of the Charity.

The Council has material financial transactions with the Thirsk and Sowerby Swimming Baths Charity so is required to prepare Group Accounts.

Central Northallerton Development Company Limited

Central Northallerton Development Company Limited is a joint venture company between Hambleton District Council and Wykeland Properties Limited, where each party have a 50% share. The joint venture company was officially formed on 20 October 2017, having a company number of 9730539, where two directors, Dr J Ives and Mr Peter Wilkinson represent the Council and a further two directors, Mr Jonathan Stubbs and Mr Dominic Gibbons represent Wykeland Properties Limited.

The Council has material financial transactions with the Central Northallerton Development Company Limited so is required to prepare Group Accounts.

The Council purchased part of the Treadmills site in 2018/19 and the work continued during 2021/22 and the scheme has a capital commitment of £9,378,899 outstanding. This is shown in Note 13.

Hambleton District Holdings Limited and Hambleton Property Limited

These two companies have been set up for the Commercial Property Investment Portfolio and are companies limited by shares which are 100% owned by Hambleton District Council. The companies were officially formed on 31 October 2019 where Hambleton District Holdings Limited company number is 12292196 and Hambleton Property Limited company number is 12292471.

The Investment Strategy was suspended by Council in September 2020 and there is currently no intention to invest in commercial investment property. At 31 March 2022, no investments had occurred and there were no financial transactions.

If the Investment Strategy was active then the companies would operate as follows:

- Hambleton District Holdings Limited – has been set up to support the Council if it further develops other future companies so the structure to enable this already exists and also to provide equity to the subsidiary company.
- Hambleton Property Limited – has been set up to invest in commercial property investment to generate income.

The directors of Hambleton District Holdings limited and Hambleton Property Limited are Mr Peter Wilkinson, Mrs Isobel Sanderson and Mr Mick Jewitt. Dr Justin Ives resigned as a director on 15 June 2021.

Maple Park (Hambleton) Limited Liability Partnership (LLP)

Maple Park (Hambleton) Limited Liability Partnership was incorporated on 9th November 2021 to offer crematorium services and is registered under company number OC439867. The LLP has two members - Hambleton District Council and Hambleton District Holdings Limited (12292196). Both members have equal voting rights. Under the partnership agreement, Hambleton District Council is entitled to 99% of any profits generated and Hambleton District Holdings Limited is entitled to 1% of profits. The first accounts will cover the period from 9th November 2021 to 31 March 2023. Malcolm Taylor, Stephen Watson and Dr Justin Ives represent the Council on the LLP and Hambleton District Holdings Limited has authorised Mick Jewitt to represent the interest of Hambleton District Holdings Limited on the LLP.

37. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where the capital expenditure is to be financed by borrowing, this will result in an increase in the Capital Financing Requirement. The table below shows that no borrowing has been taken to finance capital expenditure and the Capital Financing Requirement is falling in relation to finance leases coming to an end.

2020/21 £	Capital Expenditure and Capital Financing	2021/22 £
41,736,787	Opening Capital Financing Requirement	48,625,841
	Capital Investment	
11,907,486	Property, Plant and Equipment	12,876,688
-	Investment Properties	-
302,138	Intangible Assets	180,062
4,714,630	Revenue Expenditure Funded from Capital under Statute	6,285,059
-	Long Term Debtor	-
	Sources of Finance	
(3,101,401)	Capital receipts	(832,336)
(6,933,799)	Government grants and other contributions	(7,903,054)
-	Direct Revenue Financing	(155,036)
48,625,841	Closing Capital Financing Requirement	59,077,224
	Explanation of movements in year	
6,889,054	Increase in underlying need to borrow	10,451,383

38. Leases

Council as Lessee

Finance Leases

The Council currently has no finance leases. It has no obligation to make lease payments under lease arrangements for long term liabilities and no assets are carried as Property, Plant and Equipment in the Balance Sheet.

Operating Leases

There are three different types of operating leases in the Council – franking machine, Vehicles and ICT hardware

The refuse and recycling collection vehicles in 2019/20 are under operating leases with typical lives remaining of three years for four waste vehicles, two years for five waste vehicles and recycling vehicles one year. The franking machine is at the end of its contract with the ICT hardware having between two and three years life remaining.

Therefore the future minimum lease payments due under non-cancellable operating leases in future years are:

31-Mar-21	Minimum Lease Payments	31-Mar-22
£		£
841,378	Not Later than 1 Year	935,318
1,870,543	Later than 1 Year and not later than 5 Years	2,355,800
-	Later than 5 Years	
2,711,921	Total Minimum Lease Payments	3,291,118

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

31-Mar-21	Minimum Lease Payments	31-Mar-22
£		£
	Minimum Lease Payments in Year	
703,003	-Environment	910,786
58,036	-Finance & Commercial	57,691
761,039	Total Minimum Lease Payments	968,477

Council as Lessor

Finance Leases

The Council currently has no property leased out under a long term finance lease

Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

- ~ For the provision of community services, such as sport facilities, tourism services and community centres.
- ~ For economic development purposes to provide suitable affordable accommodation
- ~ For local businesses.

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

31-Mar-21	Future Minimum Lease Payments Receivable	31-Mar-22
£		£
457,830	Not later than 1 year	480,994
1,781,274	Later than 1 year and not later than 5 years	1,880,259
5,199,140	Later than 5 years	6,419,855
7,438,244	Total Minimum Lease Payments	8,781,108

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/2022 no contingent rents were receivable by the Council (2020/2021 £0).

39. Impairment Losses

The Code of Practice on Local Authority Accounting requires disclosure by class of assets of the amounts for revaluation losses and revaluation loss reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Note 13 reconciling the movement over the year in the Property, Plant and Equipment balance. A revaluation loss is a reduction in the market value of an asset, in comparison to an impairment loss which is where a physical loss to an individual asset occurs. No impairment losses occurred during 2021/22 (or 2020/21).

40. Termination Benefits

The Council did not terminate any contracts in 2021/22 compared to four in 2020/21 incurring liabilities of £38,277 - see Note 33 for the number of exit packages and total cost per band.

41. Defined Benefit Pension Schemes

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

The Council participates in the Local Government Pension Scheme, administered locally by North Yorkshire County Council – this is a funded defined benefit career average revalued earnings (CARE) scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The Council's pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of North Yorkshire County Council. Policy is determined in accordance with the Pension Funds Regulations. The Investment managers of the fund are appointed by the committee.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Transactions Relating to Post-Employment Benefits

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

2020/21 £	Cost of Services	2021/22 £
3,247,000	Service cost comprising: Current Service Cost	4,576,000
-	Past Service Cost	-
-	(Gain)/loss from settlements/curtailment	-
482,000	Financing and investment income and expenditure: Net interest expense	578,000
3,729,000	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	5,154,000
	Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of net defined benefit liability comprising:	
(18,879,000)	Return on plan assets (excluding the amount included in the net interest expense)	131,000
-	Actuarial (gains) and losses arising on changes in demographic assumptions	(1,227,000)
24,326,000	Actuarial (gains) and losses arising on changes in financial assumption	(8,526,000)
(990,000)	Other – Experience (gain)/loss	363,000
4,457,000	Total Post-employment Benefits charged to other Comprehensive Income and Expenditure	(9,259,000)
	Movement in Reserves	
(3,729,000)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(5,154,000)
	Actual amount charged against the general fund balance for pensions in the year.	
1,799,000	Employers contributions payable to scheme	1,663,000

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligations in respect of its defined benefit plan is as follows:

2020/21 £	Local Government Pension Scheme	2021/22 £
(125,326,000)	Present Value of defined benefit obligation	(121,454,000)
99,175,000	Fair value of plan assets	101,071,000
(26,151,000)	Net liability arising from defined benefit obligation	(20,383,000)

Reconciliation of the Movements in Fair Value of the Scheme (Plan) Asset

2020/21 £	Local Government Pension Scheme	2021/22 £
78,108,000	Opening fair value of scheme assets	99,175,000
1,801,000	Interest Income	2,083,000
18,879,000	Remeasurement gains/(losses): The return on plan assets, excluding the amount included in the net interest expense	(131,000)
1,799,000	Contributions from employer	1,663,000
643,000	Contributions by Scheme Participants	630,000
(2,007,000)	Benefits Paid	(2,302,000)
(48,000)	Other – Administration expenses	(47,000)
99,175,000	Closing fair value of scheme assets	101,071,000

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

2020/21 £	Local Government Pension Scheme	2021/22 £
97,872,000	Opening balance at April	125,326,000
3,247,000	Current service cost	4,576,000
2,235,000	Interest Income	2,614,000
643,000	Contributions from the scheme participants	630,000
-	Remeasurement (gains)/losses: Actuarial (gains)/losses arising from changes in demographic assumptions	(1,227,000)
24,326,000	Actuarial (gains)/losses arising from changes in financial assumptions	(8,526,000)
(990,000)	Other	363,000
-	Past service cost	-
(2,007,000)	Losses/(gains) on curtailment	-
	Benefits paid	(2,302,000)
125,326,000	Closing defined benefit obligation	121,454,000

Council's Pension Scheme

2020/21		Fair Value of scheme assets	2021/22	
Quoted £	Unquoted £		Quoted £	Unquoted £
57,323,150		Equities	56,296,547	
6,049,675		Property	7,479,254	
16,066,350		Government bonds	16,979,928	
2,082,675		Corporate Bonds	7,782,467	
3,272,775		Cash	1,111,781	
8,033,175	6,347,200	Other	3,941,769	7,479,254
92,827,800	6,347,200	Total Assets	93,591,746	7,479,254

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The Council's Pension Scheme has been estimated by Aon Hewitt Limited, an independent firm of actuaries. The estimates for North Yorkshire Pension Fund are based on the valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

2020/21	Local Government Pension Scheme	2021/22
	Mortality Assumptions:	
21.9 years	Longevity at 65 for current pensioners	21.8 years
24.0 years	~Men	23.8 years
	~Women	
23.6 years	Longevity at 45 future pensioners	23.5 years
25.8 years	~Men	25.7 years
	~Women	
-	Rate of RPI Inflation	-
2.70%	Rate of CPI Inflation	3.00%
3.95%	Rate of Increase in Salaries	4.25%
2.70%	Rate of Increase in Pensions	3.00%
2.10%	Rate for Discounting Scheme Liabilities	2.70%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the assumptions remain constant. The assumptions in longevity, for example, assume life expectancy increases and decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accountancy policies for the scheme, i.e. on actuarial basis using the projected credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme

2020/21 £	Increase in assumption Deficit/(Surplus)	2021/22 £
4,512,000	Longevity (increase in year)	4,251,000
-	Rate of inflation (increase by 0.1%p.a.)	-
(2,381,000)	Rate of increase in Pensions (increase by 0.1% p.a.)	(2,308,000)
(376,000)	Rate of increase in Salaries (increase by 0.1% p.a.)	(364,000)
2,632,000	Rate for discounting scheme liabilities (increase by 0.1% p.a.)	2,551,000

42. Contingent Liabilities

There are currently no contingent liability in 2021/22 (20/21 had no contingent liabilities).

43. Contingent Assets

There are currently no contingent assets in 2021/22 (20/21 had no contingent assets).

44. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity Risk – the possibility that the Council might not have the funds available to meet its commitments to make payments;
- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Treasury Management is carried out by a central treasury management team, under policies approved by Hambleton District Council. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, etc., held in the Capital Strategy.

Credit Risk

Credit Risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria.

The Council uses the creditworthiness service provided by Link Asset Services. This service has been progressively enhanced and uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of bands which indicate the relative creditworthiness of counterparties. These bands, in turn, are used by the Council to determine the duration for investments and are therefore referred to as "durational bands".

The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. The Individual counterparty limit is set at 35% of total investments or £7m per counterparty whichever is the higher.

The Council annually approves a Treasury Management Strategy which, for 2021/22,

determined that no limits apply to United Kingdom institutions and that the investments or surplus funds can be made in foreign banks and institutions of AA- sovereign rated countries subject to Link Asset Services' credit worthiness criteria. This limits the amount of credit risk exposure of different countries.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. The Council's maximum exposure to credit risk in relation to its investments in banks and building societies is £7m and cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

The Council has short term investments that are callable on demand i.e. very short term in nature. Due to the default risk of the investment being extremely low, nil impairment under IFRS 9 is deemed appropriate.

A summary of the credit quality of the Council's investments at 31 March 2022 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability.

Deposit with Bank	Link Asset Services- Colour banding	Fitch-Rating	Moody's-Rating	Standard & Poor's-Rating	Balance at 31 March 2022	Historical Experience of Default	Credit Loss Allowance
					£	%	£
Lloyds Bank PLC	Red	F1	P-1	A-1	3,890,000	-	-
Santander	Red	F1	P-1	A-1	7,000,000	-	-
Total					10,890,000	-	-

Housing Association Loans – Broadacers Housing Association

The Council entered into an agreement with a Local Housing Association to allow a £35,000,000 loan facility. As at 31 March 2022 £33,600,000 has been utilised, during 2021/22 a £400,000 loan was repaid. The loan facility is secured by 110% of the Housing Association's housing stock. Due to the default risk of the investment being extremely low, nil impairment under IFRS 9 is deemed appropriate.

The Council has quarterly meetings throughout the year with the Housing Association where due diligence is performed through reviewing quarterly board meeting notes, ratio analysis calculated from the most up to date quarterly information provided by the Housing Association to ensure financial viability of repayments of interest and principal loan repayments. To date all interest payments have been received on the due date. Risk of the loans is regarded as being extremely low, and therefore nil impairment under IFRS 9 is deemed appropriate.

Joint Venture Long Term Debtor

The Council holds a long term debtor in the accounts in relation to the transfer of land and associated costs to Central Northallerton Development Company Ltd; the Council owns 50% of this joint venture company. At this stage the joint venture company is progressing

as would be expected and therefore as the Council owns 50%, in relation to the default risk, nil impairment under IFRS 9 is deemed appropriate.

Debtors

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 2022 £	Historical Experience of default %	Historical experience adjusted for market conditions at 31 March 2022 %	Estimated maximum exposure at 31 March 2022 £	Estimated maximum exposure at 31 March 2021 £
Customers	9,136,435	0.49	0.49	44,769	122,565

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for customers, such that £1,282,660 of the £9,136,435 balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

31-Mar-21 £	Provision for Bad Debt	31-Mar-22 £
6,435	Debtors < 30 days	98,148
32,046	Debtors 31-60 days	14,546
6,112	Debtors 61-90 days	3,293
985,712	Debtors > 90 days	1,166,673
1,030,305	Provision for Bad Debt	1,282,660

Liquidity Risk

Liquidity risk is concerned with the Council's ability to have adequate cash resources at all times to enable it to achieve its business/service objectives. This risk is mitigated by active daily cash flow management and forward financial planning.

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable rates.

The Council sets limits on the proportion of its fixed rate borrowing during specified periods, and at 31 March 2022 had borrowed £26,500,000 in accordance with the Treasury Management Strategy. The Council is also able to borrow from the money market.

31-Mar-21	31-Mar-22
-----------	-----------

£		£
1,200,000	Less than one year	-
-	Between one and two years	-
-	Between two and five years	-
26,500,000	More than five years	26,500,000
27,700,000		26,500,000

All trade and other payables are due to be paid in less than one year.

Market Risk – Interest rate risk

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise. However, the Council's policy is not to borrow at variable rates.
- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise. However, the Council's policy is not to invest at variable rates.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at a fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments would be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. During periods of falling interest rates, for investments the Council would aim to achieve the highest investment rates available, taking advantage of volatility in the market and always placing security and liquidity of funds as a priority. During periods of falling interest rates for borrowing and where economic circumstances make it favourable, if the Council had any loans then for fixed rate loans it would repay them early to limit exposure to losses. If the Council had any debt then the risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The Treasury Management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

According to this assessment strategy, at 31 March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

1% Increase in interest rate risk assumption	31-Mar-22 £
Increase in interest payable on variable rate borrowings	-
Increase in interest receivables on variable rate investments	(205,142)
Impact on (Surplus) or Deficit on the Provision of Services	(205,142)
Decrease in fair value of fixed rate borrowings liabilities (no impact on the (Surplus) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	5,415,358

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

Market Risk – Price risk

Market risk is the risk of fluctuations in the principal value of the Council's investments. Certain investments such as Gilt-edged Securities (Gilts) and Certificates of Deposits (CDs) are tradable instruments whose principal value can fluctuate according to market conditions. The Council has not invested in such instruments thereby eliminating the possibility of market risk.

The Council does not generally invest in equity shares therefore the Council is consequently not exposed to losses arising from movements in the prices of the shares. The Council does however own a 12.5% shareholding and has contributed £2,520 to the share capital of Veritau North Yorkshire Ltd. This is not exposed to price movements as there is a limited market currently for this service.

Market Risk – Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus have no exposure to loss arising from movements in exchange rates.

45. Long Term Investments

2020/21 £	Long Term Investments	2021/22 £
2,520	Veritau North Yorkshire Ltd – 12.5%	2,520
2,520	Balance at 31 March	2,520

Veritau North Yorkshire Ltd is a private Limited Company where Veritau Ltd owns 50% of the share capital of Veritau North Yorkshire Ltd and 4 district councils own 12.5% each, of which Hambleton District Council is one. The Council is therefore a 12.5% shareholder and has contributed £2,520 to the share capital.

COLLECTION FUND STATEMENT

The Collection Fund is a statutory fund, separate from all other Council funds. The fund is maintained specifically for the collection and distribution of amounts due in respect of Council Tax and Business Rates. The transactions of the Collection Fund are wholly prescribed by legislation.

2020/21			Collection Fund 2021/2022	2021/22		
Business Rates £	Council Tax £	Total £		Business Rates £	Council Tax £	Total £
-	(69,293,020)	(69,293,020)	INCOME	-	(73,054,472)	(73,054,472)
-	(402,588)	(402,588)	Council Tax Receivable	-	(1,710)	(1,710)
(17,492,463)	-	(17,492,463)	Council Tax Hardship Grant - S13A	(23,309,834)	-	(23,309,834)
(56,049)	-	(56,049)	Business Rates Receivable	(95,292)	-	(95,292)
(17,548,512)	(69,695,608)	(87,244,120)	Transitional Protection Payments due to the	(23,405,126)	(73,056,182)	(96,461,308)
			EXPENDITURE			
			Apportionment of Previous Years			
(205,709)	-	(205,709)	Central Government	(4,500,268)	-	(4,500,268)
4,259	(21,700)	(17,441)	Hambleton District Council	(1,010,966)	(4,401)	(1,015,367)
51,281	(189,330)	(138,049)	North Yorkshire County Council	(112,558)	(38,423)	(150,981)
(1,516)	(36,930)	(38,446)	North Yorkshire Fire & Rescue Authority	(5,632,017)	(2,049)	(5,634,066)
-	(10,290)	(10,290)	Police & Crime Commissioner-North Yorkshire	-	(7,489)	(7,489)
(151,685)	(258,250)	(409,935)		(11,255,809)	(52,362)	(11,308,171)
			Precepts, Demands and Shares			
14,411,286	-	14,411,286	Central Government	14,302,522	-	14,302,522
11,529,028	5,818,612	17,347,640	Hambleton District Council	11,442,018	5,877,913	17,319,931
2,594,031	50,798,011	53,392,042	North Yorkshire County Council	2,574,454	52,692,685	55,267,139
288,226	9,901,639	10,189,865	North Yorkshire Fire & Rescue Authority	286,050	2,768,602	3,054,652
-	2,708,169	2,708,169	Police & Crime Commissioner- North Yorkshire	-	10,122,164	10,122,164
108,248	-	108,248	Renewable Energy	506,286	-	506,286
28,930,819	69,226,431	98,157,250		29,111,330	71,461,364	100,572,694
			Charges to the Collection Fund			
54,420	131,952	186,372	Less: Write offs of uncollectable amounts	115,840	200,364	316,204
330,632	538,940	869,572	Increase/ Decrease (-) in Bad Debt Provision	143,483	224,408	367,891
(1,126,844)	-	(1,126,844)	Appeals & List Alterations charged to the	(694,659)	-	(694,659)
1,895,094	-	1,895,094	Increase/ Decrease (-) in Provision for Appeals	561,570	-	561,570
155,705	-	155,705	Allowance for cost of collection	156,796	-	156,796
1,309,007	670,892	1,979,899		283,030	424,772	707,802
12,539,629	(56,535)	12,483,094	(Surplus)/Deficit arising during the year	(5,266,575)	(1,222,408)	(6,488,983)
135,233	204,738	339,971	(Surplus)/Deficit brought forward 1 April	12,674,862	148,203	12,823,065
12,674,862	148,203	12,823,065	(Surplus)/Deficit carried forward 31 March	7,408,287	(1,074,205)	6,334,082

NOTES TO COLLECTION FUND ACCOUNT

Introduction

These accounts represent the transactions of the Collection Fund which is a statutory fund prepared on an accruals basis.

The Collection Fund is an agent's statement that reflects the statutory obligation, under the Local Government Finance Act 1992, for billing authorities (i.e. Hambleton District Council) to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and National Non-Domestic rates (NNDR or uniform business rates).

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and NNDR. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionally charged to the relevant precepting bodies in the following year. For Hambleton District Council, the Council Tax precepting bodies are North Yorkshire County Council, the Police and Crime Commissioner for North Yorkshire and North Yorkshire Fire and Rescue Authority.

The statement shows the transactions of the Council in relation to the collection from taxpayers of sums due for council tax and NNDR and their distribution to the Council, North Yorkshire County Council, the Police and Crime Commissioner for North Yorkshire, North Yorkshire Fire and Rescue Authority, Parish Councils and the government.

NNDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

Council Tax

The Council Tax is a domestic property based tax with properties allocated to valuation bands from A to H. The tax base for Hambleton was calculated at 37,342.89 for 2021/2022 (37,256.42 for 2020/2021) being the total number of properties converted to an equivalent number of band D dwellings. The number in each band shown as band D equivalents was:-

A	B	C	D	E	F	G	H	Total
1,805.35	5,481.75	7,354.74	6,128.95	7,094.65	5,415.85	3,784.34	277.26	37,342.89

The average Council Tax for Hambleton at Band D was £1,913.65 made up as follows:

2020/21 £	Precepting Authorities	2021/22 £
114.48	Hambleton District Council	114.48
1,243.61	North Yorkshire County Council	1,270.74
119.86	North Yorkshire County Council – Adult	140.31
265.77	Police & Crime Commissioner – North	271.06
41.70	Parish (Average)	42.92
72.69	North Yorkshire Fire Authority	74.14
1,858.11	Total Average Band D Council Tax	1,913.65

National Non Domestic Rates (NNDR)

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

In 2020/21 Hambleton District Council was part of the North Yorkshire Business Rates Pool, this was discontinued in 2021/22 due to the risk associated with the impact of the COVID-19 pandemic and was approved by Council in December 2020. The Business Rate Retention Scheme enables the Council to keep a proportion of the business rates collected locally.

The Collection Fund deficit for 2021/22 is again larger than in pre-pandemic years, particularly in relation to Business Rates. This is primarily as a result of businesses again being awarded retail and nursery reliefs in 2021/22 totalling £2.371m, as part of the Governments continuing response to the COVID-19 pandemic. These reliefs were not anticipated when the 2021/22 NNDR1 Government return was submitted to Central Government in January 2021. This Government return informed the Council's Budget setting for 2021/22.

The reliefs effectively reduce the net amount the Council can collect from businesses, and as the precept amounts cannot be changed the result is a considerable deficit in the Collection Fund. However, these reliefs are funded by DLUHC through grants paid to the Council under Section 31 of the Local Government Act 2003. These grants were received in 2021/22 and grant for the Extended Retail Relief and Nursery Discount was transferred to the Council's earmarked reserves. This reserve will be used to offset the Collection Fund deficit when it is charged to the Council's General Fund in 2022/23.

A further relief announced in March 2021 but for which guidance was only issued in December 2021 was for COVID-19 Additional Relief Fund (CARF). The council was awarded £1.734m of CARF grant. However, giving the timing of the award and the requirements to apply reliefs to businesses, it was not all utilised in 2021/22. In a change to the anticipated position, as the CARF grant was received on account and as it will not be reconciled until 2022/23, the grant has been treated as income in advance and is held as a creditor on the Council's Balance Sheet .

As part of the NNDR Collection Fund business rate income is shared between Hambleton District Council (40%), North Yorkshire County Council (9%), North Yorkshire Fire & Rescue Authority (1%) and Central Government (50%).

The business rates shares payable for 2021/22 were estimated before the start of the financial year as £14,302,522 to Central Government, £2,574,454 to North Yorkshire County Council, £286,050 to North Yorkshire Fire & Rescue Authority and £11,442,018 to Hambleton District Council. These sums have been paid in 2021/22 and charged to the Collection Fund in year.

The total income from business rate payers collected in 2021/2022 was £23,309,834. This is considerably higher than the 2020/21 figure of £17,942,463 due to the reliefs given to businesses from the Government to help them during the difficult times of COVID-19. These reliefs are recovered from Section 31 Grants and continued to a lesser extent in 2021/22.

Non-Domestic Rates are collected locally on the basis of a nationally determined rate in the pound. For 2021/22, the Government decided to freeze the business rate multipliers at 49.9p for qualifying Small Businesses, and the standard multiplier being 51.2p for all other businesses (49.9p and 51.2p respectively in 2020/21).

The total non-domestic rateable value for the Council's area at 31 March 2022 was £76,829,338 (£75,377,737 in 2020/21).

Distribution of Year End (Surplus)/Deficit

The year-end (surplus)/deficit is distributed to Hambleton District Council, North Yorkshire County Council, Police & Crime Commissioner – North Yorkshire and North Yorkshire Fire & Rescue Authority.

2020/21			Contributions to Collection	2021/22		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
6,341,545	-	6,341,545	Central Government	3,704,145	-	3,704,145
5,067,888	12,665	5,080,553	Hambleton District Council	2,963,314	(88,153)	2,875,161
1,138,680	108,338	1,247,018	North Yorkshire County Council	666,745	(792,451)	(125,706)
-	5,841	5,841	Police & Crime Commissioner- North Yorkshire	-	(152,014)	(152,014)
126,749	21,359	148,108	North Yorkshire Fire & Rescue Authority	74,083	(41,587)	32,496
12,674,862	148,203	12,823,065		7,408,287	(1,074,205)	6,334,082

Council Tax / NNDR Bad Debt Provision and NNDR provision for Valuation appeals:

The Collection Fund provides for Bad Debts on arrears on the basis of prior years' experience and current year collection rates.

2020/21 £	Collection Fund: Provision for Bad Debt - Council Tax	2021/22 £
1,334,798	Balance at 1 April	1,873,738
(131,952)	Write-offs during year for previous years	(200,364)
670,892	Contributions to provision during year	424,772
538,940	Net Increase in Provision	224,408
1,873,738	Balance at 31 March	2,098,146

The Council's proportion of these write offs and increase in provision are shown below:-

2020/21 £	Councils Proportion: Provision for Bad Debt - Council Tax	2021/22 £
112,192	Balance at 1 April	154,121
(10,266)	Write-offs during year for previous years	(18,395)
52,195	Contributions to provision during year	38,997
41,929	Net Increase in Provision	20,602
154,121	Balance at 31 March	174,723

The Collection Fund account also provides for bad debts on NNDR arrears.

2020/21 £	Collection Fund: Provision for Bad Debt - NNDR	2021/22 £
439,539	Balance at 1 April	770,171
(54,420)	Write-offs during year for previous years	(115,840)
385,052	Contributions to provision during year	259,323
330,632	Net Increase in Provision	143,483
770,171	Balance at 31 March	913,654

The Council's proportion of these write offs and increase in provision are shown below:

2020/21 £	Councils Proportion: Provision for Bad Debt - NNDR	2021/22 £
230,758	Balance at 1 April -	308,069
(54,942)	Adjustment from Pilot Proportions - 52.5% to 40%	-
175,816	Balance at 1 April 40%	308,069
(21,768)	Write-offs during year for previous years	(46,336)
154,021	Contributions to provision during year	103,729
132,253	Net Increase in Provision	57,393
308,069	Balance at 31 March	365,462

The Collection Fund account also provides for provision for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31 March 2022.

2020/21 £	Collection Fund: Provision for appeals - NNDR	2021/22 £
1,602,915	Balance at 1 April	2,371,165
(1,126,844)	Write-offs during year for previous years	(694,659)
1,895,094	Contributions to provision during year	561,570
768,250	Net Increase in Provision	(133,089)
2,371,165	Balance at 31 March	2,238,076

The Council's proportion of these write offs and decrease in provision are shown below:-

2020/21 £	Councils Proportion: Provision for appeals - NNDR	2021/22 £
841,530	Balance at 1 April	948,466
(200,364)	Adjustment from Pilot Proportions - 52.5% to 40%	-
641,166	Balance at 1 April 40%	948,466
(450,738)	Write-offs during year for previous years	(277,864)
758,038	Contributions to provision during year	224,628
307,300	Net Increase in Provision	(53,236)
948,466	Balance at 31 March	895,230

GROUP ACCOUNTS

Introduction

The CIPFA Code of Practice requires that where a Council has material financial interests and significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

Inclusion within the Group Accounts

The Council has business relationships with a number of entities over which it has varying degrees of control or influence. These are classified into the categories of subsidiaries, associates and joint ventures.

The meaning of these terms are outlined below:

Subsidiary

"A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent." Thirsk and Sowerby Swimming Baths Charity is classified as subsidiaries of Hambleton District Council and has therefore been consolidated.

Joint Venture

"A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement" The Council has a business relationship with Wykeland Properties Limited and this is classified as a joint venture arrangement.

More detail regarding each of these organisations can be found below:

Thirsk and Sowerby Swimming Baths Charity

As subsidiary entity, Thirsk and Sowerby Swimming Baths Charity has been consolidated on a line by line basis with all intra-group transactions and balances removed. To ensure these accounts are materially correct as at 31 March 2022 the Council has assessed whether there have been any material transactions between the subsidiary balance sheet date and the Councils. If any such transactions are deemed to have occurred the subsidiary financial statements will be adjusted to reflect the changes before consolidation. The audited accounts for 2021/22 for Thirsk and Sowerby Swimming Baths Charity has been used for consolidation.

Central Northallerton Development Company Limited

Central Northallerton Development Company Ltd (CNDCL) has no Ultimate Controlling Party. The Company has two shareholders, Wykeland Properties Limited and Hambleton District Council, each of which own 50% of the company. The registered address and location of the Company development site are based in Northallerton. The joint venture company was officially formed on 20 October 2017, having a company number of 9730539, where two directors, J Ives and P Wilkinson represent the Council and a further two directors, J Stubbs and D Gibbons represent Wykeland Properties Limited.

The Company's principal activity is that of property development. On 20 October 2017 a development agreement was signed between Hambleton District Council and Wykeland Properties Limited to redevelop the 3.5 acre former Prison site in Northallerton. In March 2019 agreements were signed for Lidl and Iceland for the construction and rental of two retail units on the phase 1 of the site and on the same day, the phase 1 land was sold to Hambleton District Council at its fair value. Hambleton District Council has funded the development of the two stores.

The development of phase 2 and 3 are well underway, with phase 2 seeing the C4DI digital innovation centre being on site and also shortly the presence of two universities. Phase 3 development continues with the construction of a cinema and restaurants during 2021/22.

The Council considers that CNDCL should be accounted for as a joint venture company (under IFRS11 – Joint Arrangements and IAS28 – Investments in Associates and Joint Ventures).

Hambleton District Council's share of Central Northallerton Development Company Limited's balances is 50%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on the draft statement of accounts for 31 March 2022.

For 2021/22, Central Northallerton Development Company Limited had a total income of £3,453,638, total expenditure of £1,726,819, assets of £745,533 and liabilities of £536,192. Compared to 2020/21 had a total income of £8,723,828, total expenditure of £8,405,282 which included a dividends of £1,400,000, assets of £3,455,018 and liabilities of £3,212,824. The loss for the year amounted to £32,834 (period ended 31 March 2021: profit £318,546). Cumulatively the profit is £209,361

The Council continues to develop Treadmills North and has a capital commitment of £9,378,899 outstanding. This is shown in Note 13. Treadmills South became operational in 2020/21.

Maple Park (Hambleton) Limited Liability Partnership (LLP)

Maple Park (Hambleton) LLP has been set up to offer crematorium services and was incorporated on 9th November 2021. The LLP has two members - Hambleton District Council and Hambleton District Holdings Limited. The first accounts for the company will cover the period from 9th November 2021 to 31 March 2023 and have therefore been excluded from the Group Accounts for 2021/22.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/2021				2021/2022		
Group Net Expenditure	Group Gross Income	Group Gross Expenditure		Gross Expenditure	Group Gross Income	Net Expenditure
£	£	£		£	£	£
11,109,666	(6,209,765)	4,899,901	Economy & Planning	13,336,120	(5,611,159)	7,724,961
2,664,727	(4,060,567)	(1,395,840)	Business Grants COVID-19	2,560,087	(1,176,075)	1,384,012
5,830,309	(2,070,671)	3,759,638	Environment	6,479,591	(2,137,090)	4,342,501
18,409,648	(12,387,127)	6,022,521	Finance & Commercial	23,305,437	(13,013,619)	10,291,818
1,434,025	(228,611)	1,205,414	Law & Governance	1,678,276	(452,269)	1,226,007
8,428,655	(3,102,821)	5,325,834	Leisure & Communities	11,185,491	(3,226,202)	7,959,289
47,877,030	(28,059,562)	19,817,468	Net Cost of Services	58,545,002	(25,616,414)	32,928,588
2,173,688	(137,149)	2,036,539	Other Operating Expenditure (Note 10)	1,803,324	(162,090)	1,641,234
2,823,483	(3,529,633)	(706,150)	Financing and Investment Expenditure/(Income)	3,184,952	(3,551,417)	(366,465)
-	(22,340,071)	(22,340,071)	Taxation and Non-Specific Grant (Income) (Note 12)	-	(18,603,761)	(18,603,761)
52,874,201	(54,066,415)	(1,192,214)	(Surplus) of Deficit on Provision of Services	63,533,278	(47,933,682)	15,599,596
-	(159,273)	(159,273)	Share of (Surplus) or Deficit on the Provision of Services by joint venture	-	16,417	16,417
52,874,201	(54,225,688)	(1,351,487)	Group (Surplus)/Deficit (Surplus) or Deficit on Revaluation of Property Plant & Equipment (Note 26)	63,533,278	(47,917,265)	15,616,013
		355,268	Actuarial (Gains)/Losses on Pension Assets/Liabilities (Note 42)			(3,198,994)
		4,457,000				(9,259,000)
		4,812,268	Other Comprehensive Income and Expenditure			(12,457,994)
		3,460,781	Total Comprehensive Income and Expenditure			3,158,019

GROUP MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The (increase)/decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

2021/2022

	Total Usable Reserves - Group £	Unusable Reserves- Group £	Total Group Reserves £
Balance at 31 March 2021 carried forward	(31,220,730)	(7,312,232)	(38,532,962)
Movements in reserves during 2020/21			
Total Comprehensive Income and Expenditure	15,616,013	(12,457,994)	3,158,019
Adjustments between accounting basis & funding basis under regulations (Note 8)	(10,041,290)	10,041,290	-
Increase/Decrease in 2020/21	5,574,723	(2,416,704)	3,158,019
Transfer to/from Earmarked Reserves (Note 9)	-	-	-
Balance at 31 March 2021 carried forward	(25,646,007)	(9,728,936)	(35,374,943)

2020/2021 Comparative Figures

	Total Usable Reserves - Group £	Unusable Reserves- Group £	Total Group Reserves £
Balance at 31 March 2020 carried forward	(20,769,853)	(21,223,890)	(41,993,743)
Movements in reserves during 2020/21			
Total Comprehensive Income and Expenditure	(1,351,487)	4,812,268	3,460,781
Adjustments between accounting basis & funding basis under regulations (note 8)	(9,099,390)	9,099,390	-
Increase/Decrease in 2020/21	(10,450,877)	13,911,658	3,460,781
Transfer to/from Earmarked Reserves (Note 9)	-	-	-
Balance at 31 March 2021 carried forward	(31,220,730)	(7,312,232)	(38,532,962)

GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line Adjustments between accounting basis and funding basis under regulations’.

Group Accounts 31 March 2021	Group Balance Sheet	Notes	Group Accounts 31 March 2022
£			£
52,333,280	Property, Plant & Equipment (G8)	13	57,307,348
102,000	Investment Property	15	102,000
667,036	Intangible Assets	16	677,719
2,520	Long Term Investments	45	2,520
121,098	Investment in Joint Venture	G4	104,681
34,464,137	Long Term Debtors	17	33,600,000
87,690,071	Long Term Assets		91,794,268
75,621	Inventories	18	70,723
15,758,563	Short Term Debtors	19	7,834,745
14,864,468	Cash and Cash Equivalents	20	10,847,831
354,847	Assets Held for Sale	21	387,647
31,053,499	Current Assets		19,140,946
(1,200,897.00)	Short Term Borrowing	17	0
(24,567,858)	Short Term Creditors	22	(27,274,995)
(948,466)	Short Term Provisions	23	(895,230)
(611,533)	Other Short Term Liabilities		(325,104)
(27,328,754)	Current Liabilities		(28,495,329)
(26,706,922)	Long Term Borrowing	17	(26,648,011)
(23,931)	Other Long Term Liabilities	17	(33,931)
(26,151,000)	Pension Liability	41	(20,383,000)
(52,881,853)	Long Term Liabilities		(47,064,942)
38,532,963	Net Assets		35,374,943
(31,056,581)	Usable Reserves	24	(25,498,315)
(164,150)	Usable Reserves – Group Accounts	G4	(147,692)
(7,312,232)	Unusable Reserves	25	(9,728,936)
(38,532,963)	Total Reserves		(35,374,943)

GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Group 2020/21 £		Group 2021/22 £
(1,351,487)	Net (surplus)/deficit on the provision of services	15,616,013
(16,082,532)	Adjustments to net (surplus)/deficit on the provision of services for non-cash movements (Group Note 27)	(27,953,819)
9,666,130	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities (Note 28)	8,321,452
(7,767,889)	Net cash (inflows)/outflows from Operating Activities	(4,016,354)
2,785,688	Investing Activities (Note 29)	5,341,725
4,089,116	Financing Activities (Note 30)	2,691,269
(893,085)	Net (increase)/decrease in cash and cash equivalents	4,016,640
(13,971,386)	Cash and cash equivalents at the beginning of the year	(14,864,471)
(14,864,471)	Cash and cash equivalents at the end of the year (Note 21)	(10,847,831)

Notes to Group Accounts

G1. Explanatory Notes to the Group Accounts

Where figures in the group accounts differ materially from the Council's accounts, the relevant explanatory notes have been prepared. The notes give information on the areas that have materially changed on consolidation of the joint venture company into the Council's accounts.

G2. Accounting Policies

The Accounting Policies of the Council's subsidiary and joint venture companies are in line with the Council's Accounting Policies. It should be noted that the CNDCL financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006, however, for the activities that has occurred this is not material different from how the Council has prepared its accounts under IFRS. Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the joint venture and subsidiary companies in 2020/21.

Notes within the group accounts have not been provided where there are no material differences except where there is a requirement for the reconciliation required as seen below.

As CNDCL and Thirsk and Sowerby Swimming Baths have the same reporting date as the Council, year-end accounts to 31 March 2022 have been used for consolidation.

G3. Group Accounts: Consolidated of CNDCL

CNDCL	HDC share (50%)	Group Accounts: Comprehensive Income and Expenditure Statement	CNDCL	HDC share (50%)
2020/21 £	2020/21 £		2021/22 £	2021/22 £
(8,589,828)	(4,294,914)	Turnover	(4,041,931)	(2,020,965)
6,619,627	3,309,814	Operating Expenses	4,083,196	2,041,598
(134,000)	(67,000)	Interest and investment income	-	-
(2,104,201)	(1,052,100)	Net Operating Surplus	41,265	20,633
385,655	192,827	Tax on Profit	(8,432)	(4,216)
1,400,000	700,000	Dividends	-	-
(318,546)	(159,273)	Distribution of surplus to member authorities	32,833	16,417
(318,546)	(159,273)	Net (Profit) / Loss for the year	32,833	16,417

G4. Investment included in Group Balance Sheet

CNDCL 2020/21 £	HDC share (50%) 2020/21 £	Group Accounts: Investment included in Group Balance Sheet	CNDCL 2021/22 £	HDC share (50%) 2021/22 £
97,880	48,940	Assets:	97,880	48,940
1,778	889	Investment Properties	1,185	593
525,155	262,578	Plant & Equipment	46,298	23,149
226,706	113,353	Inventories	660,341	330,170
2,603,499	1,301,750	Short Term Debtors	528,142	264,071
3,455,018	1,727,510	Cash	1,333,846	666,923
		Total Assets:		
(2,827,576)	(1,413,788)	Liabilities:	(1,124,485)	(562,242)
(385,248)	(192,624)	Creditors	-	-
		Other Long Term liabilities		
(3,212,824)	(1,606,412)	Total Liabilities	(1,124,485)	(562,242)
242,194	121,098	Net Investment in Joint Venture	209,361	104,681

G5. Group Accounts: Cash Flow Statement – Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non Cash Movements

31-Mar-21 £	Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non Cash Movements	31-Mar-22 £
(1,411,450)	Depreciation	(1,433,591)
(2,442,551)	Impairment and downward valuations	(9,946,917)
(140,586)	Amortisation	(169,379)
(13,218,742)	Increase) / Decrease in Creditors	(2,682,089)
7,620,033	Increase / (Decrease) in Debtors	(8,769,763)
3,237	Increase / (Decrease) in Inventories	(4,898)
(1,930,000)	Movement in Pension Liability	(3,491,000)
202,350	Reversal of share of loss or profit on joint venture	(16,417)
(675,707)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(8,304)
-	Movement in the Fair Value Investment Properties	-
(4,089,116)	Other non-cash items charged to the net surplus or deficit on provision of services	(1,431,461)
(16,082,532)	Total	(27,953,819)

G6. Investment Property

CNDCL 2020/21 £	HDC share (50%) 2020/21 £	Group Accounts: Investment property	CNDCL 2021/22 £	HDC share (50%) 2021/22 £
94,610	47,305	At 1 April	97,880	48,940
3,270	1,635	Additions	-	-
-	-	Transfers to Inventories	-	-
97,880	48,940	At 31 March	97,880	48,940

G7. Taxation

CNDCL 2020/21 £	HDC share (50%) 2020/21 £	Taxation	CNDCL 2021/22 £	HDC share (50%) 2021/22 £
-	-	Loss before taxation	32,834	16,417
-	-	Profit on ordinary activities before tax multiplied by the standard rate or corporation tax of 19% (2020:19%)^	6,239	3,120
-	-	Unrealised tax losses	6,239	3,120

G8. Property, Plant and Equipment

Movement in 2021/22	Other Land and Buildings	Vehicles, Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total
	£	£	£	£	£	£
Cost or Valuation at 1 April 2021	38,689,400	10,497,341	5,406,752	108,986	9,406,551	64,109,030
Additions	2,378,122	376,919	88,678	-	10,352,967	13,196,686
Accumulated Depreciation & Impairment Written Out to Gross Carrying Amount	(642,415)	-	-	-	-	(642,415)
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	1,206,521.00	-	-	-	-	1,206,521
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on Provision of Services	(3,579,602)	-	-	-	(4,374,842)	(7,954,444)
Derecognition – Disposals	-	(12,728)	-	-	-	(12,728)
Assets reclassified (to)/from Held for Sale	(35,350)	-	-	-	-	(35,350)
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-
Other movements in Cost or Valuation	10,561,753	-	-	-	(10,561,753)	-
At 31 March 2022	48,578,429	10,861,532	5,495,430	108,986	4,822,923	69,867,300
Accumulated Depreciation and At 1 April 2021	(677,209)	(9,116,485)	(1,981,296)	(760)	-	(11,775,750)
Depreciation Charge	(869,243)	(347,015)	(126,843)	(760)	(89,730)	(1,433,591)
Accumulated Depreciation Written Out to Gross Carrying Amount	642,415	-	-	-	-	642,415
Depreciation Written out in the Surplus/Deficit on the provision of Services	-	-	-	-	-	-
Derecognition – Disposals	-	4,874	-	-	-	4,874
Assets reclassified (to)/from Held for Sale	2,100	-	-	-	-	2,100
Other movements in Cost or Valuation	(89,730)	-	-	-	89,730	-
At 31 March 2022	(991,667)	(9,458,626)	(2,108,139)	(1,520)	-	(12,559,952)
Net Book Value at 31 March 2021	38,012,191	1,380,856	3,425,456	108,226	9,406,551	52,333,280
Net Book Value at 31 March 2022	47,586,762	1,402,906	3,387,291	107,466	4,822,923	57,307,348

Movement in 2020/21	Other Land and Buildings	Vehicles, Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total
	£	£	£	£	£	£
Cost or Valuation at 1 April 2020	33,557,637	10,141,065	5,151,946	108,986	7,382,210	56,341,844
Additions	279,973	369,207	254,806	-	11,633,501	12,537,487
Accumulated Depreciation & Impairment Written Out to Gross Carrying Amount	(759,055)					(759,055)
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	(225,575)					(225,575)
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on Provision of Services	(1,862,926)				(790,598)	(2,653,524)
Derecognition – Disposals	(681,529)	(12,931)			(90,290)	(784,750)
Assets reclassified (to)/from Held for Sale	(347,397)					(347,397)
Assets reclassified (to)/from Investment						-
Other movements in Cost or Valuation	8,728,272.00				(8,728,272)	-
At 31 March 2021	38,689,400	10,497,341	5,406,752	108,986	9,406,551	64,109,030
Accumulated Depreciation and At 1 April 2020	(836,422)	(8,590,953)	(1,886,306)	-	-	(11,313,681)
Depreciation Charge	(705,808)	(528,612)	(94,990)	(760)		(1,330,170)
Accumulated Depreciation Written Out to Gross Carrying Amount	759,055					759,055
Depreciation Written out in the Surplus/Deficit on the provision of Services	-	-	-	-	-	-
Derecognition – Disposals	105,966.00	3,080.00	-	-	-	109,046
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-
Other movements in Cost or Valuation	-	-	-	-	-	-
At 31 March 2021	(677,209)	(9,116,485)	(1,981,296)	(760)	-	(11,775,750)
Net Book Value at 31 March 2020	32,721,215	1,550,112	3,265,640	108,986	7,382,210	45,028,163
Net Book Value at 31 March 2021	38,012,191	1,380,856	3,425,456	108,226	9,406,551	52,333,280

Glossary of Terms

Accruals:

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Amortised Premiums/Discounts:

The amounts due/receivable following the premature repayments of loan debt.

Appropriations:

Amounts transferred to or from revenue or capital reserves in the form of amounts set aside from revenue to provide for the repayment of external loans and finance capital expenditure, in accordance with statutory requirements, or to provide for the future replacement of fixed assets.

Asset:

An item owned by the Council, which has a monetary value. Assets are defined as current or fixed:

- Current assets will be consumed or cease to have value within the next financial year, e.g. stocks and debtors.
- Fixed assets provide benefits to the Council and to services it provides for a period of more than one year, for example, land, buildings, vehicles and equipment.

Balance Sheet:

A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

Capital Adjustment Account:

A reserve that reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them. This account replaces the FARA (Fixed Asset Restatement Account) and the Capital Financing Account.

Capital Charge:

A charge to service revenue accounts in the Comprehensive Income and Expenditure Statement to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure:

Payments made for the purchase or provisions of assets of long term value to the Council e.g. land, buildings, plant and machinery.

Capital Receipts:

The money received from the sale of assets.

CIPFA:

The Chartered Institute of Public Finance and Accountancy. This is the professional institute governing how public money is used and how it has to be reported.

Collection Fund:

A fund administered by the Billing Authority (District Councils) into which is paid Council Tax it collects together with the payment it receives for National Non-Domestic (Business) Rates (NNDR) collected from business ratepayers. Precepts are paid from the fund to precepting authorities including the billing authority.

- **Levies** – If the Retained Rates Income of the Council is greater than the Funding Baseline central government take up to a maximum of 50% to fund any Safety Net Payments elsewhere in the country.
- **Precepting Shares** – Amounts paid to or from other precepting authorities the Council collects Council Tax / NNDR on behalf of on the basis of Precept amounts for council tax and the defined share for NNDR i.e. 40% Hambleton District Council, 50% Central Government, 9% North Yorkshire County Council and 1% North Yorkshire Fire and Rescue Authority.
- **Provision for Appeals** – Estimated change to the rateable value of properties due on outstanding appeals as at the end of the year by businesses with the Valuation Office.
- **Safety Net Payments** – If the Retained Rates Income of the Council is less than the Funding Baseline it is repaid by central government up to the safety net threshold of 92.5% of the baseline.
- **Small Business Rate Relief** – Relief for eligible businesses with a rateable value of below £12,000 to help small businesses meet the costs of their rates.
- **Target Baseline** - Estimate of the business rates element of the authorities “start-up funding” within the rates retention scheme.
- **Tariffs** – Excess Income above target baseline.
- **Top ups** - Reduced income below target baseline.
- **Transitional Protection Payments** – In year adjustment of a properties rateable value phased in over a number years.

Community Assets:

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions in their disposal. Examples of community assets are parks and historic buildings.

Comprehensive Income and Expenditure Account:

A summary of all the resources that the Council has generated, consumed or set-aside in providing services during the year. It is intended to show the true financial position of the Council before allowing for concessions to raise council tax and for the ability to divert expenditure to be met from capital resources.

Contingency:

A condition which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Contributions to Funds:

Contributions made from the General Fund to provide a reserve for a specific use in the future.

Corporate and Democratic Core:

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Council Tax:

This is a banded property tax which is levied on domestic properties throughout the District. The banding is based on estimated property values as at 1st April 1991.

Creditors:

Amounts incurred by the Council but not yet paid.

Debtors:

Amounts due to the Council but not yet received.

Defined Benefit Scheme:

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Deferred Capital Receipts:

Amounts due to the Council from the sale of fixed assets that are not receivable immediately on sale e.g. repayments on mortgages granted on the sale of Council houses.

Depreciation:

The amount charged to revenue accounts, as part of the capital charges, to represent the reducing value of fixed assets.

Expected Rate of Return on Pension Assets:

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value:

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.

Fixed Assets:

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Financial Reporting Standards:

Publications that set out certain standards of accounting practice which, by law, must be followed by bodies often including local authorities.

General Fund:

The main account of the Council which records the cost of services.

Government Grants:

A payment by central government towards the cost of local authority services either specifically, such as Disabled Facilities Grants, or generally, in the form of Revenue Support Grants.

Housing Subsidy:

Housing subsidy is calculated in line with a Government determined series of formulae and can be either a positive (receivable) or negative (payable) amount.

IAS 19:

The accounting standard for employee benefits. The principle underlying this standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

Income:

Amounts that the Council receives or expects to receive from any source, including fees, charges, sales and grants.

International Financial Reporting Standards (IFRS):

Accounting reporting Standards, with which local authorities should comply when preparing their accounts so that the accounts are presented fairly.

Investments (Non Pensions Fund):

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long-term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments (Pensions Fund):

The investments of the Pensions Fund will be accounted for in the statement of that Fund. However, authorities (other than town, parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

Liability:

A liability is where a council owes payment to an individual or another organisation:

- A current liability is an amount which will be payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which, by arrangement is payable beyond the next year at some point in the future, or to be paid off by an annual sum over a period of time.

Major Repairs Allowance:

This allowance is part of the overall housing subsidy and is used to fund the cost of major repairs, component replacements or upgrades to council housing in order to maintain the dwellings in a decent standard.

Minimum Revenue Provision (MRP):

Represents the minimum amount that must be charged to a revenue account in each financial year to repay external borrowings.

National Non-Domestic Rate (NNDR):

NNDR poundage is set annually by Central Government based on the assessed value of properties used for business purposes and is collected by charging authorities. The proceeds are redistributed by the Government between local authorities based on population.

Non Distributed Costs:

Comprises the following elements excluded from the definition of total cost of a service (as per CIPFA BVACOP); past service costs, settlements, curtailments, costs associated with unused shares of IT facilities and costs of shares of other long term unused but unrealisable assets.

Operational Assets:

Fixed assets held and occupied used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Precepting Authorities:

Local authorities that cannot levy Council Tax and Non-Domestic Rates directly on the public but have the power to precept. Billing authorities (District Councils) subsequently pass on the requirements of precepting authorities (County Council and Parish Councils) in the total Council Tax levy. The Non-Domestic Rate levy is set by Central Government.

Provision for Credit Liabilities:

This represents the sum set aside for the repayment of debt. This provision is subsumed within the capital financing reserve.

Public Works Loan Board (PWLB):

This is a Central Government Agency that provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government itself can borrow.

Reserves:

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

Retirement Benefits:

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employer's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revaluation Reserve:

This is a reserve that contains the revaluation gains recognised since April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Revenue Expenditure:

Recurring expenditure on day to day expenses such as salaries, wages, electricity and telephones.

Revenue Expenditure Funded from Capital Under Statute:

Capital expenditure for which the Council either never had, or no longer holds, a capital asset.

Revenue Support Grant:

Paid by central government to assist in the provision of local government services.

Scheme Liabilities:

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

Set-aside Capital Receipts:

The money received from the sale of assets which is required to be set aside to redeem debt or defray future borrowing.

Stocks:

Items of raw materials and stores a council has produced to use on a continuing basis and which it has not yet used. Examples are consumable stores, raw materials and components purchased for incorporation into products for sale.

TUPE:

Transfer of Undertakings – Protection of Employment.

Work in progress:

The cost of work done on uncompleted projects at the balance sheet date, which should be accounted for.