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**North
Northamptonshire
Council**

Democratic Services
The Corby Cube,
George Street,
Corby,
Northants,
NN17 1QG

Meeting: Audit and Governance Committee
Date: Monday 25th September, 2023
Time: 2.00 pm
Venue: Council Chamber, The Cube, George St, Corby NN17 1QG

To:

Members of the Audit and Governance Committee

Councillors Andrew Weatherill (Chair), Jonathan Ekins (Vice-Chair), Valerie Anslow, Kirk Harrison, Bert Jackson Ian Jelley, Anne Lee, Richard Levell, Paul Marks, and Russell Roberts.


Mr Michael Whitworth (Independent Person)

Substitutes:

Councillors Jean Addison, Paul Bell, Melanie Coleman, John Currall, Tom Partridge-Underwood, Mark Pengelly, Roger Powell, Chris Smith-Haynes and Lee Wilkes

Agenda Supplement

The following additional report has now been published which was not available at the time the agenda was published.

Item	Subject	Page no.
04.	Statement of Accounts 2020-21 (Corby Borough Council)	5 - 116
<p>Adele Wylie, Monitoring Officer North Northamptonshire Council</p>  <p>Proper Officer Friday 15 September 2023</p>		

This agenda has been published by Democratic Services
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Audit and Governance Committee 25th September 2023

Report Title	Draft Statement of Accounts Corby Borough Council
Report Author	Claire Edwards – Assistant Director of Finance & Accountancy Claire.Edwards@northnorthants.gov.uk

List of Appendices

Appendix A – Corby Borough Council 2020/21

1. Purpose of Report

- 1.1. The Council's governance arrangements require the Audit and Governance Committee to receive and approve the Statement of Accounts for the former District and Borough Councils in North Northamptonshire.

2. Executive Summary

- 2.1. This report requests the Committee approve the draft Statement of Accounts in relation to Corby Borough Council for 2020/21. The accounts have now been updated for the audit recommendations and are awaiting sign off following the conclusion of the work by the Council's external auditors. This is expected to be completed by the end of September.
- 2.2. The external auditors have set out the position in the Provisional Audit Results Report elsewhere on this agenda, including setting out the amendments to the accounts.

3. Recommendations

- 3.1. It is recommended that the Committee:
- a) Approve the draft Statement of Accounts for the financial year 2020/21 for Corby Borough Council subject to the conclusion of the audit and that there are no material adjustments that impact on the Council's usable reserves.
 - b) Any non-material adjustments required to the draft Statement of Accounts in relation to the Corby Borough Council are delegated to the Council's Executive Director of Finance and Performance (s151 Officer), in consultation with the Chair of the Audit and Governance Committee.

3.2. Reason for Recommendations –

- It is a statutory requirement for the Council to approve the annual Statement of Accounts and to consider the External Auditors report (Item 5 on this Agenda). In accordance with the Council's constitution the Audit & Governance Committee are required to undertake this function.

4. Report Background

- 4.1. The accounts for Corby Borough Council remain in draft format as there are several outstanding matters that are to be concluded, these are set out in the Provisional Audit Results Report prepared by the Council's external auditors Ernst and Young (EY).
- 4.2. The Statement of Accounts for 2020/21 for Corby Borough Council are detailed at **Appendix A**. These remain subject to the conclusion of the audit which is anticipated to be end of September 2023.

5. Issues and Choices

- 5.1. The Committee is being requested to approve the draft Statement of Accounts for Corby Borough Council and delegate authority for any non-material adjustments to the draft Statement of Accounts to the Councils Executive Director of Finance (S151 Officer), in consultation with the Chair of the Audit & Governance Committee.
- 5.2. It is a statutory requirement for the Council to approve the annual Statement of Accounts and to consider the External Auditors report (Item 5 on this Agenda). In accordance with the Council's constitution the Audit and Governance Committee are required to undertake this function.

6. Implications (including financial implications)

6.1. Resources and Financial

- 6.1.1. The financial implications are set out within the Statement of Accounts.

6.2. Legal

- 6.2.1. The approval of the accounts is required for the Council to meet its legal responsibilities under the Accounts and Audit Regulations 2015.

6.3. Risk

- 6.3.1. The Council's External Auditors have set out the risks in their Provisional Audit Results Report (Item 5 on this Agenda).

6.4. Consultation

- 6.4.1. None specific to this report.

6.5. Consideration by Scrutiny

6.5.1. Not specific to this report.

6.6. Climate Impact

6.6.1. None specific to this report.

6.7. Community Impact

6.7.1. None specific to this report.

7. Background Papers

7.1. Council Constitution.

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Statement of Accounts 2020/21

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Narrative Report

The financial statements demonstrate that the financial standing of the Council continues to be robust, against a continuously changing financial environment. Going forward into more financial uncertainty, the finance team will have a key role in supporting the Council through these challenging times in setting future budgets.

The Statement of Accounts have been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that members of the public, including electors and residents of Corby, Council Members, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the Council and outturn for 2020/21,
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in the appropriate manner; and
- Be assured that the financial position of the Council is sound and secure.

The format and style of the accounts complies with CIPFA standards and is similar to previous years.

The narrative report gives readers a brief overview of the most significant matters reported in the accounts and an explanation in overall terms of the Council's financial position. It is based on the key principles identified in the Code of Practice on Local Authority Accounting 2020/21. The Council's financial statements 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. Any transfer of functions under combinations of public sector bodies, such as local government reorganisation, do not negate the presumption of going concern.

The narrative report provides information about Corby, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2021.

This is followed by an explanation of the Financial Statements, including information on significant transactions during 2020/21.

Covid-19 Pandemic

The COVID-19 pandemic and resulting economic impacts are forecast to have a significant negative impact on the council's revenue budget outturn position for 2020/21 as a result of additional costs and forecast loss of income.

The net revenue budget pressure due to lost income and additional costs related to the pandemic, after considering these specific sources of funding is £2,224k.

The council's allocation of Central Government non-ringfenced COVID-19 pressures funding was £1,346k.

In July 2020 Central Government announced a new income compensation scheme for lost sales, fees and charges. This income loss scheme is designed to compensate local authorities for irrecoverable and unavoidable losses from sales, fees and charges income generated in the delivery of services in the financial year 2020/21.

An Introduction to Corby

Corby Borough Council is one of seven Local Authorities in Northamptonshire, it lies in the north of the county and shares its borders with the Borough of Kettering, the District of East Northamptonshire, and the County of Rutland. The Borough is the 11th smallest local authority in the UK, covers 31 square miles and is situated in the heart of England with excellent road links via the A14 to the M1, M6 and A1, together with a direct passenger rail service to London.

Corby has a proud industrial heritage in Steel production but as with many towns and cities, the industries on which the wealth of the area was built have now declined, however over the past decade Corby has been named as the fastest growing borough outside of London, with a population which is expected to increase to 76,400 as the borough continues to use population growth to fund regeneration as it continues to reinvent itself after the loss of heavy industry.

Key Facts about Corby

The profile of the local population dictates the direction and substance of the services provided by the Council, for example demand is increasing for children's and adult social care. The Office for National Statistics 2021 census reported that Corby's population was 74,600. Corby has a relatively young age profile, with more people aged 0 – 15 years compared to aged 65 or over. This trend goes against national averages.

Based on the 2021 census the economic data tells us:

- The earnings per head in Corby are less than the national average,
- The unemployment rate (NOMIS) in Corby stands at 2.8%, as compared to the national average of 3.5% .
- 33.9% of households within the Corby area are impacted by some form of deprivation, covering education, employment, health or housing,
- Over 25% of the working population in the Corby area are in jobs classified as routine occupations, which is significantly higher when compared to the national average of 12%.

Key Information about Corby Borough Council

Corby Borough Council is a multifunctional and complex organisation. Its policies are directed by the Political Leadership and implemented by the Senior Management Team and Officers of the Council. The following section describes the political and management structures of the Council, the political ethos driving the policy agenda and the means by which these are implemented and managed.

Political Structure in the 2020/21 Municipal Year

Corby has 12 wards, and the Council consists of 29 Councillors as follows:

- Labour 24 cllrs
- Conservative 4 cllrs
- Independent 1 cllr

The administration of the Council is held with a Labour Party majority.

Councillor Tom Beattie has been the leader of the Council since December 2011, the Deputy leader is Jean Addison.

Management Structure

The Senior Management Team is responsible for delivery of Council services, directing improvements and future plans for Corby. It provides managerial leadership and supports Councillors in:

- Developing strategies;
- Identifying and planning resources;
- Delivering plans;
- Reviewing the Authority's effectiveness with the overall objective of providing excellent services to the public.

The Council's Corporate Plan

One of the key strategic documents that frame the actions of the Council is the Council's Corporate Plan named P.R.I.D.E. This is a working document that exists to help Councillors, staff and partners work together to deliver the vision for Corby. Its primary purpose is to meet the needs and aspirations of the people of Corby.

Our New Ambition is...

"To regenerate through growth and to double the population toward 100,000 people by 2030 with a complementary increase in jobs, prosperity and public services that rank with the very best".

The new Mission incorporates P.R.I.D.E, which is becoming the Council and Borough's key word. It serves as the link between our new Objectives and Priorities, our new Core Values, and our new form of Employee Development Scheme (EDS).

Our New Mission...

"Working together to deliver **P.R.I.D.E** in Corby".

Promoting Healthier, Safer and Stronger Communities

Regeneration and Economic Growth

Inspiring a Future

Delivery Excellence

Environment and Climate Change

The Objectives are now grouped around themes that are more cross-cutting than previously and will help achieve greater corporate working, as will the Priorities and Actions. A number of key landmark projects such as the Cube, Swimming Pool, Enterprise Centre, Train Station, Willow Place and the Cinema have been achieved, but so much more remains to be done. The new Actions, of some 100+ in number, are a daunting but achievable mix of projects and service improvements to be realised across the Council and Borough.

The PRIDE theme across the Plan, Core Values and EDS were very positively reported in the recent successful Investors in People (IIP) inspection which has resulted in a further three years IIP accreditation.

The 2020/21 Revenue Budget Process

The 2020/21 revenue budget process was undertaken using a tried and tested method of review and challenge by the Senior Management Team and Members to identify and agree budget savings and/or pressures, which were put forward for public consultation in December 2019.

On 26th February 2020 Full Council agreed the budget proposals for the General Fund with a net expenditure budget of £10.305m. Council also approved the Treasury Management Strategy, Capital Programme for 2020/21 along with the Housing Revenue Accounts budget for 2020/21.

Council Tax

Council Tax policy was to freeze Council Tax for 2020/21 compared to 2019/20 at Corby Borough Council. Northamptonshire County Council (NCC) increased their precepts (including 2% Adult Social Care contribution) by £49.32. Police and Crime Commissioner for Northamptonshire (PCCN) increased their precepts by £10 for 2020/21. The comparison of Council Tax levels from 2019/20 to 2020/21 is shown below:

Band D Council Tax by Tax	2019/20 (£)	2020/21 (£)
Corby Borough Council (exc. Parish precepts)	198.44	199.01
Northamptonshire County Council	1,236.10	1,285.42
Police and Crime Commissioner for Northamptonshire	245.04	255.04
Northamptonshire Fire and Rescue	60.76	61.97
	1,740.34	1,801.44

Medium Term Financial Strategy for 2020/21 to 2022/23

The Medium Term Financial Strategy (MTFS) covers the three year period of 2020/22 to 2022/23. This sets out a detailed projection for the General Fund, Housing Revenue Account and the Capital Programme. Government funding cutbacks and future income risks mean that whilst the General Fund is in a reasonably healthy position for the next 2 to 3 years, careful monitoring and a responsible approach to budgeting and reserves will be required. The HRA continues to look healthy. The Capital Programme is generally limited to housing schemes and grant funded or essential expenditure.

The current projections demonstrate that for the next 2 - 4 years the outlook is generally healthy with expected surplus's that will allow us to contribute over £1m of resources to reserves. However, the outlook for 2021/22 and beyond is less optimistic.

This does rely on several key assumptions that over 3 years will inevitably be uncertain, especially in terms of the various future central government funding cuts. If they remain as expected the Council will need to have a robust focus on priorities and the identification of both efficiency savings and of non-priorities if we are to continue to set a balanced budget without drawing upon reserves.

The strategy is underpinned by the following underlying principles, which remain unchanged from previous years:

1. The Council will, within available resources, seek to maximise delivery of services and levels of performance and ensure that resources are targeted to meeting its objectives and priorities. It is recognised that delivering high quality services comes at a cost;
2. The burden falling on local taxpayers will be kept to a minimum, through ensuring that external funding is maximised;
3. The Council will seek to build up reserves wherever possible to cover unforeseen events;
4. Where requirements to undertake borrowing are identified, the costs and benefits of doing so will be assessed as required in line with CIPFA's Prudential Code;
5. Services will be kept under constant review to ensure that they are delivered efficiently and effectively, and efficiency savings targets will be set;
6. Annual budgets will be robust and fully represent the cost of providing the levels of service and performance set out in the Corporate Plan and Service Plans.

Budget Monitoring

Revenue and capital budget monitoring information is reported to OCPC throughout the year, where any areas of concern can be requested to be reviewed by Overview and Scrutiny Panel. However, during 2020/21 no areas were referred to this committee, which demonstrates that the budget monitoring process facilitates a good level of challenge.

Capital Strategy and Capital Programme 2020/21 to 2024/25

The Capital programme was approved at Council on 26th February 2020 and provided the framework within which the Council's capital investment plans were to be delivered.

The Council is embarking on an ambitious five-year capital programme of £37.664m. This will support the Council's Corporate ambition through regeneration and growth. The major schemes included are:

- Housing Improvements in Existing Stock £12.464m - to maintain the current housing stock to decent standards and to minimise the time any property is void, and
- New Social Housing Build Programme £25.200m - development of new social housing units, including the redevelopment of Neville House.

The Council's five-year capital programme and its funding can be summarised as follows:

Capital Programme - Five Year Financial Projections

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£000	£000	£000	£000	£001	£000
Housing Capital Programme						
Housing Improvements	2,756	2,338	2,470	2,470	2,430	12,464
Housing Development Programme	3,600	5,300	5,300	5,500	5,500	25,200
Total Programme	6,356	7,638	7,770	7,970	7,930	37,664

Funded By

Revenue Contribution	3,400	3,400	3,400	3,400	3,400	17,000
Capital Receipts	1,800	2,650	2,650	2,750	2,750	12,600
Contribution (To)/ From Capital Reserve	(644)	(1,062)	(930)	(930)	(970)	(4,536)
Social Housing Borrowing/Use of Reserves	1,800	2,650	2,650	2,750	2,750	12,600
	6,356	7,638	7,770	7,970	7,930	37,664

General Fund Capital Programme

Woodland Improvements	63	63	63	63	63	315
Replacement Wheelie Bins	52	52	52	52	52	260
Disabled Facilities/Home Repair Grants	400	400	400	400	400	2,000
ICT Hardware Replacement	150	150	150	150	150	750
Total Programme	665	665	665	665	665	3,325

Funded By

Grants & Contributions	463	463	463	463	463	2,315
Contribution from Reserves	0	0	0	0	0	0
Capital Reserves	202	202	202	202	202	1,010
	665	665	665	665	665	3,325

Financial Performance of the Council 2020/21

Revenue Outturn Position

The Council revenue outturn position is shown in the table below. The original GF budget set at Council in February 2020 was £10.305m, with an additional £539k agreed as budget carried forward from 2019/20, revising the budget to £10.845m. Through robust monitoring the Council achieved an under spend against revenue budgets on its General Fund and overspend on its HRA. The outturn for the Council is a contribution to General reserves of £2,783k and £195k contribution from the HRA reserves to ensure the council has sufficient resources in the future to cover a number of risks on the horizon (e.g. Government austerity measures, welfare reform, the economy, investment in Council buildings).

General Fund

	Revised Budget £'000	Outturn £'000	Variance £'000
Chief Executive	1,347	1,410	63
Neighbourhood Pride	714	556	(158)
Planning & Environmental Services	6,643	5,560	(1,083)
Culture & Leisure	3,490	3,485	(5)
Corporate Services	1,425	1,034	(391)
CB Property	(5,331)	(5,110)	221
Human Resources	58	12	(46)
Other (miscellaneous items)	2,498	1,115	(1,383)
General Fund Total	10,845	8,062	(2,783)

The main variances relate to:

Culture & Leisure – loss of income due to closure of centres £1,973, offset by furlough (£447k) and sales fees and charges income (£990k)

CB Property – Loss of car parking income £335k

Planning & Environment – Additional planning income (£625k), Refuse share service savings (£372k)

Other – LA Covid Support Grants (£1,346k)

HRA

	Revised Budget £'000	Outturn £'000	Variance £'000
Responsive repairs	4,501	4,369	(132)
Pre-planned maintenance	1,369	1,551	182
General maintenance	4,950	4,867	(83)
Sheltered housing	257	220	(37)
Hostels / single person accommodation	(132)	(96)	36
Community / Emergency alarms	185	211	26
Other services- communal flat services	(21)	(51)	(30)
Other / technical	7,475	7,652	177
Income	(18,595)	(18,539)	56
HRA Total	(11)	184	195

The main variances are due to the impact of Covid across the HRA, in particular increase in bad debt provisions in relation to potential non-payment of rent arrears.

Capital

The Council agreed a budget in February 2020 of £7.109m, together with £9.259m carried forward from 2019/20 capital programme, the revised budget was £16.368m. During the year additional projects were undertaken of £2.987m, making the capital investment programme for 2020/21 £19.356m.

The Council has spent £9.089m on capital works, £10.267m below budget, will be carried forward into the capital programme 2021/22.

Balance Sheet

The Council has continued to improve its balances sheet in line with meeting its objective to ensure the Council has sufficient useable reserves to meet its key risks. See the Balance Sheet statement for further details.

Provisions

Business Rates Appeals provision - Short term provisions have remained at £0.8m, this is solely down to Business rate appeals, the increase in provision has been made upon the best estimate of the actual liability at the year-end in known appeals based on information provided by the Valuation Office (VO).

Treasury

Cash and cash equivalents have increased from £9.6m to £12.2m. Total Borrowing for the year end position is £128.6m (£56.8m General Fund borrowing and £71.8m HRA borrowing).

Pensions Liability

The in-year valuation in relation to the Local Government Defined Benefit Pension has reduced the deficit in this financial year by £9.538m to £47.850m in 2020/21, from £38.312m in 2019/20. Further details of the Defined Benefit Pension Plan are shown within note 36.

Revaluation of Assets

Each year the Council revalues its property and land portfolio as required by the Code of Practice. This has resulted in an upwards revaluation of £42.543 m, increasing the value of the authority's property, plant and equipment. Of which £41.750 m relates to Council Dwellings and £0.795 m relates to other land and buildings.

Key Issues and Risks

2020/21 was the last year of Corby Borough Council prior to becoming part of the larger North Northamptonshire unitary authority, the Council continued to adhere to its medium term financial strategy and consider the financial position over the ensuing five years. The Council's Medium Term Financial Strategy and 2020/21 budget were approved on 26th February 2020 at the meeting of Full Council.

There are likely to be significant changes in local government funding over the next few years. In November 2015 the Council agreed a four-year grant settlement covering the period to 2016/17 to 2019/20 along with 97% of other authorities, which provided much welcomed certainty on Government funding levels. The Local Government Finance Settlements for 2020/21 and 2021/22 provided for further one-year extensions of these funding levels. However, there is much uncertainty beyond 2021/22 as the Government intended to review a number of areas but consideration of these has been delayed by the Coronavirus pandemic:

- Fair Funding Review – this will determine what factors should initially drive the allocation of Government core funding to each local authority, looking mainly at areas that drive 'need'. This will be the basis for determining the level of Government grant authorities receive. This review has been delayed until 2022.
- Business Rates Review – the Government intended to make further changes to the Business Rates system, increasing the local share of Business Rates retention from 50% to 75% by 2020/21. However, this has been delayed, as too has the Business Rates revaluation, scheduled for April 2021 and now put back until April 2023. The Government issued a call for evidence in July 2020 to seek stakeholders' views on key issues including reforming the rates multiplier and looking at alternative ways of taxing non-residential property. The Government's final response to this was due to be issued in Autumn 2021, but has now been delayed until 2025/26.

- A Parliamentary Inquiry was set up in Autumn 2020. In this new inquiry, the Housing, Communities and Local Government Committee considered what approach the Government should take to funding local government as part of the 2020 spending review. It investigated the current financial health of local authorities and their ability to deliver services, including the additional pressures caused by the Covid-19 pandemic. In light of continued delays to the multi-year spending review, the Committee also examined the impact of single year settlements on the ability of councils to plan and deliver services in the long-term.

The Government changed the criteria for the payment of New Homes Bonus from 2017/18. This has reduced the amount of funding authorities receive and has adversely affected councils like Corby that have successfully delivered housing growth. The following changes were made:

- The Government introduced a baseline whereby housing growth below 0.4% of the total stock does not receive any New Homes Bonus funding – this means the Council receives no funding on around the first 190 homes that are delivered. The Government has retained the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth.
- Funding has been reduced from 6 years' worth of payments to 5 years in 2017/18 and 4-years' worth of payments from 2018/19 onwards. New homes Bonus has been continued for a further year for 2021/22 although there will be no legacy payments relating to this year in future years. The Government issued a consultation paper on the future of New Homes Bonus during February 2021.

The Government has also provided financial support for local authorities during 2020/21 to mitigate the impact of the pandemic. It has extended this with the Local Government Covid-19 Support Package for 2021/22 to provide non-ringfenced grants to manage the immediate and long-term impacts of the pandemic, to continue reducing council tax bills for those least able to pay, and an extension of the Sales, Fees and Charges income support scheme (SFC Scheme) to June 2021. There was also a new guarantee scheme for 75% of 2020-21 irrecoverable local tax losses.

During 2020/21 the Council received the following grants:

Grants to Support Corby Borough Council	Amount (£)
Sales Fees and Charges Scheme	990,863
Furlough Claims	442,205
Covid 19 Hardship Grant	534,829
LA Covid 19 Support Grant	1,346,833
Grant to Support Local Businesses	
Local Authority Discretionary Grants	2,085,876
Small Business Grant Fund	11,516,000
Retail, Hospitality and Leisure Grant Fund	2,109,000
Local Restrictions Support Grant	5,348,340

The Coronavirus pandemic and its aftermath will create issues and risks, many of them at present unknown, for several years, not least because of the inevitable recession that will follow. The pandemic will create a recession, the severity and duration of which cannot be estimated at the present time. This will impact on the new authority over the next few years. During 2021/22 the new authority is likely to suffer reduced income from leisure and community venues because of ongoing

social distancing requirements, reduced planning fees, building control fees and trade waste income from the recession, reduced car parking income in order to try and promote business in town centres, and an increase in the demand for housing benefit and homeless services as a result of rising unemployment. It is crucial that Government financial support for Council's extends until such time as the revenue streams return to the pre-pandemic levels.

Outlook for the Future

Local Government Reorganisation

Following parliamentary approval the Secretary of State for the Ministry of Housing, Communities and Local Government decided to implement a Government-led proposal to replace Northamptonshire County Council and the seven borough and district councils in the geographical area of Northamptonshire with two new unitary councils from 1 April 2021. The creation of these new authorities was a strategic response to the ongoing financial challenges faced by all local authorities, particularly Northamptonshire County Council, which was facing significant demand and cost increases in Adults and Children Social Care services.

Cutting out duplication and lowering administration costs delivered by the reduction from eight local authorities to two in Northamptonshire was designed to improve Value for Money (VfM) for local council taxpayers and better enable the protection of quality front line services to the community and residents. This means that 2020/21 was the final year for Corby Borough Council and the final time that a specific Statement of Accounts will be produced. This also means that Corby Borough Council does not have a budget for 2021/22. Instead, the budget for the new unitary council of North Northamptonshire will cover the services delivered within the Corby area and is available through the North Northamptonshire Council website.

The Financial Statements

The Council's financial statements for 2020/21 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2020/21 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.

The primary financial statements are supported by explanatory notes, including details of the accounting policies adopted by the Council.

The Comprehensive Income and Expenditure Statement (CIES)

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

Movement in Reserves Statement (MiRS)

The Movement in Reserves Statement shows the movement from the start of the year to the end 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 '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 Net Increase / Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

Balance Sheet

The Balance Sheet shows the value at the 31 March 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 useable 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 are unusable and 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 at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement

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.

The Housing Revenue Income and Expenditure Account (HRA)

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Collection Fund

This statement shows the transactions of the billing authority in relation to nondomestic rates and council tax, together with illustrating the way these have been distributed to preceptors and the General Fund.

Statement of Responsibilities

The Authority's Responsibilities

The Authority 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 those affairs. In this Authority, that officer is the Executive Director of Finance & Performance (Chief Finance Officer).
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Executive Director of Finance & Performance is responsible for the preparation of the authority'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).

In preparing this Statement of Accounts the Director of Corporate Services has:

- selected suitable accounting policies and applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the local authority Code.

The Director of Corporate Services has also:

- kept proper accounting records which were up-to-date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.
- ensured that an effective system of internal financial control is maintained and operated.

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of Corby Borough Council as at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

Name Janice Gotts

Executive Director of Finance & Performance (Section 151 Officer) North Northamptonshire Council

Date

Chairman's Approval of the Statement of Accounts

This is the Annual Financial Report, incorporating the Statement of Accounts with all audit activities completed. The Audit and Governance Committee of North Northamptonshire Council at its meeting on 25th September 2023 delegated authority to me as Chairman of the Panel to approve the Statement of Accounts.

Councillor Weatherill

30th September 2023

Chairman of Audit & Governance Committee

Independent Auditor's Report to the Members of Corby Borough Council (demised)

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Comprehensive Income and Expenditure Statement (CIES)

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accrual's basis, as well as transactions measuring the value of non-current assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2019/20 - Restated			2020/21				
GROSS EXPEND-ITURE £000	GROSS INCOME £000	NET EXPEND-ITURE £000		Note	GROSS EXPEND-ITURE £000	GROSS INCOME £000	NET EXPEND-ITURE £000
1,567	(200)	1,367	Chief Executive		2,345	(23)	2,322
1,204	(606)	598	Neighbourhood Pride Planning & Env Services		1,203	(651)	552
9,865	(3,402)	6,463	Culture & Leisure		7,809	(1,837)	5,972
7,794	(3,520)	4,274	Corporate Services		6,813	(2,728)	4,085
14,096	(12,688)	1,408	CB Property		14,666	(14,940)	(274)
1,806	(5,053)	(3,247)	HR		1,654	(2,804)	(1,150)
46	(1)	45	Housing Revenue Account		250	(230)	20
15,665	(19,319)	(3,654)	Other		16,297	(19,925)	(3,627)
542	(82)	460			289	(409)	(120)
52,585	(44,870)	7,715	Net Cost of Services		53,264	(45,484)	7,779
581	(1,358)	(777)	Other Operating (Income)/Expenditure	11	603	(1,055)	(452)
4,763	(9,615)	(4,852)	Financing and Investment (Income)/Expenditure	12	3,533	(5,390)	(1,856)
11,114	(20,802)	(9,688)	Taxation and Non-Specific Grant (Income)/Exp	13	14,963	(28,417)	(13,455)
69,043	(76,644)	(7,601)	(Surplus) / Deficit on Provision of Services	7	70,426	(78,409)	(7,983)
		(5,883)	(Surplus) / Deficit on Revaluation of Non-current assets	14			(42,543)
		(11,928)	Remeasurement of the Net Defined Liability/(Asset)	36			8,592
		(17,811)	Other Comprehensive (Income) and Expenditure				(33,951)
		(25,412)	Total Comprehensive (Income) and Expenditure				(41,935)

Movement in Reserves Statement

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

	General Fund Balance £000	General Fund Earmarked Reserves £000	HRA Balance £000	HRA Earmarked Reserves £000	Major Repairs Reserve £000	Capital Receipt Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
2020/21										
Balance at 31/03/2020	2,477	13,986	3,787	11,359	1,074	6,830	1,154	40,667	243,363	284,032
Surplus/(Deficit) on provision of services	6,183	0	1,800	0	0		0	7,983	0	7,983
Other comprehensive income and expenditure	0	0	0	0	0		0	0	33,951	33,951
Total CIES	6,183	0	1,800	0	0		0	7,983	33,951	41,935
Adjustments between accounting basis and funding basis under regs (Note9)	4,066	0	(622)	0	1,385	131	515	5,476	(5,476)	0
Net Increase/(Decrease) in year	10,249	0	1,178	0	1,385	131	515	13,459	28,475	41,935
Transfer to earmarked Reserves	1,677	(1,677)	(1,605)	1,605	0		0	0	0	0
Balance at 31/03/2021	14,404	12,312	3,360	12,964	2,459	6,962	1,669	54,129	271,838	325,965
2019/20 Restated										
BAL AT 31/03/2019	645	13,972	3,463	9,859	349	6,510	1,823	36,622	221,999	258,621
Surplus/(Deficit) on provision of services	5,908	0	1,693	0	0	0	0	7,601	0	7,601
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	17,811	17,811
Total CIES	5,908	0	1,693	0	0	0	0	7,601	17,811	25,411
Adjustments between accounting basis and funding basis under regs (Note9)	(4,061)	0	131	0	725	321	(669)	(3,554)	3,554	0
Earmarked Reserves	(14)	14	(1,500)	1,500	0	0	0	0	0	0
Net Increase/(Decrease) in year	1,834	14	324	1,500	725	321	(669)	4,047	21,364	25,411
Balance at 31/03/2020	2,477	13,986	3,787	11,359	1,074	6,830	1,154	40,667	243,363	284,032

Balance Sheet

The Balance Sheet summarises the financial position of the Council. It shows the value of the Council's assets and liabilities at the year-end.

BALANCE SHEET					
31 March 19 (Restated)	31 Mar 20 (Restated)		Note	31 Mar 21	
				£000	£000
351,636	360,783	Property, Plant and Equipment	14	401,415	
216	216	Heritage Assets	40	216	
71,422	84,805	Investment Properties	15	85,464	
461	259	Intangible Assets	16	120	
332	332	Long Term Debtors	18	310	
424,066	446,394	Long Term Assets			487,525
6,500	6,500	Short Term Investments	17	10,000	
47	64	Inventories	-	102	
6,282	5,280	Short Term Debtors	18	16,337	
10,887	9,635	Cash and Cash Equivalents	19	12,205	
23,696	21,480	Current Assets			38,644
(19,700)	(19,700)	Short Term Borrowing	17	(30,346)	
(12,720)	(8,718)	Short Term Creditors	20	(17,932)	
(634)	(795)	Provisions	21	(856)	
(33,054)	(29,213)	Current Liabilities			(49,134)
(2,103)	(1,819)	Long term provision	34	(1,534)	
(102,639)	(110,008)	Long-term Borrowing	17	(98,321)	
(48,133)	(38,312)	Liability Related to Defined Benefit Pension Scheme	36	(47,850)	
(3,215)	(4,491)	Grants receipts in advance - capital	32	(3,361)	
(156,090)	(154,630)	Long Term Liabilities			(151,067)
258,619	284,030	Net Assets			325,968
36,622	40,667	Usable Reserves	MIRS/22		54,130
221,997	243,363	Unusable Reserves	MIRS/23		271,838
258,619	284,030	Total Reserves			325,968

I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

Janice Gotts

Executive Director of Finance (Section 151 Officer)

North Northamptonshire Council

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of revenue and capital cash arising from transactions with third parties.

CASH FLOW STATEMENT

2019/20 Restated £000		Note	2020/21 £000	£000
(7,601)	Net (surplus)/deficit on provision of services		(7,983)	
(5,113)	Adjustments to net surplus/deficit on provision of services for non-cash movements	24	(14,588)	
5,082	Adjustments for items included in the net surplus/deficit on provision of services that are investing and financing activities	24	4,300	
(7,632)	Net cash flows from Operating Activities			(18,271)
12,421	Investing Activities	25	8,130	
(3,534)	Financing Activities	26	7,572	
1,255	Net (increase)/decrease in cash and cash equivalents			(2,569)
(10,887)	Cash and Cash equivalents at the beginning of the reporting period	17		(9,635)
(9,635)	Cash and Cash equivalents at the end of the reporting period	17		(12,205)

Note 1. Accounting Policies

Accounting Policies in respect of Concepts and Principles

General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021 it has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. It also complies with guidance notes issued by CIPFA on the application of accounting standards (Standard Statements of Accounting Practice and Financial Reporting Standards) to local authority accounts.

The relevant accounting policies adopted have been reviewed to ensure that the Statement of Accounts can be relied upon to give a true and fair view of the Council's financial performance and position. It also ensures that all legislative requirements have been correctly applied and that finally, the accounts have been prepared on a going concern basis. That is, the Council will continue in operational existence for the foreseeable future.

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

The Accounts are presented in Sterling (£) as this is the most representative currency of the Council's operations and rounded to the nearest thousand.

The preparation of Accounts in accordance with Code requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. They form the basis of judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are discussed in notes 3 & 4.

Going Concern: Local Government Reform in Northamptonshire

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.

Due to local government reform, the functions and services of Northamptonshire County Council transferred to North Northamptonshire Council and West Northamptonshire Council, along with the respective functions and services of the surrounding districts and boroughs on 1 April 2021, in accordance with The Northamptonshire Structural Changes Order 2020 (Statutory Instrument 2020 No. 156).

Establishing the Financial Baseline for North Northamptonshire

The approach to establishing North Northamptonshire Council's 2021-22 budget and opening financial position, had been to create the baseline budget and balance sheet by disaggregating the County Council and aggregating with the District and Borough Councils. This covered the following areas:

- 2020-21 Revenue Budget
- Dedicated Schools Grant
- Capital Programme
- Public Health Grant

- Balance sheet (including reserves and balances)

The disaggregation work was completed by identifying a set of principles that provided a fair representation of how income, expenditure, assets and liabilities should be distributed between North and West Northamptonshire Council, once these principles were agreed, the most up to date data sets were then obtained to inform the percentage split. This piece of work was completed collaboratively by the NCC finance team working with senior managers within the services, overseen by a member led task and finish group which was supported by relevant senior officers including the Chief Financial Officer. A summary of these key principles is set out in the table below.

Revenue and Capital Disaggregation Principles	Balance Sheet Disaggregation Principles
<ul style="list-style-type: none"> • Place of ordinary residence • Geographical location • Cost drivers • Population • Funding formulae • Staff numbers 	<ul style="list-style-type: none"> • Geographical location • Link to capital programme / capital financing requirement • Link to service disaggregation • Caretaker authority • District/Borough areas

Added to the disaggregated County Council position were the budgets for the District and Borough Council's and when brought together provides for a starting baseline budget for the total estimated cost of services, as well as the assets and liabilities, to be delivered by the new authority.

North Northamptonshire Budget 2022-23

The draft budget proposals for 2022-23 support a wide range of services to residents and businesses across the area including care to vulnerable adults and children, education, the disposal and collection of waste, household waste recycling, economic development, housing and support for the homeless. The budget will underpin the priorities contained within the Council's Corporate Plan which was approved by Council at its meeting on 1st December 2021 and has the following six key thematic policy areas:

- **Helping people to lead active, fulfilled lives** – helping people be more active, independent, and fulfilled.
- **Building better, brighter futures** – caring for young people, providing them with a high-quality education and opportunities to help them flourish.
- **Develop safe and thriving places** – enabling a thriving and successful economy that shapes great places to live, learn, work and visit.
- **Create a green, sustainable environment** – taking a lead on improving the green environment, making the area more sustainable for generations to come.
- **Build connected communities** – ensuring communities are connected with one another so they are able to shape their lives and areas where they live.
- **Develop modern public services** – proving efficient, effective and affordable services that make a real difference to all our local communities.

The budget for 2022-23 is set in the context of an uncertain economic picture, predominantly due to the global and national challenges and high levels of inflation, that the country is facing. This has resulted in there being significant changes to the Council's Medium-Term Financial Plan compared to the position modelled just less than a year ago.

As a comparatively new authority the stabilisation of the finances continues to be key. However, the past couple of years has seen unprecedented financial challenges predominantly through external factors such as COVID-19 and inflation, but also as a result of increasing demand for services and it is anticipated that some of these will continue into the third year of the Council. The Council's Medium-Term Financial position remains challenging, and it must continue to deliver further transformation opportunities to help create a strong and modern Council delivering quality, cost effective services for the benefit of its residents.

The Council, like most Authorities in the Country, will face financial challenges, risks, and uncertainties over the short and medium term. This is not only from the pressures brought about by high levels of inflation but also the general upturn in demand for services as a result of the current economic climate and other factors.

Children's Social Care

In November 2020 the Northamptonshire Children's Trust was established. This follows Northamptonshire County Council being issued statutory directions from the Department for Education which required the Council to voluntarily establish a Children's Trust.

The Children's Trust is a wholly owned and 'Teckal' compliant company to perform specified children's social care functions on behalf of the Council in Northamptonshire with the statutory responsibility for children's services retained by the Council.

The Trust was established as a company limited by guarantee on 1 November 2020 and was a wholly owned subsidiary of Northamptonshire County Council, who were therefore responsible for its underwriting liabilities.

From 1 April 2021 the ownership and responsibilities of the Trust transferred to North and West Northamptonshire Council's, providing contractual oversight of the Trust which operates as a separate entity in its own right, and within the terms of the contractual agreement.

The Professional Finance Team

Ensuring a suitably qualified and resourced Finance Team was an important priority for NNC. Prior to vesting day, an interim finance structure was created for the new Strategic Finance and Accountancy divisions within Finance.

The S151 Officer has ensured there is robust financial governance and control throughout the organisation. There are two Deputy S151 Officers roles in the structure who each lead the following teams.

The Strategic Finance Team operates a Business Partnering Service to ensure services have access to timely and accurate financial information to support decision making, provide support on financial training, and in year and future years reporting requirements and support the discharge of s151 responsibilities throughout the organisation.

The Accountancy Team provides the Treasury Management function and technical financial advice, while also being responsible for the Collection Fund, the preparation of the Statement of Accounts and the implementation of new and updated International Financial Reporting Standards and supporting the execution of s.151 responsibilities.

The Procurement Service, Revenue and Benefits also form part of the wider Finance Directorate, reporting to the S151 officer, which supports a joined up and collaborative approach to financial management.

Robustness Review of 2022-23 Revenue Budget

Each budget group has a dedicated budget manager, responsible for the probity and financial management for their respective service.

Period 9 Review of 2022-23 Revenue Budget Outturn

The forecast outturn position for the Council reported to the 16th February Executive Committee of the Council was an overspend of £5.242m. The summary forecast outturn position is set out in the table below.

General Fund Forecast Outturn 2022/23			
	Net Budget £000	Forecast Position at 31/03/2023 £000	Forecast Variance £000
Net Available Resources	300,075	300,075	0
Total Corporate Budgets	0	0	0
Children and Education	64,445	69,639	5,194
Adults, Communities and Wellbeing Services	118,694	118,487	(207)
Place and Economy	59,655	63,635	3,980
Enabling and Support Services	57,279	53,554	(3,725)
Total Directorate Budgets	300,075	305,317	5,242
Total Budget	300,075	305,317	5,242
Net Position	(0)	5,242	5,242

Set out below is NNC's projected reserves and balances position up to March 2024. The table also details estimated commitment against these reserves up to March 2024.

	Forecast Opening Balance 01.04.2023	Transfer to Reserve	Transfer from Reserve	Forecast Closing Balance 31.03.2024
	£000	£000	£000	£000
General Fund Balance	(24,170)	-	-	(24,170)
Earmarked Reserves				
Smoothing Reserves	(32,743)	(150)	250	(32,643)
Business Rates Retention	(32,232)	-	3,879	(28,353)
Transformation	(13,370)	-	2,170	(11,200)
Building Maintenance Reserves	(1,603)	-	-	(1,603)
Planning	(571)	-	-	(571)
Regeneration	(7,046)	-	-	(7,046)
Specific Reserves	(20,814)	-	200	(20,614)
Capital Programme Funding – GF	(6,374)	-	-	(6,374)
Insurance	(2,690)	-	-	(2,690)
Total Earmarked Reserves	(117,443)	(150)	6,499	(111,094)
Total Forecast General Fund Reserves and Balances	(141,613)	(150)	6,499	(135,264)

Robustness Review of Capital Programme

The Council has a Strategic Capital Board, the purpose of this Board is to review and challenge capital schemes prior to their submission to the Executive Committee / Full Council for final approval. The SCB will ensure that revenue implications of capital projects have been assessed including an options appraisal exercise and that schemes are in line with the limits outlined in the Capital Strategy prior to the scheme moving from planning stage to the delivery stage of the capital approval process. Budget

managers are required to account for the delivery of project objectives and specific performance of the project.

2023-24 Budget Setting and Medium Term Financial Planning Process

The development of the 2023-24 revenue budget and refinement of the Medium-Term financial plan commenced in Spring 2022.

The budget review process for 2023/24 remains focussed on delivering the transformation that is required for the Council to quickly move into delivering services in the most efficient way to residents. As part of this process work has been undertaken to review the budget requirement across all service headings and seek mitigating actions (or savings) in order to remain within the funding envelope and set a balanced budget for the Council in line with statutory requirements.. The real time information being gathered as part of the 2022/23 budget monitoring process was also used to update the budget and MTFP. The outcome of these reviews along with further Scrutiny sessions resulted in the budget that was presented to the Executive and Council at the end of the budget setting process in February 2023.

The development of the Capital Strategy and Capital Programme was undertaken through the guidance and steer of the S151 Officer and Corporate Leadership Team, the Strategic Capital Board and the Executive. Aside from the in-year adjustment to the capital programme that would have already received approval prior to the new budget being set, services were invited to refresh and review the existing capital programme and to set out the rationale for any new capital schemes that they want considered for inclusion in the 2023/24 capital programme. The programme was then taken through a number of scrutiny sessions reviewed by S151 Officer and Corporate Leadership Team colleagues and the Strategic Capital Board prior to its submission to the Executive for approval and inclusion in the draft 2023/24 capital programme.

The budget for 2023/24 was approved on 23rd February by Council. For further information on the NNC budget refer to the budget report at the following web link:

<https://northnorthants.moderngov.co.uk/documents/s5804/Budget%20cover%20report.pdf>

Liquidity

In addition, the forecasted liquidity position the new council inherited is positive, on 31st March 2021 the level of cash and investment held by sovereign councils which transferred to North Northamptonshire was around £159m. The forecast cash position to the end of March 25 is estimated to be positive, at £45.146 m. The principles for the disaggregation of Northamptonshire County Council's loan portfolio between North Northamptonshire and West Northamptonshire has been agreed in principle and remains subject to final sign off. The cashflow forecast assumes loans amounting to around £23m are repaid between April 2021 and March 2025 and aren't refinanced. The Councils estimated level of external borrowing over the next 12 months is significantly less than the affordable borrowing limit.

Conclusion

Having regard to the Code and its reporting requirements the Council concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of approval of the financial statements.

North Northamptonshire Council cannot be dissolved without statutory prescription and therefore the functions of the Council will continue. It is therefore appropriate for the Accounts to be prepared on a going concern basis for the period of 12 months from the date of approval of the financial statements.

a) Accruals of Income and Expenditure

Expenditure and income are accounted for in the year that they take place, not simply when cash payments are made or received. However, if any amount (income or expenditure) comes to light after a reasonable cut off period and is below £15k it will not be accrued for within the financial year, as it will not have a material effect on the position of the income and expenditure reported within these statements. 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.

- Supplies are recorded as expenditure when they are consumed – where there is a delay between the date supplies are received and their consumption, they are carried as inventory on the Balance Sheet.
- 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 the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where 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.

An exception is made in respect of expenditure on electricity, gas and telephones where expenditure on four quarterly accounts has been taken as a proxy for actual expense in year.

b) 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 investments that mature in three months or less from the investment date and that are readily convertible to cash with insignificant risk of change in value.

c) Tax Income (Council Tax, Non Domestic Rate and Rates)

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Non Domestic Rates (NDR)

- Retained Business Rate income included within the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income.
- Tariff and levy payments included within the Comprehensive Income & Expenditure Statement for the year will be treated as accrued expenditure.

Council Tax

- Council Tax income included within the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income.

Both NDR, Council Tax Income and Tariff and levy payments will be recognised in the Comprehensive Income & Expenditure Statement in the Taxation, Non-Specific Grant Income and Expenditure. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Accounts and reported in the Movement in Reserve Statement.

The income from Council Tax and NDR is recognised when it is probable that the economic benefit will flow into the authority and the amount of the revenue can be measured reliably.

d) Contingent Liabilities and Assets

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 in a note to the accounts.

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 an inflow of economic benefits or service potential.

e) Post Employment Benefits

Local Government Pension Scheme

Employees of the Council are members of the Local Government Pension Scheme which is accounted for as a defined benefits scheme:

- Liabilities of the scheme 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
- The assets of the scheme attributable to the Council are included 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 pension's liability is analysed into the following:

- Service Cost comprising:
 - Current Service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
 - Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - Net interest on the net defined benefit liability – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
- Remeasurement comprising:
 - Return on plan assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to 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 – debited to Other Comprehensive Income and Expenditure.
- Contributions Paid to the Pension Fund – cash paid as employer's contributions to the pension fund.

The Comprehensive Income and Expenditure Statement is charged with the cost of the benefits that have accrued during the year and not the actual amount paid by the Council. General Fund balance however is charged with the actual amount paid and adjustments are made in the Statement of Movement in Reserves to this effect.

The Council is able to make discretionary awards of retirement benefits in the event of early retirement. Where applicable these are accounted for in the year that the decision is made and are accounted for using the same policies as are applied to the Local Government Pension Scheme.

Other long-term employee benefits

The Authority's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Authority's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Authority is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Authority has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees. These are recognised as an expense on an undiscounted basis to the related service provided to the Council. An accrual is made for the cost of holiday entitlement earned by employees but not taken before the year-end which the employee can carry forward into the next financial year. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to the revenue account in the financial year in which the holiday absence occurs.

As the provision made for short-term employee benefits is not of a material nature the Council has adopted a policy of reviewing the current provision every 3-5 years with effect from 1st April 2011.

f) Events after the Balance Sheet Date

An authority shall adjust the amounts in the financial statements to reflect adjusting events both favourable and unfavourable, which provide evidence of conditions that existed at the end of the reporting period and such events occur between the end of the reporting period and the date when the financial statements are authorised for issue.

g) Exceptional Items

Exceptional items are material items which derive from individual events that fall within the ordinary activities of the Council that are identified as exceptional items by virtue of their size, nature or incidence.

h) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

The Council recognises an asset or liability on the Balance Sheet when the Council becomes party to the contractual provisions of the instrument. The Council has identified that its financial instruments of a material nature comprise trade receivables, trade payables, cash and investments.

Investments shown in the Balance Sheet relate to cash deposits. The value of cash deposits is the principal amount invested.

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Available-for-sale assets – that have a quoted market price and/or do not have fixed or determinable payments. The Council does not have any available-for-sale finance assets.

Financial liabilities are initially measured at fair value and are carried at their amortised cost.

Financial assets are recognised on the balance sheet when the Council becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by discounted cash flows or other valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

At the balance sheet date, the Council assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the income statement and the carrying amount of the asset is reduced directly, or through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities are recognised on the balance sheet when the Council becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that does not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the income statement on de-recognition.

Financial liabilities are initially recognised at fair value.

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or other financial liabilities.

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the income statement. The net gain or loss incorporates any interest earned on the financial asset.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability.

Interest is recognised using the effective interest method.

Financial Instruments – Risks

The Council's activities expose it to a number of risks, the main ones being:

- Credit Risk – the possibility that other parties may fail to pay the amounts due
- Liquidity Risk – the possibility that the Council cannot pay its commitments
- Interest Risk – that changes in areas such as interest rates will affect the Council's revenue resources.

The Council reviews and agrees policies for managing each of these risks on a regular basis. These are summarised below:

Interest rate risk: to mitigate this risk the Council monitors the available rates, and also consults with the Treasury Advisors and maintains fixed deposits when good rates are available. Fixed rate deposits are maintained to maximise interest receivable; variable rate deposits are maximised for working capital requirements.

Liquidity risk: to mitigate this risk the Council ensure that current working capital requirements are immediately available. Short-term flexibility is achieved by overdraft facilities.

Credit Risk: to mitigate this risk the parties that owe money are sent timely reminders, defaulters are given reminders, warnings and ultimately legal action is taken where necessary.

In addition, the Council has adopted the CIPFA Prudential Code and reviews and monitors the level of exposure to investments which mature beyond one year and the use of specified and non-specified investments. The Authority has actual borrowing in 2020/21, which has currently been assessed as affordable under the prudential code.

i) Government Grants and Contributions

Applications for grant support are made to Government departments and the lottery boards, whenever the opportunity becomes available.

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority 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 contributions have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using 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 (revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced 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.

j) Intangible Assets

The Council capitalise purchased intangible assets at cost, where economic benefits are greater than 12 months. Once capitalised, the assets will be amortised on a systematic basis over their useful lives. The amortisation charge will be made to the relevant service lines in the Comprehensive Income and Expenditure Statement.

Costs that are directly associated with the purchase and implementation of identifiable and unique software products by the Council are recognised as intangible assets. Expenditures that enhance and extend the benefits of computer software programs beyond their original specifications and lives are recognised as a capital improvement and added to the original cost of the software.

Expenditure is only capitalised if costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Council has sufficient resources to complete development and to use the asset.

Intangible assets relating to licences obtained as part of the Council's business combinations are recorded initially at their cost.

Other intangible assets are stated at cost less amortisation on a straight-line basis over the following periods:

- Software 3 to 5 years
- Licences 3 years or less if the licence term is shorter

k) Inventories

General Inventory is shown on the Balance Sheet at actual cost basis. This does not accord with the Code of Practice which recommends that inventory is carried at the lower of cost and net realisable value. Cost is the price paid less any rebates, trade discounts or subsidies. It also includes delivery charges and import duties but does not include value added taxes or advertising and administration

costs. The amounts involved are not material. The general inventory held by the Council ranges from IT consumables to souvenirs and maps, and, therefore, there is little or no wastage. As a result, the Council does not maintain a provision for obsolete inventory. Cost is based on the first-in, first-out (FIFO) principle.

All other inventory shown on the Balance Sheet is at the lower of cost and net realisable value.

l) Investment Properties

An investment property is one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property.

Investment properties are measured at fair value and are revalued on a yearly basis, with gains and losses recognised in Surplus or Deficit rather than through the revaluation reserve. Investment properties held at fair value are not depreciated.

Fair value is to be interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value. The fair value of investment property held under a lease is the lease interest.

m) Leases

Leases are classified 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 dependent on the use of specific assets.

The Authority 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 Authority 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 or 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 is 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 Authority 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

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment.

Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority 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 Authority's net investment in the lease, is 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the 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 out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the 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. (When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve).

The written-off value of disposals is not a charge against council tax, as the cost of 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 Leases

Where the Authority 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 (e.g. there is a premium paid at the commencement of the lease). 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.

n) Assets Held for Sale

When the value of non-current assets is expected to be recovered principally through sale rather than through continuing usage, they are classified as non-current assets held for sale. With the exception of assets arising from employee benefits and financial instruments, these assets are classified as current and are stated at the lower of their carrying amount and fair value less costs to sell.

Disposal groups are groups of assets and liabilities to be disposed of together as a group in a single transaction. They are recognised as held for sale at the reporting date and are separately disclosed as current assets and liabilities on the Balance Sheet.

The results of discontinued operations should be presented separately in Surplus or Deficit on the Provision of Services. Measurement differences arising between the carrying amount and fair value less cost of disposal is treated as impairment charges and separately disclosed.

o) Property, Plant & Equipment

Recognition

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.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority 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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The Council has a general de-minimis limit of £5k for capital expenditure purposes which results in the capitalisation of expenditure above that limit as an asset in the balance sheet. Items below this limit are charged to revenue.

The Council will recognise significant component's of an item of property, plant and equipment where the components value is greater than £800k and is more than 25% of the total asset's value.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major component) of property, plant and equipment.

Where a component is replaced or restored (i.e. enhancements), the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected in the carrying amount, subject to the recognition principles as set out above being met.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

Council Dwellings	Existing use value for social housing (dwellings)
Other Land and Buildings	Existing use value or Depreciated Replacement Cost
Vehicles, plant and equipment	Historic cost
Infrastructure	Historic cost
Community assets	Historic cost
Investment Properties	Fair Value
Surplus Assets	Fair Value

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 current 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 a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value 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.

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.

Impairment

Property, plant and equipment is subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable. Those events and change in circumstances are listed under Critical Accounting Estimate and Judgements.

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated 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 charged to the Comprehensive Income and Expenditure Statement but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned the value of the asset in the Balance Sheet and the receipt from disposal are written off to the Income and Expenditure Account as part of the loss or gain on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Income from the disposal of non-current assets is accounted for on an accruals basis and the unapplied balance is included in the balance sheet as useable capital receipts. There is a £10k de-minimis for capital receipts.

Depreciation

Depreciation is provided for on all tangible assets except freehold land and asset under construction. Depreciation is provided for on other assets with a determinable finite life by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is calculated on the opening book value with no charge being made in the period of acquisition but a full charge in the period of disposal.

Depreciation is calculated over the expected life of each asset. The “straight line method” of calculation is used, except for vehicles, where the “reducing balance method” is used. No depreciation charge is applied to land. Buildings and other assets are depreciated over the following periods:

Council housing Dwellings	54 years (previously before 2019/20 at 39 years)
Other land and buildings	40 years
Vehicles	5 years (on reducing balance)
Plant and equipment	3 – 10 years
Infrastructure	50 years
Community assets	Varying periods, according to useful life
Investment Properties	No depreciation charge
Finance Leases assets	Over the shorter of useful lives or lease terms
Surplus Assets	40 years

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.

Asset under Construction

Assets under Construction are recognised only when it is probable that the future economic benefits will flow to the Council and the cost can be measured reliably. Assets under Construction are capitalised at cost which includes labour and overhead costs arising directly from the construction of the asset. Assets under Construction are not depreciated until available for use under the relevant sections of property plant and equipment.

p) Heritage assets

Recognition

Heritage Assets are those assets that have an historical, artistic, scientific, technological, geophysical or environmental quality that is held and maintained principally for its contribution to knowledge and culture. The term heritage asset refers to both tangible heritage assets and intangible heritage assets.

Measurement

Where an Authority has information on the cost or value of a heritage asset, the authority shall recognise the asset in accordance with their policy for Property, Plant and Equipment or Intangible Assets. Where this information is not available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet.

Civic Regalia, Paintings and Statues

Details of the Heritage Assets held by the Council are disclosed in note 40, these assets have been included within the Balance Sheet at insurance valuation which is based on a market value. The Insurance valuation is reviewed on an annual basis. The above assets are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

Heritage Centres

The Authority has two Heritage Centres located at East Carlton Park and Corby Old Village, for the purposes of this disclosure these assets have been classified as operational and are not included separately on the face of the balance sheet, but included within Property, Plant and Equipment.

Other Artefacts

Items which have been donated to the Council over the last 30 years, such as an exhibition model of steel works, various items from the steel works and non-operational trains on display at East Carlton Park are considered to have a value of £250 or less and the Council is not aware of any one item being worth more than £1,000. These items have not been recognised on the Balance Sheet as cost information is not readily available and the Authority believes that the benefits of obtaining the valuation for these items would not justify the cost.

Impairment

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. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment.

q) Provisions

Provisions are liabilities of uncertain timing or amount. They are recognised when the Council has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are presented in the Accounts at the present value of the estimated future outflows expected to be required to settle the obligation. Provision charges and reversals are charged to the appropriate service revenue account. Discount unwinding is recognised as a finance expense

Provisions are recognised for unavoidable lease payments in onerous contracts as the difference between the rentals due and any income expected to be derived from the vacant properties being sublet.

Holiday pay provision relates to the leave accrued to the employees.

r) Reserves

The Council has established a number of reserves to allow specific future objectives to be financed. It also retains general balances to allow for contingencies and for cash flow management purposes. Details are shown in Note 10.

Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

By law, the Council may use its Useable Capital Receipts Reserve only to finance capital expenditure. The Revaluation Reserve cannot be used to finance either revenue or capital expenditure.

s) Revenue Expenditure funded from Capital under Statute

Revenue expenditure funded from capital under statute results from expenditure of a capital nature where no non-current asset is created for the Council. They include private sector renewal grants and advances to other parties to finance capital investments.

This also includes exceptional revenue expenditure for which a capitalisation direction can be granted to allow this expenditure to be funded from capital. Capitalisation direction gives the council the flexibility to treat specified revenue expenditure as capital expenditure, the council has to meet strict criteria and should only be sought for costs which are due largely to factors beyond the control of the council and are unavoidable.

The Council generally writes off revenue expenditure funded from capital under statute to revenue in the year in which it is created. Details are shown in note 33.

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.

t) Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

u) Joint arrangements

A Joint Operation is an arrangement by which the parties that have joint control of the arrangement and have the rights to the assets and obligations for the liabilities relating to the arrangement. All parties have joint control with decisions of the activities of the arrangement requiring unanimous consent from all parties. The council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation;

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sales of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

v) Changes in Accounting Policies, Prior Period Adjustments, 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 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 Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening 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.

w) Fair value measurement of non-financial assets and liabilities

Fair Valuation

The Council measures some of its non-current assets such as surplus assets at fair value at each reporting date. Fair Value is the price that would be received to sell an asset between market participants at the measurement date. The fair value measurement assumes the following:

- In the principal market for the asset [or liability], or
- In the absence of a principal market, 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 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-current asset, consideration is given to the participants ability to generate economic benefit by using the asset in its highest and best use. This assessment is carried out on behalf of the Council by appointed valuers (Wilkes Head and Eve), who will adopt valuation techniques that are appropriate to the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. These techniques are categorised into hierarchies, as follows:

Level 1 – quoted prices in an active market for identical assets [or liability] that the Council can access at the measurable 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].

Note 2. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 has introduced some changes to the accounting policies which will be required from 1 April 2021 and will be adopted by the Council from this date.

The changes are related to:

- Definition of a Business: Amendments to IFRS 3 Business combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16

IFRS 3 will not impact on North Northamptonshire Council.

It is unlikely that the Interest Rate Benchmark Reforms will have a material impact on the financial reporting requirements of North Northamptonshire Council.

The implementation of IFRS 16 (Leases) has been further delayed until 2022/23. This will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases).

Annually, Appendix C of the Code of Practice confirms the requirements of accounting standards that have been issued and not yet adopted and the 2021/22 Code of Practice will confirm these for the 2020/21 financial year. Appendix C of the 2021/22 Code of Practice only includes standards adopted in the Code and therefore for 2020/21 local authorities are not required to include IFRS 16 (Leases) in their consideration of accounting standards that have been issued but not yet adopted, although this is subject to approval of the 2021/22 Code of Practice. The Council had already assessed the implications of the adoption of IFRS 16 for 2021/22 but North Northamptonshire Council will update this for the introduction in 2022/23.

Note 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement made in the Statement of Accounts is:

There is much uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not 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.

Valuations of Council dwellings have been based on estimates wither from professional (RICS qualified) valuers in the case of property and service experts in relation to other assets. Infrastructure has a useful economic life of 25 years in line with the current CIPFA guidance.

Note 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 are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment,	The valuations have been provided amidst the economic uncertainty created as a result of the Novel Coronavirus (COVID-19) and thus valuations have been reported subject to a Material Valuation Uncertainty clause. The inclusion of the 'material valuation uncertainty' declaration however, does not mean that the valuation cannot be relied upon, rather that the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.	If market conditions are impacted by the COVID-19 pandemic, for every 1% change in value, would be equal to a change in the net assets of the Council of £4.0m
Investment Properties	The valuations have been provided amidst the economic uncertainty created as a result of the Novel Coronavirus (COVID-19) and thus valuations have been reported subject to a Material Valuation Uncertainty clause. The inclusion of the 'material valuation uncertainty' declaration however, does not mean that the valuation cannot be relied upon, rather that the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.	If market conditions are impacted by the COVID-19 pandemic, for every 1% change in value, would be equal to a change in the net assets of the Council of £0.85m.
Pensions Liability	Estimations 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. This information is provided to the authority by the actuaries.	The effects on the net pensions liability of changes in individual assumptions can be measured, these changes are detailed within Note36.
Provision for Rateable Value Appeals	Appeals against rateable value are at the discretion of nondomestic ratepayers with the outcome ultimately determined by the Valuation Office and are not within the Council's control.	The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be

		<p>withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NDR, is limited by Safety Net calculation (the calculation of which is limited by regulation). A 10% variation in the estimated provision would be £0.214m for the Collection Fund of which £0.86m which would be attributable to the General Fund.</p>
<p>Impairment allowance for doubtful debt</p>	<p>As at 31st March 2021, the Council had an outstanding balance of short-term debtors totalling £19.8m. Against this debtors' balance, there is an impairment allowance of £3.4m. It is not certain that this impairment would be sufficient as the Council can not assess with certainty which debts will be collected or not. The impact of Covid-19 has made the estimation of the debt impairment more difficult as debt recovery was paused during 2020/21 impacting on our ability to assess if debts can be settled.</p>	<p>An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experiences and success rates experienced in collection. If collection rates were to deteriorate by 5% then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts.</p>

Note 5. Material Items of Income and Expenditure

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e. extraordinary). During 2020/21 no such items of income or expenditure were incurred (2019/20; nil).

Note 6. Events after the Balance Sheet Date

The draft Statement of Accounts was authorised for issue by the Council's appointed (delegated) statutory Finance Officer on 25th November 2022 and was done so after due consideration to any post balance sheet events at that point in time.

On 1st April 2021 all the functions and services along with its assets and liabilities of Corby Borough Council transferred to the newly created North Northamptonshire Council, under Local Government re-organisation. As the functions of the Council are continuing in North Northamptonshire Council it is appropriate for the accounts to be prepared on a going concern basis.

Note 7. Expenditure and Funding Analysis (EFA)

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the Council (i.e. government grants, council tax, business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2020-21					Net Expenditure in the Comprehensive Income and Expenditure Statement £000
	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis			Total Adjustments £000	
		Adjustments for Capital Purposes (Note A) £000	Net change for the Pensions Adjustments (Note B) £000	Other Differences (Note C) £000		
Chief Executive	2,319	0	3	0	3	2,322
Neighbourhood pride	534	16	3	0	18	552
Planning & Environmental services	6,339	(372)	5	0	(367)	5,972
Culture & Leisure	3,287	788	11	0	799	4,085
Corporate Services	(517)	232	11	0	243	(274)
CB property	(4,091)	2,937	4	0	2,941	(1,150)
Human resources	18	0	2	0	2	20
Housing Revenue account (HRA)	(3,652)	0	25	0	25	(3,627)
Other	1,468	(1,588)	0	0	(1,588)	(120)
Cost of Services	5,705	2,013	63	0	2,076	7,779
Other income and expenditure	(17,135)	(3,480)	882	3,970	1,372	(15,763)
(Surplus) or Deficit	(11,430)	(1,467)	946	3,970	3,448	(7,983)
Opening General Fund and HRA Balances (Includes Earmarked Res)	(31,612)					
Surplus/(Deficit) on General Fund in Year	(11,430)					
Closing General Fund and HRA Bal	(43,040)					

	2019/20 - restated					Net Expenditure in the Comprehensive Income and Expenditure Statement £000
	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis			Total Adjustments £000	
		Adjustments for Capital Purposes (Note A) £000	Net change for the Pensions Adjustments (Note B) £000	Other Differences (Note C) £000		
Chief Executive	1,329	0	38	0	38	1,367
Neighbourhood pride	525	24	48	0	72	598
Planning & Environmental services	5,939	436	88	0	524	6,463
Culture & Leisure	3,546	534	194	0	728	4,274
Corporate Services	1,088	122	199	0	321	1,408
CB property	(781)	(2,530)	64	0	(2,466)	(3,247)
Human resources	24	0	21	0	21	45
Housing Revenue account (HRA)	(3,142)	(963)	450	0	(513)	(3,654)
Other	456	0	5	0	5	460
Cost of Services	8,984	(2,377)	1,108	0	(1,270)	7,715
Other income and expenditure	(12,656)	(5,068)	999	1,409	(2,660)	(15,316)
(Surplus) or Deficit	(3,672)	(7,445)	2,107	1,409	(3,930)	(7,601)
Opening General Fund and HRA Balances (Includes Earmarked Res)	(27,939)					
Surplus/(Deficit) on General Fund in Year	(3,672)					
Closing General Fund and HRA Bal	(31,611)					

Notes to the EFA

Note A Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation, impairment, revaluation gains and losses in the services line and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note B Net Change for the Pensions Adjustment

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

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note C Other Differences

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

- For Financing and investment income and expenditure – the other differences column recognises adjustments to the general fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 8. Expenditure and Income Analysed by Nature

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

2019/20 Restated TOTAL (Surplus)/ Deficit £'000	Subjective Analysis	2020/21 TOTAL (Surplus) / Deficit £'000
	Expenditure	
18,378	Employee Expenses (including Benefits)	18,035
28,434	Other Service Expenses	25,952
5,772	Depreciation, Amortisation and Impairment	4,624
3,595	Interest Payments	3,581
175	Precepts and Levies- Parish	196
11,114	Precepts and Levies- Tariff / Levy / s31	10,902
0	Loss on disposal of assets	1,785
406	Payment to Housing Capital Receipts Pool	407
1,168	Pension Interest costs and expected return on assets	882
0	Transfer to collection fund	4,061
69,043	Total Expenditure	70,425
	Income	
(28,504)	Fees, Charges and Other Service Income	(25,784)
(319)	Interest and Investment Income	(165)
(19,029)	Income From Council Tax & NNDR	(24,780)
(15,476)	Government Grants/Contributions	(21,400)
(1,358)	Gain on the disposal of assets	(1,055)
(2,659)	Gain on non-current asset revaluation	0
(9,296)	Rental income from investment properties	(5,225)
(76,644)	Total Income	(78,409)
(7,601)	(Surplus)/Deficit on Provision of Services	(7,983)

Note 9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement 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.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council 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.

Housing Revenue Account (HRA) Balance

The HRA balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The authority is required to maintain the major repairs reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Capital Receipts Reserve

The Capital Receipts Reserve holds the 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 Reserve

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.

2020/21

	GF £000	HRA £000	MRR £000	CRR £000	CGU £000	Unusable £000
Adjustments involving Cap Adjustment Account:						
Charges depreciation & impairment non-current assets	2,369	3,610	0	0	0	(5,979)
Revaluation on non-current assets	2,316	0	0	0	0	(2,316)
Movements in the market value of investment property	(3,768)	0	0	0	0	3,768
Amortisation of intangible fixed assets	19	128	0	0	0	(148)
Capital grants and contributions applied	0	0	0	0	0	0
REFCUS	(540)	0	0	0	0	540
Non-current assets w/o on disposal to CIES	3,412	1,596	0	0	0	(5,008)
Adjustment involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds	22	0	0	0	0	(22)
Insertion of items not dr/cr to CIES						
Statutory provision for financing of capital investment	(1,876)	0	0	0	0	1,876
Capital expenditure financed from revenue	(1,693)	(45)	0	0	0	1,737
Adjustment involving Cap Grants Unapplied A/c:						
Capital grants & contributions unapplied CIES	(1,212)	0	0	0	1,212	0
Application of grants to capital finance transferred to CAA	0	0	0	0	(697)	697
Adjustment involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds as part of the gain/loss on disposal to the CIES	(1,649)	(2,651)	0	4,301	0	0
Asset sales admin costs	0	0	0	0	0	0
Used to finance new capital expenditure	0	0	0	(3,761)	0	3,761
Contribution to finance payments to government capital receipts pool	407	0	0	(407)	0	0
Adjustment involving the Major Repairs Reserve:						
Reversal of MRA credited to the HRA	0	(3,739)	3,739	0	0	0
Used to finance new capital expenditure	0	0	(2,354)	0	0	2,354
CAPITAL TOTAL	(2,193)	(1,100)	1,385	132	515	1,260
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits dr/cr to the CIES	2,117	2,257	0	0	0	(4,374)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,649)	(1,779)	0	0	0	3,428
Adjustment involving the Collection Fund Adjustment A/c:						
Amount by which Council tax & NNDR income cr to the CIES is different from the amount taken to the GF in accordance with statutory requirements	5,790	0	0	0	0	(5,790)
Adjustment involving the Acc. Absence Adjustment A/c:						
Amount by which officer remuneration charged to the CIES on an accrual's basis different from remuneration chargeable in year in accordance with statutory regulation	0	0	0	0	0	0
PENSIONS AND OTHER TOTAL	6,259	477	0	0	0	(6,736)
TOTAL ADJUSTMENTS	4,066	(622)	1,385	132	515	(5,476)

2019/20

Restated	GF £000	HRA £000	MRR £000	CRR £000	CGU £000	Unusable £000
Adjustments involving Cap Adjustment Account:						
Charges depreciation & impairment non-current assets	2,238	3,299	0	0	0	(5,537)
Revaluation on non-current assets	(2,659)	0	0	0	0	2,659
Movements in the market value of investment property	(5,068)	0	0	0	0	5,068
Amortisation of intangible fixed assets	83	152	0	0	0	(235)
Capital grants and contributions applied	0	0	0	0	0	0
REFCUS	0	0	0	0	0	0
Non-current assets w/o on disposal to CIES	489	3,801	0	0	0	(4,291)
Insertion of items not dr/cr to CIES						
Statutory provision for financing of capital investment	(1,655)	0	0	0	0	1,655
Charged against the GF & HRA balances	0	0	0	0	0	0
Adjustment involving Capital Grants Unapplied A/c:						
Capital grants & contribution unapplied cr to CIES	26	0	0	0	(26)	0
Application of grants to capital finance transferred to CAA	0	0	0	0	0	0
Repayment of grant	644	0	0	0	(644)	0
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds cr as part of the gain/loss on disposal to the CIES	(885)	(4,866)	0	5,751	0	0
Asset sales admin costs	(102)	102	0	0	0	0
Used to finance new capital expenditure	0	0	0	(5,023)	0	5,023
Contribution to finance payments to government capital receipts pool	406	0	0	(406)	0	0
Adjustments involving the Major Repairs Reserve:						
Reversal of MRA credited to the HRA	0	(3,451)	3,451	0	0	0
Used to finance new capital expenditure	0	0	(2,726)	0	0	2,726
CAPITAL TOTAL	(6,483)	(963)	725	321	(669)	7,069
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits dr/cr to the CIES	2,625	2,834	0	0	0	(5,459)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,612)	(1,740)	0	0	0	3,352
Adjustments involving the Collection Fund Adjustment A/c:						
Amount by which Council tax & NNDR income cr to the CIES is diff from the amount taken to the GF in accordance with statutory requirements	1,409	0	0	0	0	(1,409)
Adjustments involving the Acc. Absence Adjustment A/c:						
Amount by which officer remuneration charged to the CIES on an accrual's basis diff from remuneration chargeable in year in accordance with statutory regulation	0	0	0	0	0	0
PENSIONS AND OTHER TOTAL	2,422	1,094	0	0	0	(3,516)
TOTAL ADJUSTMENTS	(4,061)	131	725	321	(669)	3,553

Note 10. Movements in 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 transferred back from earmarked reserves to meet General Fund expenditure (either revenue expenditure or direct revenue financing of capital).

	Balance 31.3.19 £000	Transfer in £000	Transfer out £000	Balance 31.3.20 £000	Transfer in £000	Transfer out £000	Balance 31.3.21 £000
Medium Term Funding	2,608	0	(5)	2,608	0	(1,646)	962
Future Interest rate	1,000	0	(0)	1,000	0	0	1,000
CBC Properties	200	0	(0)	200	0	0	200
Cube Sinking Fund	410	16	(0)	426	15	0	441
General Fund Rev Carry Forwards	537	2	(0)	537	0	0	537
Oakley Vale Bus Contribution	95	0	(0)	95	0	0	95
Loss of Rental	700	0	(0)	700	0	0	700
Business Rates Growth & Retention	3,667	0	(1)	3,666	0	0	3,666
Cube Repairs	494	0	(0)	494	0	(33)	461
Future Pool	193	0	(3)	190	0	(13)	177
Other Building Repairs - C&L Properties	286	0	(0)	286	0	0	286
Other Building Repairs	311	0	(0)	311	0	0	311
New Homes Bonus	2,999	0	(1,900)	1,098	0	0	1,098
LG re-org	0	1,900	(0)	1,900	0	0	1,900
Revenue Grant	472	5	(0)	477	0	0	477
General Fund Total	13,972	1,924	(1,910)	13,986	15	(1,692)	12,312
HRA Solar FITs	2	0	(0)	2	0	0	2
Hou Prop Sinking	55	0	(0)	55	0	0	55
HRA Rev Carry Forwards	0	0	(0)	0	0	0	0
HRA Debt management	6,400	1,500	(0)	7,900	1,650	0	9,550
Housing Stock	3,401	0	(0)	3,401	0	(45)	3,356
HRA Total	9,859	1,500	(0)	11,358	1,650	(45)	12,963
Total Earmarked	23,831	3,424	(1,912)	25,344	1,665	(1,737)	25,275

Purpose of Reserve	
Medium Term Financial	To support future budgets funding requirements
Future Interest Rate	To fund any future interest rate increases
CBC Properties	To fund future maintenance liabilities
Cube Sinking Fund	Contribution from tenants to support future maintenance
General Fund Rev Carry Forwards	To fund future revenue requirements
Oakley Vale Bus Contribution	To fund commitment as landowner in relation to S.106 agreements
Loss of Rental Income Reserves	To fund future reduction in income due to tenancy vacant periods
Bus. Rates Growth & Retention	To support future budgets funding requirements
Cube Repairs	To fund future maintenance liabilities
Future Pool Repairs	To fund future pool maintenance liabilities
Other Building Repairs - C&L Prop	To fund future maintenance liabilities for Culture & Leisure facilities
Corby Innovation Hub	To fund future Innovation hub requirements
Other Building Repairs	To fund future maintenance liabilities for other council owned properties
New Homes Bonus	To mitigate the risk of funding being withdrawn or reduced in future years
LG re-org	CBC share of Unitary re-organisation on 1st April 2021
Revenue Grant	Ring fenced grant income received in year but not expensed

Note 11. Other Operating Expenditure included in the CIES

2019/20		2020/21
£000		£000
(1,358)	(Gains)/losses on the disposal of non-current assets	(1,055)
406	Contribution to Housing Pooled Capital receipts	407
175	Parish Council precepts	197
(777)	Total	(452)

Note 12. Financing and Investment Income and Expenditure

2019/20		2020/21
£000		£000
(319)	Interest and Investment income	(165)
3,595	Interest payable and similar charges	3,595
(9,297)	Income and expenditure in relation to investment property and changes in their fair value	(7,954)
0	Loss/gain on disposal of investment property	1,785
1,168	Pensions interest cost and expected return on pension assets	882
(4,851)	Total	(1,856)

Note 13. Taxation and Non-Specific Grant Income

2019/20		2020/21
£000		£000
(1,773)	Central Government grant	(2,316)
(3,888)	Council Tax income	(3,997)
(0)	Capital Grants and contributions	(1,212)
210	Collection Fund (surplus) / deficit	4,061
(14,460)	Retained business rates	(16,046)
10,559	Tariff payment	10,286
555	Levy payment	615
(891)	Small business rate relief grant (S.31)	(4,737)
(0)	Revenue Support Grant	(109)
(9,688)	Total	(13,455)

Note 14. Property, Plant and Equipment

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, & Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Movements in 2020/21								
Cost or Valuation								
Gross as at 1 April	250,180	95,944	12,539	0	103	3,650	6,882	369,299
Additions	1,801	923	869	0	0	290	4,334	8,218
Revaluation to Reval Reserve	41,749	795	0	0	0	0	0	42,544
Revaluation to CIES	0	(2,316)	0	0	0	0	0	(2,316)
Disposals	(1,596)	0	(106)	0	0	0	0	(1,702)
Other de-recognition	(3,259)	(1,479)	(307)	0	0	66	0	(4,979)
Reclassifications	7,303	200	0	0	0	0	(7,503)	0
Gross as at 31 March	296,178	94,070	12,995	0	103	4,006	3,713	411,066
Depreciation								
Gross as at 1 April	0	(348)	(7,458)	0	0	(714)	0	(8,519)
Depreciation in Year	(3,280)	(1,645)	(1,044)	0	0	(6)	0	(5,974)
Depreciation W/off on Revaluation	3,259	1,479	0	0	0	0	0	4,737
Disposal	21	0	85	0	0	0	0	106
Other de-recognition	0	0	131	0	0	(131)	0	0
Gross as at 31 March	0	(515)	(8,285)	(0)	0	(851)	0	(9,649)
Net Book Value								
At 31 March 2021	296,178	93,556	4,711	(0)	103	3,156	3,713	401,417
At 31 March 2020	250,180	95,594	5,081	0	103	2,936	6,882	360,778

Movements in 2019/20 - Restated	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, & Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Comm-unity Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation								
Gross as at 1 April	248,090	91,454	8,564	2	103	5,264	5,751	358,992
Additions	2,726	927	1,973	6	0	387	3,931	9,951
Revaluation to Reval Reserve	3,614	2,265	0	0	0	0	0	5,879
Revaluation to CIES	0	2,753	0	0	0	0	0	2,753
Disposals	(3,801)	(0)	(0)	(8)	(0)	(0)	(0)	(3,809)
Other de-recognition	(3,247)	(1,455)	(0)	(0)	(0)	(0)	(0)	(4,702)
Reclassifications	2,799	0	2,002	0	0	(2,002)	(2,799)	0
Reclassified Assets held for sale	0	0	0	0	0	0	0	0
Gross as at 31 March	250,180	95,944	12,539	0	103	3,650	6,882	369,299
Depreciation								
Gross as at 1 April	0	(259)	(6,394)	0	0	(925)	0	(7,578)
Depreciation in Year	(3,247)	(1,544)	(830)	(0)	(0)	(22)	(0)	(5,643)
Depreciation w/off on Revaluation	3,247	1,455	0	0	0	0	0	4,702
Disposal	0	0	0	0	0	0	0	0
Other de-recognition	0	0	(234)	0	0	234	0	0
Gross as at 31 March	0	(348)	(7,458)	0	0	(714)	0	(8,519)
Net Book Value								
At 31 March 2020	250,181	95,594	5,081	0	103	2,936	6,883	360,778
At 31 March 2019	248,090	91,180	2,170	2	103	4,339	5,751	351,636

Depreciation

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

- Council Dwellings 54 years
- Other Land and Buildings 0 - 40 years
- Vehicles, Plant, Furniture & Equipment 0 - 10 years
- Infrastructure Assets 50 years
- Surplus Assets 40 years

Prior to 2019/20 the depreciation rate of council dwellings was 39 years, after reviewing the economic life of the council dwellings and expected ongoing economic benefit that they would generate in rental income for the council, this was increased to 54 years. The impact of this change if applied to the current value of council dwellings in 20/21 would have been a depreciation charge of £4.5m in year compared to the actual charge of £3.3m.

Revaluations

The Council operates a five year rolling programme for revaluations where 20% of freehold and leasehold properties, which comprise the Council's property portfolio (excluding council dwellings which are valued and revalued every year. This was carried out by Guy Harbord MA MRICS IRRV, Partner, Wilks Head and Eve LLP, 3rd Floor, 55 New Oxford Street, London, WC1A 1BS. The valuations have been made in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

The Council's Property, plant and equipment are valued in accordance with the Code of Practice as follows:

- Other Land and Buildings: Existing Use Value/Depreciated Replacement Cost
- Vehicles, Plant and Equipment: Historical cost net of depreciation
- Infrastructure Assets: Historical cost net of depreciation
- Community Assets: Historical cost net of depreciation
- Council Dwellings: Existing Use Value

The significant assumptions applied in estimating the fair values are:

- Beacon approach for Council dwellings
- Reasonable state of repair on all assets
- Valuation approaches – Market Value; Existing Use Value and Fair Value.

The following table shows the progress of the Council's five year rolling programme for revaluations;

	Council Dwell	OLB	VPE	Infra	Surplus	Comm-unity	AuC	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at Historical Cost	-	-	4,711	0	-	3,156	3,713	11,580
Valued at Fair Value as at;								
31 March 2021	296,178	76,058			103			372,339
31 March 2020	-	5,750	-	-	-	-	-	5,750
31 March 2019	-	1,537	-	-	-	-	-	1,537
31 March 2018	-	8,834	-	-	-	-	-	8,834
31 March 2017	-	1,377	-	-	-	-	-	1,377

Note 15. Investment Property

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

2019/20		2020/21
£000		£000
5,450	Rental income from investment property	5,225
(1,222)	Direct operating expenses arising from investment properties	(977)
4,228	Net gain/(loss)	4,248

Restrictions

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

Corby Borough Council and Kettering Borough Council have jointly acquired an investment property in Corby. The asset was acquired in Trust jointly with Kettering Borough Council under a Co-Ownership Arrangement. The trust is a creation of statute and therefore is not a legal entity on its own.

The movement in investment properties balances during the year are shown below.

2019/20 Restated £000		2020/21 £000
71,422	Balance at start of the year	84,805
0	Opening balance adjustment	(349)
8,796	Additions	304
(482)	Disposals	(3,413)
5,068	Net gain/(loss) for fair value adjustment	4,118
84,805	Balance at end of the year	85,464

Fair Value Hierarchy

All the Council's investment property portfolio has been assessed as Level 2 for valuation purposes (see Accounting Policies for explanation of fair value levels).

Valuation Techniques to Determine Level 2 Fair Values for investment properties

The fair value of the investment properties has been measured using the Investment Method of Valuation. The valuers have used a market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. The valuers have taken into consideration the following factors: market rentals and sales values, yields, void and letting periods, size, configuration, proportions and layout, location, visibility and access, condition, lease covenants, obsolescence.

Highest and Best Use

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

Valuers

The fair value is measured on an annual basis as at 31st December. All valuations are carried out by a qualified valuer from Wilkes Head and Eve (Guy Harbord MA MRICS IRRV), in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Note 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 include both purchased licenses and internally generated software.

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 carrying amount of intangible assets is amortised on a straight-line basis. The amortisation charged to revenue is charged to the IT cost centre and then absorbed as an overhead across all service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on intangible asset balances during the year are as follows:

2019/20 £000		2020/21 £000
1,063	Gross carrying amounts	1,095
(602)	Accumulated amortisation	(837)
461	Net carrying amount at the start of the year	259
32	Additions	9
(235)	Amortisation for the period	(148)
259	Net carrying amount at the end of the year	120
1,095	Gross carrying amounts	1,104
(837)	Accumulated amortisation	(984)

Note 17. Financial Instruments

The financial assets and liabilities included in the Balance Sheet comprise the following categories of financial instruments.

Non-current 2019/20 £000	Current 2019/20 £000		Non-current 2020/21 £000	Current 2020/21 £000
		Investments		
0	6,500	Loans, shares and receivables	0	10,000
		Debtors		
332	6,229	Loans and receivables	310	8,004
-	9,635	Cash and Cash Equivalents	-	12,205
		Borrowing		
(110,008)	(19,700)	Fin. liabilities at amortised cost	(98,321)	(30,346)
		Creditors		
(0)	(5,022)	Fin. Liabilities at amortised cost	0	(9,948)
(109,676)	(2,359)	TOTAL	(98,011)	(10,085)

Fair Value of Assets and Liabilities

The fair values and Carrying Values are considered to be the same, with the exception of the following;

Carrying value 2019/20 £000	Fair value 2019/20 £000		Carrying value 2020/21 £000	Fair value 2020/21 £000
(110,008)	(158,750)	Borrowing – PWLB Loans	(108,970)	(141,941)

Gains and losses on income and expense

2019/20 £000	2019/20 £000	2019/20 £000		2020/21 £000	2020/21 £000	2020/21 £000
		Total				
Finance Liabilities at amortised cost	Fin Asset Loans and Receivables			Finance Liabilities at amortised cost	Finance Asset Loans and Receivables	Total
3,595	0	3,595	Interest expenses	3,595	0	3,595
3,595	0	3,595	Total expenditure in surplus/deficit on PoS	3,595	0	3,595
(0)	(319)	(319)	Interest income	0	(165)	(165)
(0)	(319)	(319)	Total income in surplus/deficit on PoS	0	(165)	(165)
3,595	(319)	3,277	Net gain/(loss) for the year	3,595	(165)	3,430

Note 18. Debtors- short and long term

2019/20			2020/21	
Short term £000	Long term £000		Short term £000	Long term £000
1,253	0	Central Govt bodies	6,441	
177	0	Other Local Authorities	4,008	
0	0	NHS bodies	11	
7,177	332	Other Entities and Individuals	9,322	310
8,607	332		19,782	310
		Less provisions for bad debts;		
(375)	-	Council tax- general	(410)	
(245)	-	Council tax- court costs	(192)	
(623)	-	Business rates	(835)	
(1,287)	-	Housing (HRA)	(1,418)	
(797)	-	Sundry debtors	(590)	
(3,327)	-		(3,445)	
5,280	332	Total	16,337	310

Note 19. Cash and Cash Equivalents

2019/20			2020/21	
£000			£000	
3,635	Cash / (overdraft)		7,260	
6,000	Short term deposits (under 3 months maturity)		4,945	
9,635	Total		12,205	

Note 20. Creditors

2019/20			2020/21	
Short term £000	Long term £000		Short term £000	Long term £000
3,016	0	Central Govt bodies	11,565	0
1,474	0	Other Local Authorities	686	0
1	0	NHS bodies	0	0
4,227	0	Other Entities and Individuals	5,680	0
8,718	0	Total	17,932	0

Note 21. Provisions

	Balance as at 31 March 2020	Increase/(decrease) in provision	Utilised	Balance as at 31 March 2021
	£000	£000	£000	£000
Business rates appeal	(795)	(153)	92	(856)

Business rates appeals provision has been made upon the best estimate of the actual liability at the year-end in known appeals based on information provided by the Valuation Office (VO).

Note 22. Useable Reserves

Movements in the Council's useable reserves are detailed in the Movement in Reserves Statement and a further breakdown is shown in Note 10 of movements in Earmarked Reserves.

Note 23. Unusable Reserves

2019/20 (Restated) £000		2020/21 £000
65,685	Revaluation Reserve	108,229
215,296	Capital Adjustment Account	216,579
246	Deferred Capital Receipts Account	224
(38,312)	Pensions Reserve	(47,850)
507	Collection Fund Adjustment Account	(5,282)
(61)	Accumulated absences Account	(61)
243,363	Total Unusable Reserves	271,838

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost. If no surplus remains on a particular asset's account any further impairment must be charged to the surplus/deficit on the provision of services within the Comprehensive Income and Expenditure Statement,
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

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

2019/20 Restated £000	Revaluation Reserve	2020/21 £000
59,803	Balance at 1 April	65,685
5,883	Upward revaluation of assets	42,543
	Downward revaluation or impairment of assets not charged to the surplus/deficit on the provision of services	0
5883	(Surplus) or deficit in the revaluation of non-current assets	42,543
0	Difference between fair value depreciation and historical cost depreciation - written off to Capital Adjustment Account	0
65,685	Balance at 31 March	108,229

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 and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment and Investment Properties before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains and losses.

2019/20 Restated £000	Capital Adjustment Account	2020/21 £000
208,228	Balance at 1 April 2020	215,296
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(5,537)	Charges for depreciation of non-current assets	(5,979)
2,659	Revaluation (gains)/losses on property, plant and equipment	(2,316)
(235)	Amortisation of intangible assets	(148)
(0)	Revenue expenditure funded from capital under statute	540
(4,291)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(5,009)
0	Historic Depreciation v's Current Cost Depreciation	0
(7,404)		(12,912)
	Capital financing applied in the year:	
5,023	Use of the Capital Receipts Reserve to finance new capital expenditure	3,761
0	Capital Expenditure funded from revenue	1,737
2,726	Application of Grants to finance capital expenditure	2,354
0	Application of grants to capital fin from capital grants unapplied account	697
1,655	Statutory provision for the financing of capital investment charged against the GF (MRP)	1,876
5,068	Movement in market value of Investment Properties (dr/cr to CIES)	3,768
14,472		14,193
215,390	Balance at 31 March	216,579

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 Council 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.

2019/20 £000	Deferred Capital Receipts Reserve	2020/21 £000
246	Balance at 1 April	246
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	(22)
0	Transfer to the Capital Receipts Reserve upon receipt of cash	0
246	Balance at 31 March	224

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Further information is found in Note 36 in respect of Defined Benefit Pension Scheme.

2019/20	Pensions Reserve	2020/21
£000		£000
(48,133)	Balance at 1 April	(38,312)
124	Adjustments to opening balances as per actuary report	0
11,804	Actuarial (gains) or losses on pensions assets and liabilities	(8,592)
(5,459)	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	(4,374)
3,352	Employer's pensions contributions and direct payments to pensioners payable in the year	3,428
(38,312)	Balance at 31 March	(47,850)

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 tax-payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2019/20	Collection Fund Adjustment Account	2020/21
£000		£000
1,917	Balance at 1 April	508
(1,409)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic income calculated for the year in accordance with statutory requirements	(5,790)
508	Balance at 31 March	(5,282)

Note 24. Cash flow - Operating Activities

The cash flows for operating activities include the following items:

2019/20 Restated £000		2020/21 £000
(7,601)	Net (surplus) / deficit on the provision of services	(7,983)
(235)	Amortisation of intangible assets	(148)
(2,785)	Charges for depreciation and impairment on non-current assets	(8,296)
(796)	Increase / (decrease) in debtors	1,584
456	(Increase) / decrease in creditors	(5,403)
(186)	Contribution to provisions for bad and doubtful debt	(117)
17	Increase / (decrease) in inventories	38
(2,107)	Net charges made for retirement benefits (IAS19)	(945)
(4,291)	Carrying amount of non current assets sold	(5,008)
4,904	Other non-cash items charged to net surplus/deficit on provision of services	3,707
(5,113)	Adjustment to net (surplus) / deficit on the PoS for non-cash movements	(14,588)
5,082	Proceeds from the sale of PPE/Investment Properties/Intangible assets/other	4,300
5,082	Adjustment for items included in the net surplus/deficit for Provision of Services that are investing and financing activities	4,300
(7,635)	Net cash flows from operating activities	(18,271)
(3,595)	Interest Paid	(3,595)
319	Interest Received	165
(3,277)		(3,430)

Note 25. Cash flow - Investing Activities

2019/20 Restated £000		2020/21 £000
18,779	Purchase of property, plant and equipment, investment property and intangible assets	8,165
0	Purchase of short-term investments	5,000
669	Other payments for investing activities	1,271
(5,751)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,322)
0	Proceeds from short-term and long-term investments	(1,500)
(1,276)	Other receipts from investing activities	(484)
12,421	Net cash flows from investing activities	8,130

Note 26. Cash flow - Financing Activities

2019/20 Restated £000		2020/21 £000
(8,000)	Cash receipts of short and long term borrowing	0
285	Cash payments for reduction of finance lease	285
3,550	Other payments for financing activities	6,246
631	Repayment of short and long term borrowing	1,041
(3,534)	Net cash flows from financing activities	7,572

Note 26 a. Reconciliation of Liabilities arising from Financing Activities

	April 2020 £000	Financing Cashflows £000	Acquisitions £000	Other non- cash Changes £000	March 2021 £000
Long-term Borrowing	110,008	(1,041)	0	0	108,968
Short-term Borrowing	19,700	0	0	0	19,700
Lease Liabilities	1,819	(285)	0	0	1,534
Amounts included as part of the (debtor)/creditor balances:					
Amounts owed to/from Collection Fund Preceptors	1,952	(6,246)	0	0	(4,294)
Total Liabilities from financing activities	133,479	(7,572)	0	0	125,907

	April 2019 £000	Financing Cashflows £000	Acquisitions £000	Other non- cash Changes £000	March 2020 £000
Long-term Borrowing	102,639	7,369	0	0	110,008
Short-term Borrowing	19,700	0	0	0	19,700
Lease Liabilities	2,103	(285)	0	0	1,819
Amounts included as part of the (debtor)/creditor balances:					
Amounts owed to/from Collection Fund Preceptors	5,502	(3,550)	0	0	1,952
Total Liabilities from financing activities	129,944	3,534	0	0	133,479

Note 27. Senior Officer remuneration and staff over £50k

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

2019/20	£		£	2020/21
2	50,000	but less than	55,000	1

Excluded in the banding table above are those senior officers who are separately disclosed in the following remuneration of senior employee's table.

Remuneration of Senior Employees

2020/21	Salary inc allow-ances	Expenses	Benefits in kind	Comp for loss of office	Total remuneration inc allow-ances and fees	Employer pension contri-butions	Remun-eration including pension contri-butions
Post holder	£000	£000	£000	£000	£000	£000	£000
Chief Executive	64	0	0	179	243	22	265
Corporate Director - Resource	92	0	0	0	92	31	123
Head of Environmental Services	80	0	0	0	80	27	107
Head of Culture & Leisure	65	0	0	0	65	23	89
Head of CB Properties	84	0	0	0	84	29	113

2019/20	Salary inc allow-ances	Expenses	Benefits in kind	Comp for loss of office	Total remuneration inc allow-ances and fees	Employer pension contri-butions	Remun-eration including pension contri-butions
Post holder	£000	£000	£000	£000	£000	£000	£000
Chief Executive	106	0	0	0	107	36	143
Head of Housing	59	0	0	0	60	20	80
Corporate Director - Resource	90	1	0	0	91	31	122
Head of Environmental Services	65	3	0	0	68	22	90
Head of Culture & Leisure	65	1	0	0	65	22	87
Head of CB Properties	63	2	0	0	65	21	87

Note 28. Termination Benefits and Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies.

	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	Number compulsory	Number compulsory	Number other	Number other (Compromise Agreement)	Cost £000	Cost £000
£0 to <£20,000	0	0	0	1	0	5
£20,000 to <£40,000	0	0	1	1	22	25
£40,000 to <£60,000	0	0	0	0	0	0
>£60,000	0	0	0	1	0	178
	0	1	1	3	22	208

Note 29. Members' Allowances

The Council paid the following amounts to members of the Council during the year:

2019/20		2020/21
£000		£000
131	Basic Allowances	121
6	Expenses	1
41	Special Allowances	41
178		163

Note 30. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. A 'related party' is defined as being an Organisation with which the Council has dealings and where either officers or members of the Council have a controlling interest or influence in the activities of that organisation. Disclosure 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

Details of transactions are shown in note 32, Govt Grants and Grant Income.

Local Authorities

The Council has joint working arrangements with other Local Authorities for the delivery of the following services:

2019/20	Payments to / (from)	2020/21
£000		£000
74	Internal Audit Services - Welland Partnership	76
69	Joint Planning Unit - Kettering Borough Council, Borough Council of Wellingborough and Northamptonshire County Council	115
455	Encor Financial Services - East Northamptonshire Council	459
24	Central Admin Unit - East Northamptonshire Council, Borough Council of Wellingborough and Daventry District Council	56

Officers

No material officers' interests were reported in 2020/21.

Assisted Organisations

The Council paid the following grants to local organisations and community groups in which members had an interest. Grants were considered and awarded following proper consideration of declarations of interest made.

2019/20		2020/21
£000		£000
12	Beanfield Community Association	12
9	Stephenson Way Community Association	9
24	Corby Athletics Club	0
55	Team Work Trust	5
8	Oakley Vale Community Centre	9
15	Adrenaline Alley Trustee	0
1	Hope Church, Corby	0
23	Pen Green Children's Centre	9
15	Priors Hall Community Centre	5

Note 31. External Audit Related Costs

The sums disclosed below are those payable to auditors for the annual audit of the statement of accounts, statutory inspections and certification of grant claims.

2019/20		2020/21
£000		£000
40	Base audit (EY)	40
12	Grant claims (KPMG for HB subsidy claim)	20
52	Total	60

Note 32. Grant Income

The categories of government grants recognised in the financial statements are as follows:

2019/20 £000		2020/21 £000
	Credited to taxation and non-specific grant income;	
(0)	Revenue Support Grant (RSG)	(109)
(1,773)	New Homes Bonus	(2,065)
(0)	Other Third Party Contributions	(1,212)
0	New Burdens Grant	(26)
0	Council Tax Hardship Grant	(226)
0	Covid Admin Grant	(130)
(891)	Business Rate Reliefs	(4,607)
(2,665)	Total	(8,374)
	Credited to Services;	
(11,877)	Housing Benefit- DWP	(11,148)
(214)	Housing Benefit Admin grant- DWP	(223)
(0)	Towns Fund	(382)
(101)	Forest co-ordinator- HCA	(22)
(122)	Electoral registration- IER	0
(269)	Homelessness Support grant- DCLG	(348)
(8)	New Burdens- DCLG	0
(518)	Disabled Facilities grant- DCLG	(363)
(71)	Council Tax Admin Grant- DCLG	(70)
(5)	Cold Weather Payment- DCLG	0
(146)	Rough Sleepers- DCLG	(148)
(5)	S106 developer contributions (private sector)	0
(19)	Happening project- NCC	0
(88)	NNDR cost of collection	(87)
0	Furlough	(443)
0	Sales Fees and charges covid support grant	(991)
0	Covid Emergency support Grant	(1,346)
0	Additional Discretionary Covid Grants	(2,085)
(261)	Other	(314)
(13,706)	Total	(17,970)

Developer Contributions

The resources held within developers' contributions' have arisen mainly from Section 106 agreements. Section 106 receipts are monies paid to the Council by Developers as a result of the grant of planning permission where works are required to be carried out.

2019/20 £000	S106 Grants Receipts in Advance	2020/21 £000
(83)	Community safety	(81)
(1,197)	Community facilities	(854)
(3,108)	Regeneration & infrastructure	(2,322)
(102)	Parks & play areas	(103)
(4,491)	Total	(3,360)

Note 33. 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 capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2019/20 £000		2020/21 £000
145,724	Opening Capital Financing Requirement	155,098
	Capital investment;	
9,951	Property, Plant and Equipment	8,218
8,796	Investment Property	304
32	Intangible Assets	9
0	Revenue Expenditure Funded from Capital Under Statute	558
18,779	Total Expenditure	9,089
	Sources of capital finance;	
(2,726)	Major Repairs Reserve	(2,354)
(5,023)	Capital Receipts	(5,498)
(0)	Capital Grants and Other Contributions	(1,236)
(1,655)	Minimum Revenue Provision	(1,876)
(9,405)	Total sources of capital finance	(10,964)
155,098	Closing Capital Finance Requirement	153,223
	Explanation of movements in year	
(9,374)	Increase in underlying borrowing (unsupported)	(1,875)
(9,374)	Increase/(Decrease) in Underlying Need to Borrow	(1,875)

Note 34. Leases

Council as Lessee

Operating leases

The Council has acquired a number of photocopiers and has classified these as an operating lease.

The future minimum lease payments due are no material.

Under IAS 17 the Council has to determine if a lease transfers substantially all the risks and rewards incidental to ownership of an asset, if so this must be treated as a finance lease.

The Council has undertaken such review and deemed the leases shown above to be finance leases. These leases have not been restated as finance leases within the financial statements as the net impact to the balance sheet was considered to be immaterial.

Finance leases

In February 2019, the council entered into a shared service arrangement with Kettering Borough Council to deliver the refuse collection on behalf of the council. This arrangement includes the use of vehicles, plant and equipment over a 9 year lease contract. Therefore, the use of these assets are considered to be an embedded lease and the financial statements reflect the net impact as shown below:

2019/20	Present Value of minimum lease payments	2020/21
£000		£000
284	Not later than one year	285
1,121	Later than one year and not later than five years	1,113
698	Later than five years	419
2,103	Total	1,817
284	Current creditors	285
1,819	Long term creditors	1,532
2,103	Total	1,817

Council as Lessee

The Council leases out industrial and commercial units.

The future minimum lease payments receivable are:

2019/20		2020/21
£000		£000
4,438	Not later than one year	4,504
15,395	Later than one year and not later than five years	4,865
20,134	Later than five years	21,104
39,967	Total	30,474

The minimum lease payments receivable don't include rents that are contingent on events taking place after the lease was entered into, such as adjustment following rent reviews. In 2020/21 £550k contingent rent was receivable by the Council (2019/20 £270k).

Note 35. Defined Benefit Pension Scheme

Participation in Pension Schemes

As part of the terms and conditions of employments, the Council offers retirement benefits to its employees. Although the benefits will not actually be paid until employees retire, the Council has a commitment to make payments. This commitment needs to be disclosed at the time employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, a defined benefit final salary scheme, which is administered by Northamptonshire County Council (NCC). This is a 'funded' scheme, which means that both the Council and its employees make payments into the fund, calculated at a level intended to balance the future pension liabilities with the fund's assets. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year.

The NCC 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 Northamptonshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee.

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

Discretionary post-retirement benefits

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

Transactions relating to post-employment benefits

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made 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 [and Housing Revenue Account] via the movement in reserves statement. The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year.

The significant changes that have taken place during the year for a typical employer in the Fund are that:

McCloud and GMP cases

The McCloud case judgement found that the claimants had been treated less favourably on the grounds of age in applying reforms to the Public Sector pension schemes. An estimated McCloud judgement allowance has been added to the formal valuation results by the Actuary, so the impact continues to be included within the balance sheet at 31 March 2021 (as per the 2020 accounting approach). This allowance has been reduced to reflect the recent proposed changes to McCloud eligibility. This reduction is shown as a Past Service Gain within the profit & loss account.

An allowance for changes to GMP indexation was incorporated into the 2020 actuarial valuation results and is therefore reflected in the March 2021 year-end obligation figures for the Council. Please note the GMP indexation issue affecting public service schemes is not equivalent to the GMP equalisation issue affecting many private sector schemes (often referred to as the 'Lloyds case').

The amounts in the financial statements as at 31 March 2021 are based on the last formal valuation of the Fund which was carried out as at 31 March 2019. The underlying assets and liabilities for retirement benefits attributable to the authority at 31 March 2021 are as follows:

2019/20		2020/21
£000		£000
	Cost of Services:	
(4,471)	Current Service Cost	(3,492)
180	Past Service Cost	0
	Financing and Investment Income and Expenditure:	
2,092	Interest income on planned assets	1,821
(3,260)	Interest costs on defined benefit obligations	(2,703)
(5,459)	Total post-employment benefit charged to the deficit on the provision of services	(4,374)
	Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement:	
	Re-measurement of net defined benefit liability comprising:	
(9,610)	· Return on plan assets (Excluding the amount included in the net interest expense)	20,447
4,210	· Actuarial gains/(losses) arising on changes in demographic assumptions	(1,723)
9,814	· Actuarial gains and losses arising on changes in financial assumptions	(28,561)
7,390	· Other experience *	1,245
11,804		(8,592)
6,345	Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	(12,966)
	Movement in Reserves Statement	
2,107	Reversal of net charges made to the surplus/deficit on the provision of services	946
(3,352)	Employer's contributions payable to the scheme	(3,428)
(1,245)	Total Movement in Reserves Statement	(2,482)

* The 'other experience' item allows for the re-calibration to the latest formal valuation data. The actuary does not calculate this as the sum of individual factors. However, it does represent these factors in aggregate. As an example, some factors which are represented by this experience item are typically (but not exclusively):

- Salary increases higher/lower than expected
- Benefit increases higher/lower than expected
- Early leavers more/less than expected
- Pensions ceasing more/less than expected
- Transfers of service.

Assets and Liabilities Recognised in the Balance Sheet

2019/20	2020/21
£000	£000
79,282 Present value of the defined benefit obligation	101,202
(115,974) Fair value of Funded Liabilities	(147,386)
(1,620) Fair value of Unfunded liabilities	(1,666)
(38,312) Net liability arising from defined benefit obligation	(47,850)

Reconciliation of the movement in the fair value of scheme assets

2019/20	2020/21
£000	£000
87,041 Opening fair value of scheme assets balance as at 1 April	79,282
Adjustment to opening assets	
124	
87,165	79,282
2,092 Interest Income	1,821
Remeasurement gain/(loss)	
(9,610) The return on plan assets (Excluding amount included in net interest expense)	20,447
3,352 Contributions by the employer	3,303
634 Contributions by employees into the scheme	673
(4,221) Benefits paid	(4,199)
(130) Unfunded (Discretionary) benefits paid	(125)
79,282 Closing Balance at 31 March	101,202

Reconciliation of fair value of scheme liabilities

31 March 2020	31 March 2021
£000	£000
135,174 Opening balance as at 1 April	117,594
4,471 Current Service Cost	3,492
(180) Past Service	
3,260 Interest Cost	2,703
634 Contributions by scheme participants	673
Remeasurement (gains) and losses:	
(4,210) Actuarial losses/ (gains) from changes in demographic assumptions	1,723
(9,814) Actuarial losses / (gains) from changes in financial assumptions	28,561
(7,390) Other experience (see previous page for outline)	(1,245)
(4,351) Benefits paid	(4,449)
117,594 Closing balance at 31 March	149,052

Fair value of employers assets

The below asset values are at bid value as required under IAS19.

Where IAS19 asset splits were not available at the exact start and end dates, we have used the nearest IAS19 asset split prior to these dates.

2019/20 active £000	2019/20 non- active £000	2019/20 Total £000	2019/20 %		2020/21 active £000	2020/21 non- active £000	2020/21 Total £000	2020/21 %
				Equity securities;				
1,968	0	1,968	2	Consumer	1	0	1	0%
856	0	856	1	Manufacturing	0	0	0	0%
536	0	536	1	Energy & Utilities	0	0	0	0%
785	0	785	1	Fin. Institutions	0	0	0	0%
540	0	540	1	Health & Care	0	0	0	0%
594	0	594	1	Info. Tech.	0	0	0	0%
0	0	0	0	Other	0	0	0	0%
				Debt securities;				
0	0	0	0	Corp. Bonds (inv)	0	0	0	0%
0	0	0	0	C. Bonds (non-inv)	0	0	0	0%
0	8,554	8,554	11	UK govt	0	10,201	10,201	10%
0	0	0	0	Other				
				Private equity;				
0	1,735	1,735	2	All (UK & o/seas)	0	3,706	3,706	4%
				Property;				
0	5,964	5,964	8	UK	0	5,324	5,324	5%
0	410	410	1	Overseas		753	753	1%
				Inv funds / unit;				
0	45,509	45,509	57	Equities		63,514	63,512	63%
0	5,860	5,860	7	Bonds		9,341	9,341	9%
0	0	0	0	Hedge funds				
0	0	0	0	Commodities				
0	4,762	4,762	6	Infrastructure		6,341	6,341	6%
0	0	0	0	Other		0	0	0%
%				Derivatives;				
0	0	0	0	Inflation		0	0	0%
0	0	0	0	Interest rates		0	0	%
0	0	0	0	Foreign exchange		0	0	0%
0	0	0	0	Other		0	0	0%
1,208	0	1,208	2	Cash & cash equiv	2,023	0	2,023	2%
6,487	72,795	79,282	100	TOTAL ASSETS	2,024	99,178	101,202	100%

Actuarial Assumptions

Liabilities, for the purposes of IAS19, 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, longevity etc. The liabilities have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2021. The results of this valuation were projected forward using approximate methods.

2019/20	County Fund – Main Assumptions	2020/21
2.4%	Rate of increase in salaries	3.4%
1.9%	Rate of increase in pensions	2.9%
2.3%	Rate of discounting scheme liabilities	2.0%
Mortality assumptions:		
	Longevity at 65 for current pensioners	
21.5 years	Men	21.7
23.7 years	Women	24.1
	Longevity at 65 for future pensioners	
22.3 years	Men	22.8
25.1 years	Women	24.7

Sensitivity analysis:

	Approximate Increase to Employer Liability %	Approximate monetary amount £000
Change in assumptions at 31st March 2021		
0.1% decrease in real discount rate	2%	2,661
0.1% increase in the salary increase rate	0%	234
0.1% increase in the pension increase rate	2%	2,397

Impact on the Council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed 31st March 2022.

The scheme will need to take account of the National changes to the scheme under the Public Pensions Services Act 2013. Under the act, Local Government Pension Scheme in England and Wales and other main service schemes may not provide benefits in relation to the service after 31st March 2014 (or service after 31st March 2015 or other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

It is estimated that the Council's contribution for period to 31st March 2022 will be approximately £3.303m.

The weighted averages duration of the defined benefit obligation for scheme members is 19 years. The information included for all of the pension disclosure is provided by Hyman Robertson LLP, the Actuary for the Pension Fund.

Further information

Further information can be found in The Annual Report of the West Northamptonshire Council Pension Fund and is available on request from the Pensions Manager, Pensions Service, West Northamptonshire Council, One Angel Square, Angel Street, Northampton NN1 ED (Telephone: 01604 366537).

Note 36. Nature and Extent of Risks Arising from Financial Instruments

Fair value of assets and liabilities carried at amortised cost.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. The fair value is taken from the market price.

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

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investment have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

IFRS 13 introduces a three level of hierarchy for the inputs into fair value calculations:

- Level 1- quoted prices in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar Instruments
- Level 3- Fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

There have not been any assets and liabilities transferred between hierarchy levels during the financial year 2020/2021.

LIABILITIES	Fair Value Level	Balance Sheet 31.3.2020 £000	Fair Value 31.3.2020 £000	Balance Sheet 31.3.2021 £000	Fair Value 31.3.2021 £000
Financial Liabilities held at amortised cost:					
Long term loans from PWLB	2	(110,008)	(158,750)	(98,321)	(131,025)
TOTAL		(110,008)	(158,750)	(98,321)	(131,025)
Liabilities for which fair value is not disclosed		(24,722)		(29,648)	
Short term loans from PWLB				(10,646)	(10,916)
TOTAL FINANCIAL LIABILITIES		(134,730)	(158,750)	(138,615)	(141,941)
Recorded on the balance sheet as:					
Short term creditors		(5,022)		(9,948)	
Short term borrowing		(19,700)		(30,346)	
TOTAL SHORT TERM FINANCIAL LIABILITIES		(24,722)		(40,294)	
Long term borrowing		(110,008)		(98,321)	
Other long term liabilities		(0)		0	
TOTAL LONG TERM FINANCIAL LIABILITIES		(110,008)		(98,321)	
TOTAL FINANCIAL LIABILITIES		(134,730)		(138,615)	

ASSETS	Fair Value Level	Balance Sheet 31.3.2020 Restated £000	Fair Value 31.3.2020 Restated £000	Balance Sheet 31.3.2021 £000	Fair Value 31.3.2021 £000
Financial Assets held at fair value:					
Short term Investment	1	6,500	6,500	10,000	10,000
Financial assets held at amortised cost:					
Long term loans to local organisations	2	0	0	0	0
TOTAL		6,500	6,500	10,000	10,000
Assets for which fair value is not disclosed		6,561		8,314	
TOTAL FINANCIAL ASSETS		13,061		18,314	
Recorded on the balance sheet as:					
Short term debtors		6,229		8,004	
Short term investments		6,500		10,000	
TOTAL SHORT TERM FINANCIAL ASSETS		12,729		18,004	
Long term debtors		332		310	
Long term investments		0			
TOTAL LONG TERM FINANCIAL ASSETS		332		310	
TOTAL FINANCIAL ASSETS		13,061		18,314	

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

- 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 funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss may arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council has a Treasury Management Strategy in order to minimise risk when lending out money or borrowing, for instance by establishing criteria for selecting counter-parties. The Council also follows Treasury Management best practice as outlined by Chartered Institute of Public Finance Accountancy, in order to reduce risk.

Credit Risk

The Council always runs the risk that debtors do not make payments. Wherever possible, the Council provides services at the point of payment. Risk of non-payment is also reduced by procedures to monitor, measure debts and pursue debts on behalf of the Council. The Council monitors debts using aged debtor reports, reviewing how long debt has been outstanding. Another type of credit risk is the risk that the Council deposits money with financial institutions that fail. The Treasury Management Strategy outlines procedures to minimise this risk when selecting Counterparties.

The following analysis summarises the Council's potential maximum exposure to credit risk on receivables, based on historical experience of default and un-collectability. It relates to the sundry debtors element of the total debtors, including debts of individuals, entities and housing benefit claimants.

	Amount (A) 31-Mar-2021 £'000	Historical experience of default (B) %	Historical experience of default adj for market conditions (C) %	Estimated max exposure to default & un- collectability (A x C) 31-Mar-2021 £'000
Sundry debtors	3,885	5%	5%	194

Liquidity Risk

Liquidity risk is the risk that the Council runs out of cash to manage its day-to-day cash-flow. To minimise this risk, the Council monitors and anticipates future cash flows in order to plan for sufficient cash. The Council has debt collection procedures to ensure that it receives the money owing. Revenue and capital budgets are fully financed as per Local Government regulations and agreed by Council before the start of the financial year.

The maturity analysis of significant financial liabilities is as follows:

PWLB loan repayments	£'000
Less than 1 year	10,646
1 to 2 years	0
2 to 5 years	1,143
6 to 10 years	1,500
10 to 15 years	15,000
15 to 20 years	19,094
20 years +	61,587
	108,970

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

Market Risk

Interest Rate Risk

Market risk is the risk of financial loss arising from market movements, for example interest rate movements. The continued low interest rates in 2020/21 have reduced interest income received by the Council. This risk is mitigated for future years. Budgets have been set, taking low interest rates into consideration. Also interest rates are at the bottom of the cycle, which means in effect that they cannot fall much further. If current interest rates rise by 0.5% the interest payable will increase by £5k per annum for each £1m borrowed.

All borrowing and investments by the Council are at fixed interest rates, therefore a 1% increase or decrease on actual rates in 2020/21 would not have affected the Council's bottom line.

Price Risk

This is a risk that there is a change in the value of quoted investments. Excluding the Pension Fund, the Council does not invest in securities and equities with this type of risk. It should be noted that the Council does not manage the pension fund. This is done by Northamptonshire County Council.

Foreign Exchange Risk

This is the risk of fluctuations in the value of foreign currency. The Council has no financial assets and liabilities denominated in foreign currencies, so this risk does not apply.

Note 37. Heritage Assets

2020/21	Statue £000	Civic Regalia £000	Paintings £000	TOTAL £000
1 st April value	116	91	9	216
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Depreciation	0	0	0	0
31 st March value	116	91	9	216

2019/20	Statue £000	Civic Regalia £000	Paintings £000	TOTAL £000
1 st April value	116	91	9	216
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Depreciation	0	0	0	0
31 st March value	116	91	9	216

Statue, Civic Regalia and Paintings

The Authority's collection of paintings, civic regalia and statue is reported in the balance sheet at insurance valuation which is based on market values. These insurance valuations are updated annually.

Heritage Centres

The Authority has two heritage centres located at East Carlton Park and Corby Old Village; these assets have been classified as an operational asset and therefore have not been recognised within this note as a heritage assets.

Note 38. Trading Accounts

The Council has a number of trading units, which are required to operate in a commercial environment. These units generate income by supplying services to the general public or in some cases to Northamptonshire County Council. For commercial property holdings and trade refuse collection, the trading objective is to maximise the surplus. The objective for other trading units is to break even after covering all relevant overhead expenses. For all trading units, profits or losses are taken to the General Fund. The external trading operation for Highways Maintenance is undertaken for Northamptonshire County Council under powers contained in the Local Authorities (Goods and Services) Act 1970.

2020/21	Income £000	Exp. £000	TOTAL £000
Commercial property			
Industrial / housing development sites	(226)	37	(189)
Oakley Hay industrial estate	(174)	151	(22)
St Marks business centre	(74)	21	(53)
Other shops and offices	(1,191)	137	(1,055)
Corby Hub	(570)	293	(277)
Curver Way industrial	(1,619)	22	(1,598)
Mitchell road	(1,370)	44	(1,326)
Total commercial property	(5,225)	705	(4,520)
TOTAL- all trading operations	(5,225)	705	(4,520)

2019/20	Income £000	Exp. £000	TOTAL £000
Commercial property			
Industrial / housing development sites	(219)	66	(153)
Oakley Hay industrial estate	(168)	191	24
St Marks business centre	(63)	36	(27)
Other shops and offices	(1,220)	398	(822)
Corby Hub	(578)	467	(112)
Curver Way industrial	(1,637)	37	(1,600)
Mitchell road	(1,564)	43	(1,521)
Total commercial property	(5,450)	1,237	(4,213)
TOTAL- all trading operations	(5,450)	1,237	(4,213)

Note 39. Prior Period Adjustment

In compiling the statement of accounts for 2020/21 material errors in accounting practice were discovered that required prior period adjustments as detailed below:

- (a) Community centres had been incorrectly valued from 2018/19 based on fair value, rather than depreciated replacement costs. This has resulted in a material understatement of the asset's value reflected on the balance sheet.
- (b) Council owned surplus assets, had been incorrectly classified as property, plant and equipment and should be reclassified as investments assets. As investment assets they should be revalued every year and had not been revalued since 2017/18. This has resulted in a material overstatement of the asset's value reflected on the balance sheet.
- (c) The Council assets are revalued on an annual basis, the changes in valuation are accounted for either via the Comprehensive Income and Expenditure Statement and/or Revaluation Reserve. The accumulative changes in valuation held by asset for 2019/20 were not in line with the correct accounting treatment as required by the Code.
- (d) Disclosure note to the cashflow, was not included in the Statement of Accounts for 2019/20 as required by the code. This note discloses the reconciliation of liabilities arising from financing activities and has been included within Note 26 to the accounts. To complete this note the CIPFA Cashflow toolkit was used which has resulted in a material adjustment affecting only the cashflow statement and notes for 2019/20.
- (e) Note 8 expenditure and income analysed by nature, showed in 2019/20 support recharges separately on the face of the note of £5,021, which should have been reflected within other expenditure and has now been amended to reflect this reclassification.
- (f) Note 17 & note 36 included amounts for prepayments of £651k and income in advance of (£1,319k) in Loans and receivables and financial liabilities respectively, this has now been amended to correctly disclose this information for 2019/20.
- (g) Note 36 excluded short-term investment in 2019/20 of £6,500k, this has now been amended to correctly disclose this information for 2019/20.

None of the above restatements have affected the General Fund balance as reported in the accounts for previous years.

All the above errors have been corrected in the brought forward figures for 2018/19 and the comparative 2019/20 figures shown in the 2020/21 statement of accounts, together with the effects of the restatements on the primary statement of accounts as shown below:

Effect on the Comprehensive Income and Expenditure Statement 2018/19

2018/19	Original			Restated
Comprehensive Income and Expenditure Statements	Net Expenditure £000	Adjustments		Net Expenditure £000
Culture & Leisure	2,139	(971)	(a)	1,168
Net Cost of Services	7,150	(971)		6,179
Financing & Investment Inc & Exp (note12)	1,860	910	(b)	2,770
(Surplus) or Deficit on Provision of Services	(2,369)	(61)		(2,430)
(Surplus) or Deficit on Revaluation of Assets	(28,390)	(5,393)	(a)	(33,783)
Total Comprehensive Income & Expenditure	(27,566)	(5,454)		(33,020)

Effect on the Comprehensive Income and Expenditure Statement 2019/20

2019/20	Original Net Expenditure £000	Adjustments		Restated Net Expenditure £000
Comprehensive Income and Expenditure Statements				
Culture & Leisure	4,280	(6)	(a)	4,274
CB Property	(587)	(2,660)	(c)	(3,247)
Net Cost of Services	10,380	(2,666)		7,715
(Surplus) or Deficit on Provision of Services	(4,937)	(2,666)		(7,601)
(Surplus) or Deficit on Revaluation of Assets	(10,242)	4,359	(a) & (c)	(6,286)
Total Comprehensive Income & Expenditure	(27,107)	1,693		(25,414)

Effect on the Movement in Reserves Statement 2018/19

Movement in Reserves Statement 2018/19	Original		Adjustments			Restated	
	Total Usable Reserves £000	Unusable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000		Total Usable Reserves £000	Unusable Reserves £000
Balances as at 1 April 2018	37,611	187,990			(a)	37,611	187,990
Movement in Reserves							
Surplus/(Deficit) on provision of services	2,369		61		(a) & (b)	2,430	
Other comprehensive income and expenditure		25,197		5,393	(a)		30,590
Total Comprehensive Income and Expenditure	2,369	25,197	61	5,393		2,430	30,590
Adjustments between accounting basis & funding basis under regulations	(3,358)	3,358	(61)	61	(a) & (b)	(3,419)	3,419
Increase/(Decrease) in Year	(989)	28,555	0	5,454		(989)	33,773
Balance as at 31st March 2019	36,622	216,545	0	5,454		36,622	221,999

Effect on the Movement in Reserves Statement 2019/20

Movement in Reserves Statement 2019/20	Original		Adjustments			Restated	
	Total Usable Reserves £000	Unusable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000		Total Usable Reserves £000	Unusable Reserves £000
Balances as at 1 April 2019	36,622	216,543	0	5,454	(a) & (b)	36,622	221,999
Movement in Reserves							
Surplus/(Deficit) on provision of services	4,937		2,666		(a) & (c)	7,601	
Other comprehensive income and expenditure		22,170		(4,359)	(a) & (c)		17,811
Total Comprehensive Income and Expenditure	4,937	22,170	2,666	(4,359)		7,601	17,811
Adjustments between accounting basis & funding basis under regulations	(888)	888	(2,666)	2,666	(a) & (c)	(3,554)	3,554
Increase/(Decrease) in Year	4,049	23,058	0	(1,693)		4,049	21,365
Balance as at 31st March 2020	40,671	239,601	0	3,761	(a), (b) & (c)	40,671	243,364

Effect on the Balance Sheet 2018/19

Balance Sheet 2018/19	Original £000	Adjustment £000	Restated £000
Property, Plant & Equipment	347,251	4,385 (a)	351,636
Investment Property	70,352	1,070 (b)	71,422
Long Term Assets	418,612	5,455	424,066
Net Assets	253,165	5,455	258,619
Useable Reserves	36,622	0	36,622
Unusable Reserves	216,543	5,455 (a) & (b)	221,998
Total Reserves	253,165	5,455	258,619

Effect on the Balance Sheet 2019/20

Effect on the Balance Sheet 2019/20	Original £000	Adjustment £000	Restated £000
Property, Plant & Equipment	358,091	2,691	360,782
Investment Property	83,735	1,070	84,805
Long Term Assets	442,632	3,761	446,394
Net Assets	280,268	3,761	284,030
Useable Reserves	40,667	0	40,667
Unusable Reserves	239,601	3,761	243,362
Total Reserves	280,268	3,761	284,030

Effect on the Cash Flow Statement 2018/19

Cash Flow Statement 2018/19	Originally Stated £000	Adjustments £000	Restated £000
Net (Surplus)/Deficit on the Provision of Services	(2,369)	(61)	(2,430)
Adjustments to net surplus/deficit on provision of services for non-cash movements	(9,449)	61	(9,388)

Effect on the Cash Flow Statement 2019/20

Effect on the Cash Flow Statement 2019/20	Originally Stated £000	Adjustments £000	Restated £000	Movement based on CIPFA Cashflow Model (d) £000	Revised Cashflow statement £000
Net Surplus / (Deficit) on the provision of services	(4,936)	(2,666)	(7,601)		(7,601)
Adjustment to net surplus/deficit on provision of services for non-cash movements	(11,404)	2,666	(8,738)	3,622	(5,116)
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	5,751		5,751	(669)	5,082
Net cash flows from Operating Activities (Note 24)	(10,589)	0	(10,589)	2,954	(7,635)
Investing Activities (Note 25)	12,710		12,710	(289)	12,421
Financing Activities (Note 26)	(869)		(869)	(2,665)	(3,534)
Net increase/(decrease) in cash and cash equivalents	1,252	0	1,252	0	1,252
Cash and cash equivalents at the beginning of the reporting period	(10,887)		(10,887)	0	(10,887)
Cash and cash equivalents at the end of the reporting period	(9,635)	0	(9,635)	0	(9,635)

In addition, the comparison figures on the following disclosure notes have been restated:

Note 7 - Expenditure and Funding Analysis

Note 8 - Expenditure and Funding Analysis by Nature

Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations

Note 14 - Property, Plant and Equipment

Note 15 - Investment Property

Note 23 - Unusable Reserves

Note 24 – Net cashflow from Operating Activities

Note 25 – Investing Activities

Note 26 – Financing Activities

Housing Revenue Account

HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and Government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2019/20 £000		Note	2020/21 £000
	INCOME		
(17,924)	Dwelling rents	3	(18,526)
(122)	Non-dwelling rents		(129)
(915)	Charges for services and facilities		(853)
(80)	Contribution to expenditure		(167)
(19,041)	Total Income		(19,675)
	EXPENDITURE		
5,279	Repairs and Maintenance		5,110
5,736	Supervision and Management		6,159
372	Rent, Rates, Taxes and Other Charges		608
3,451	Depreciation and Impairment of Non-current Assets	5	3,734
65	Inc/(dec) provision for bad/doubtful debts		(101)
14,902	Total Expenditure		15,510
(4,139)	Net (income)/ cost of Service		
485	HRA services' share of corporate and democratic core		537
(3,654)	Net (income)/ cost of HRA service		(3,627)
	HRA share of the operating income and expenditure included in the CIES		
(963)	(Gain) or loss on sale of HRA non-current assets		(1,055)
2,444	Interest Payable		2,446
(126)	Interest Income		(22)
606	Pension interest costs & expected return on pension assets		458
1,962			1,827
(1,693)	Surplus) or deficit for the year on HRA Services		(1,800)

Movement in Housing Revenue Account Reserves

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Council is required to account for the net costs of Council Housing in a different way.

This statement below and the detailed reconciling items on the following page summarise the differences between the outturn on the HRA Income and Expenditure Account and the Housing Revenue Account Balance.

2019/20 £000		2020/21 £000
3,590	Balance on the HRA at the end of the previous year	3,788
(127)	Opening balance adjustment	(1)
3,463	Revised opening balance	3,787
1,693	Surplus / (deficit) for the year on the HRA Income and Expenditure Statement	1,800
132	Adj's between accounting basis and funding basis under statute	(621)
1,825	Net increase or (decrease) before transfers to or from reserves	1,180
(1,500)	Transfer (to) / from earmarked reserves	(1,605)
325	Increase / (decrease) in year on the HRA	(426)
3,788	Balance on the HRA at the end of current year	3,360
	Adj. between accounting & funding basis under statute	
963	Gain or Loss on sale of HRA non-current assets	1,055
(1,095)	Adjustments involving the Pensions Reserve (CIES & ERs)	(458)
0	Capital Expenditure funding in year by the HRA	44
0	Pensions	(20)
(132)	Net adjustment	621

Notes to the Housing Revenue Account

Note HRA1 Housing Stock

The Council had dwellings available to let at 31st March 2021. Details of the types of dwellings and the movement of housing stock are summarised below:

	1 April 2020	Additions	Disposals	31 March 2021
Low rise flats	1,045	10	(4)	1,051
Medium rise flats	439	12	(4)	447
Houses and bungalows	3,136	18	(31)	3,123
Total	4,620	40	(39)	4,621

Note HRA2 Value of Assets

The Balance Sheet values of assets are set out below:

2019/20 Restated * £'000s	Balance Sheet Value	2020/21 £'000s
Operational Assets		
250,180	Dwellings	296,178
1,309	Plant and Equipment	1,140
217	Intangible Assets	95
251,707		297,414
4,128	Assets under construction	916
255,843	Total	298,329

* Restated note for 19/20 applies only to Assets under construction which was shown as the full amount of £6,882k being allocated to the HRA incorrectly – this has been adjusted to reflect the HRA element of Assets under construction for 19/20 and does not affect any other statement or notes.

The values shown for operational dwellings are the estimated existing use values for social housing. This valuation method represents 42% of the relevant open market values, reflecting the economic cost to the Council of its obligation to provide social housing at rents that are set below market levels.

Property not used for housing purposes are shown at estimated open market value.

All values are shown net of cumulative depreciation, except for the non-operational properties, which are shown at open market value.

Note HRA3 Rent Income - Dwellings

The gross rent income is the amount due if all the Council dwellings were rented for 52 weeks of the year.

At 31 March 2021 there were 52 vacant properties This represented 1.13% of the housing stock, compared to vacant properties 1.34% at the end of the previous year.

The average rent being charged at 31 March 2021 was £83.12 a week compared to £82.27 at 31 March 2020 reflecting a 1.03% average decrease in weekly rent from 1 April 2020 (based on a 48 week rent year).

Note HRA4 Rent Arrears – Dwellings

The amount of rent arrears, (owed by current and former tenants), as a proportion of net rent income was 6.77% at 31 March 2021 compared with 5.81% at 31 March 2020. Details of the arrears are set out below:

2019/20 £'000s	Rent Arrears	2020/21 £'000s
475	Current Tenants Arrears	589
584	Former Tenants Arrears	674
1,059	Total	1,263

The provision for bad and doubtful debts in respect of dwelling rent arrears amounts to £0.808m at 31 March 2021. This sum formed part of the total HRA bad debts provision of £1.417m.

Note HRA5 Depreciation

Depreciation charges were made to the HRA in respect of the following;

2019/20 £'000s	Depreciation	2020/21 £'000s
3,247	Dwellings	3,280
52	Vehicles, Plant and Equipment	326
3,299		3,606
152	Intangible Assets	128
3,451	Total	3,734

The Council has decided to set the depreciation charge for dwellings and other facilities at the actual level of the depreciation rather than Major Repairs Allowance. This represents a more accurate charge for the use of assets, although any additional depreciation over Major Repairs Allowance does not impact on the HRA Land values are not subject to depreciation.

Depreciation charges for computer assets are calculated using the "straight line" method.

Depreciation charges for vehicles are calculated using the "decreasing balance method" based on an estimate of the useful life of each vehicle.

Prior to 2019/20 the depreciation rate of council dwellings was 39 years, after reviewing the economic life of the council dwellings and expected ongoing economic benefit that they would generate in rental income for the council, this was increased to 54 years. The impact of this change if applied to the current value of council dwellings in 20/21 would have been a depreciation charge of £4.5m in year compared to the actual charge of £3.3m.

Note HRA6 Valuation of Non-Current Assets

The Council's Council dwellings are required to be valued each year and is currently done so by Wilkes Head and Eve on Existing Use Value (using a Beacon approach. The annual valuation was carried out as at 31st March 2021 and there was an overall revaluation gain of £41,749m (2019/20 - £3.614m) on operational HRA assets.

2019/20 £'000s	Revaluations	2020/21 £'000s
3,614	Dwellings	41,749

Note HRA7 Major Repairs Reserve

The MRR has two functions, the first is to act as a credit entry for the cost of depreciation on Council dwellings The second is to hold unused balances of Major Repairs Allowance which can be used in future years The MRA is a notional amount which can only be used to finance capital expenditure and represents the estimated annual cost of maintaining the Council's stock at its existing level.

Council dwelling depreciation is lower than MRA, therefore an adjustment is required to ensure there is no bottom-line impact on the HRA. The transactions on the MRR for 2020/21 and 2019/20 are detailed below.

2019/20 £'000s	Major Repairs Reserve	2020/21 £'000s
349	Balance at 1 April	1,074
3,247	Depreciation – Council Dwellings	3,280
204	Depreciation – Other Assets	454
(2,726)	Amount used to finance capital expenditure	(2,354)
1,074	Balance at 31 March	2,453

Note HRA8 Capital Expenditure and Financing

The following capital expenditure was incurred during the year:

2019/20 £'000s		2020/21 £'000s
	Capital Expenditure;	
2,726	Council Dwellings	1,801
3,931	Assets under construction	3,909
1,171	Other Assets (VPE and Intangibles)	201
7,829	Total	5,911
	Financing;	
2,726	Major Repairs Reserve	2,355
5,103	Capital Receipts	3,512
0	Borrowing	0
0	Grants	0
0	Earmarked Reserves	45
7,829	Total	5,911

Note HRA9 Capital Receipts

The following table shows capital receipts generated during the year:

2019/20 £'000s	Housing Capital Receipts	2020/21 £'000s
4,611	Balance at 1 April	4,374
4,866	Dwelling sales	2,651
-	Less receipts pool to the Government	(407)
(5,103)	Less application of useable receipts for capital financing	(3,512)
(237)	Total in year capital receipts	(1,268)
4,374	Balance at 31 March	3,109

It is the Council's policy to transfer capital receipts not required to finance future housing capital payments to the General Fund.

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities, like Corby Borough 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 non-domestic rates.

2019/20			2020/21			
Council Tax	Non-Domestic Rates	Total	Council Tax	Non-Domestic Rates	Total	
£000	£000	£000	£000	£000	£000	
INCOME;						
(35,001)	-	(35,001)	Council Taxpayers	(36,843)	-	(36,843)
-	(37,876)	(37,876)	Business Rates	-	(30,985)	(30,985)
-	853	853	Transitional Protection Payment	-	155	155
(35,001)	(37,023)	(72,024)	Total amounts to be credited	(36,843)	(30,830)	(67,673)
EXPENDITURE;						
App of previous years surplus/(deficit)						
0	1,347	1,347	Central Government	0	1,411	1,411
92	1,077	1,170	Corby Borough Council	123	1,606	1,729
577	269	846	Northamptonshire County Council	764	974	1,738
103	0	103	Police and Crime Commissioner for Northamptonshire	151	24	175
27	0	27	Northamptonshire Comm Fire & Rescue	38	0	38
Precepts, Demands & Shares						
-	9,038	9,038	Central Government	-	20,058	20,058
3,888	14,460	18,348	Corby Borough Council	3,997	16,046	20,043
24,220	12,291	36,511	Northamptonshire County Council	25,818	3,610	29,428
4,801	-	4,801	Police and Crime Commissioner for Northamptonshire	5,122	-	5,122
1,191	362	1,552	Northamptonshire Comm Fire & Rescue	1,245	401	1,646
Charges to Collection Fund						
831	982	1,813	Increase/ (decrease) in allowance for impairment	556	658	1,214
-	402	402	Increase/ (decrease) in allowance for appeals	-	153	153
-	88	88	Cost of Collection	-	87	87
729	3,294	4,023	(Surplus)/Deficit for the year	971	14,198	15,169
(1,534)	(4,325)	(5,859)	(Surplus)/Deficit Brought Fwd	(805)	(1,031)	(1,836)
(805)	(1,031)	(1,836)	(Surplus)/Deficit Carried Fwd	165	13,167	13,333

Notes to the Collection Fund

CF1. Council Tax

The Council's tax base i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings is calculated as detailed below:

2019/20 Band D Equiv.	Band	Estimated number of taxable properties after discounts	Ratio	2020/21 Band D Equiv.
22	A+ disabled	38	5/9	21
8,274	A	12,404	6/9	8,269
4,731	B	6,137	7/9	4,773
3,622	C	4,162	8/9	3,699
2,922	D	2,993	9/9	2,993
1,958	E	1,652	11/9	2,019
432	F	309	13/9	447
243	G	150	15/9	250
22	H	11	18/9	22
22,226	Tax base at Band D			22,493
(2,434)	Net effect of premiums & discounts			(2,205)
(198)	Non-collection provision			(203)
19,594	(A) Council Tax Base			20,085
1,740.34	(B) Average tax for year at Band D			1,801.44
34,100,383	Tax due at start of year (A) x (B)			36,181,922
900,972	Net changes during the year			660,761
35,001,355	Total Council Tax Income			36,842,683

In 2013/14, the local government finance regime was revised and Council Tax Benefit is no longer received by the Council. This has been replaced by a Council Tax Support Scheme which is administered by the Authority.

CF2. Non Domestic Rates (NDR)

The Council collects non-domestic rates for its area, which are based on local rateable values multiplied by a national uniform rate set by the Government, for industrial and commercial premises. Previously, the total amount due, less certain allowances, was paid to a central pool (NNDR Pool) managed by Central Government, which, in turn, paid to Local Authorities their share of the pool. This allocation was based on a standard amount per head of the local adult population.

In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increased the financial risk due to volatility and non-collection of rates. The Council is working with other Councils across Northamptonshire to continue the pooling arrangements across the County.

In 2020/21 the local share was 40%, with the remainder being distributed to Central Government (50%) and Northamptonshire County Council (9%) and Northamptonshire Fire & Rescue (1%).

The total non-domestic rateable value as at 31 March 2021 was £94,882,750, the equivalent figure for 31 March 2020 was £87,768,055. The National Domestic Rate multiplier for 2020/21 was 51.2p, the

equivalent figure for 2019/20 was 50.4p. Small business rate multiplier rate for 2020/21 was 49.9p, the equivalent figure for 2019/20 was 49.1p.

CF3. Collection Fund surplus/ deficit

The (surplus)/deficit shown in the Collection Fund is only the Council's share of the total (surplus) / deficit, which is distributed in proportion to the value of the respective precepts and demand made by Northamptonshire County Council, The Police and Crime Commissioner for Northamptonshire, Central Government and Corby Borough. The in-year (surplus)/ deficit is as follows:

2019/20 £000	Council Tax (surplus) / deficit	Movement £000	2020/21 £000
(805)	(Surplus) / deficit for the year	969	164
	Proportional Shares;		
(92)	Corby Borough Council	110	18
(572)	Northamptonshire County Council	689	117
(113)	Police and Crime Commissioner for Northamptonshire	119	6
(28)	Northamptonshire Comm Fire & Rescue	51	23
(805)	Total	971	164

2019/20 £000	NNDR (surplus) / deficit	Movement £000	2020/21 £000
(1,031)	(Surplus) / deficit for the year	14,198	13,167
	Proportional Shares;		
(412)	Corby Borough Council	5,680	5,268
(350)	Northamptonshire County Council	2,281	1,931
(258)	Central Government	6,097	5,839
(10)	Northamptonshire Comm Fire & Rescue	141	131
(1,031)	Total	14,198	13,167

CF4. Council tax/ NNDR bad debt provision

The Collection Fund account provides for bad debts on Council Tax and NNDR arrears on the basis of prior year's experience and current years collection rates.

2019/20 £'000s	Provision for bad and doubtful debts	2020/21 £'000s
2,776	Council tax opening provision	3,394
(213)	Write offs in year	(240)
831	Contribution (from) / to provision	556
3,394	Council tax closing provision	3,710
1,058	NNDR opening provision	1,556
(483)	Write offs in year	(126)
982	Contribution (from) / to provision	658
1,556	NNDR closing provision	2,089
4,950	Total Provisions	5,799

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 31st March 2021.

2019/20 £'000s	NNDR appeals	2020/21 £'000s
1,587	Opening provision	1,987
(800)	Write offs in year	-
1,200	Contribution (from) / to provision	153
1,987	Closing Provisions	2,140

Annual Governance Statement 2021/21

Introduction

Good governance is about how the Council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner.

Our Commitment

Corby Borough Council acknowledges its responsibility and is committed to ensuring the highest possible standards of good corporate governance (incorporating the system of internal control), believing that good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council and ultimately good outcomes.

Good governance flows from shared values, culture and behaviour and from systems and structures. This Code of Corporate Governance is a public statement that sets out the framework through which the Council meets its commitment to good corporate governance.

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

Corporate governance for the Council is based on the following principles recommended by CIPFA/SOLACE in a joint document entitled 'Delivering Good Governance in Local Government' which builds on the seven Principles for the Conduct of Individuals in Public Life:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimize the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

This document describes how the Council achieves the seven principles of good governance and describes how the Council's corporate governance arrangements will be monitored and reviewed.

Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law;

- Behaving with integrity

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect through its Constitution, Business Plan and other key policies. • The Council's Codes of Conduct for officers and members, and supporting guidance, communicate the expectation that members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated, thereby protecting the reputation of the organisation. • The Council has in place a Behaviours PRIDE Framework, which ensures that the Council's vision and values are communicated to, and understood by, staff. This framework forms the basis of the annual staff appraisal process. • The Council has in place arrangements to ensure that Councillors and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and has in place appropriate processes to ensure that they continue to 	<ul style="list-style-type: none"> • Council Business plan • The Council's Constitution • Members Code of Conduct • Officers Code of Conduct • Register of Members' Interests • Declaration of Interest Guidance • Rules relating to Gifts and Hospitality • Members Induction/Training • Financial Regulations

<p>operate in practice. This includes maintaining the statutory Register of Members Interests and requiring officers to make Declarations of Interests.</p> <ul style="list-style-type: none"> The Council has in place arrangements to ensure that core corporate policies and processes are designed in conformity with ethical standards and are reviewed on a regular basis to ensure they are operating effectively. 	<ul style="list-style-type: none"> Contract Procedure Rules Scheme of Delegation Grievance Policy and Procedure Information Governance Policies
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- Demonstrating strong commitment to ethical values

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> The Council's Constitution establishes a clear ethical framework for the Council's operation, and core corporate policies and procedures place emphasis on agreed ethical values. The Council's Codes of Conduct and Behaviours PRIDE Framework ensures that personal behaviour is underpinned with ethical values which permeate all aspects of the organisation's culture and operation. The Council maintains an effective Constitution and Ethics Committee. The Council's Partnerships Governance Guidance sets out key considerations to ensure that partnerships act with integrity and in compliance with the ethical standards expected by the organisation. 	<ul style="list-style-type: none"> The Council's Constitution Constitution and Ethics Committee Partnerships Governance Guidance Members Code of Conduct Officers Code of Conduct PRIDE Behaviours Framework

- Respecting the rule of law

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> The Council's policies and culture set the tone for members and staff to demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations, and ensure that statutory officers, other key post holders, and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. The Council maintains and implements a Whistleblowing Policy to enable employees to raise any concerns of wrongdoing in confidence and without fear of reprisal. External suppliers, members of the public and Councillors may raise any concerns about suspected illegal or illegitimate practices via the Council's formal Complaints Procedure. The Council recognises the limits of lawful action and observes both the specific requirements of legislation and the general responsibilities placed on it by public law. The Council observes all specific legislative requirements placed upon it, as well as the requirements of general law, and deals with breaches of legal and regulatory provisions effectively. The Council strives to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders. The Council ensures corruption and misuse of power are dealt with effectively through the Anti-Fraud and Corruption Policy. 	<ul style="list-style-type: none"> Anti-Fraud and Corruption Policy Anti-Money Laundering Policy Whistleblowing Policy Formal Complaints Procedure Role of the Monitoring Officer as per the Constitution

Ensuring openness and comprehensive stakeholder engagement;

- Openness

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> The Council's Constitution, Forward Plan and cross-party Committee system ensures that decision-making is open and there is appropriate oversight and challenge, with an organizational commitment to openness. 	<ul style="list-style-type: none"> Forward Plan The Council's Constitution

<ul style="list-style-type: none"> • The Council makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Committee meetings are held in public, and minutes and papers are available to the public on the Council's website, including regular financial and performance forecasts. If a decision needs to be kept confidential, then the justification for this is provided. • The Council's Business Plan, Statements of Accounts, and key strategies are available through the County Council Website. • An effective Internal Audit function is resourced and maintained, with regular reporting to the Audit and Accounts Committee. • The Council is committed to being transparent, accountable and to increasing the amount of data it publishes for reuse by others. The Council maintains websites to enable public access to data. • The Council uses formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action. 	<ul style="list-style-type: none"> • Committee System • Internal Audit • Audit and Accounts Committee • Council websites • Publication Scheme • Freedom of Information • FOI Disclosure Log • Business Plan • Statement of Accounts • Committee agendas, reports and minutes • Register of Members' Interests
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- Engaging comprehensively with institutional stakeholders

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council considers those institutional stakeholders to whom the authority is accountable, to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably. • The Council aims to develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. The Council's Partnerships Governance Guidance aims to ensure that partnerships are based on trust, a shared commitment to change, and a culture that promotes and accepts challenge among partners. 	<ul style="list-style-type: none"> • Partnerships Governance Guidance • The Council's Constitution • Recognition Agreement (unions)

- Engaging with individual citizens and service users effectively

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Committee meetings are held in public, and minutes and papers are available to the public on the Council's website, including regular financial and performance forecasts. If a decision needs to be kept confidential, then the justification for this is provided. • The Council consults on its Business Plan proposals and other key aspects of its vision, strategic plans and priorities, with the local community and other key stakeholders. The Council takes account of the impact of decisions on future generations of tax-payers and service users. • The Council encourages, collects and evaluates the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. The Council maintains a customer feedback and complaints procedure to enable stakeholders to submit their views on Council performance and services. 	<ul style="list-style-type: none"> • Business Plan Consultation • Public consultation • Community Impact Assessments • Digitalisation

Defining outcomes in terms of sustainable economic, social and environmental benefits;

- Defining outcomes

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:

<ul style="list-style-type: none"> • The Council's Business Plan forms its agreed statement of the organisation's purpose and intended outcomes, which provides the basis for the authority's overall strategy, planning and other decisions. The Business Plan sets out the Council's Vision and defines the key outcomes for the people of Corby. • The Business Plan sets out how the Council will deliver defined outcomes on a sustainable basis, within the resources that will be available. It also specifies the intended impact on, or changes for, stakeholders including citizens and service users, for the next five years. • The Business Plan sets out Key Performance Indicators (KPIs) to be used to assess the achievement of the Council's outcomes. The Council's corporate KPIs are reported to the Audit and Governance Committee as part of the regular reporting. • The Council operates a risk management system to identify and manage risks. The Corporate Risk Register is reported to and reviewed by the Council's Senior Management Team and the Audit and Governance Committee on a regular basis. 	<ul style="list-style-type: none"> • Business Plan • Strategic Management Team • Risk Management Policy and Procedures • Corporate Risk Register • Statement of Accounts • Integrated Finance & Performance Reports • Capital Strategy (in Business Plan)
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- Sustainable economic, social and environmental benefits

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council considers and balances the combined economic, social and environmental impact of policies and plans when taking decisions. The Council seeks to take a longer-term view with regard to decision-making, which takes account of risks. • Community Impact Assessments are undertaken for the key proposals included in the Council's Business Plan, which identify the impact of decisions on different groups within the communities affected by the proposals. The Business Plan also incorporates the results of consultation with the local community and businesses. • The Council seeks to determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. • The Council identifies and monitors corporate performance indicators, which demonstrate performance against the Council's planned outcomes and how benefits are being delivered. • The Council maintains a prudential financial framework, balancing commitments with available resources and monitoring income and expenditure levels to ensure a sustainable balance is achieved. 	<ul style="list-style-type: none"> • Business Plan • Business Plan Consultation • Annual Statement of Accounts • External Auditors reports • Finance & Performance Reporting

Determining the interventions necessary to optimise the achievement of the intended outcomes;

- Determining interventions

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council's Business Planning process incorporates Business Cases for proposed projects and savings, ensuring decision makers receive objective and rigorous analysis of a variety of options for achieving outcomes, indicating how intended outcomes would be achieved and associated risks. This ensures best value is achieved, however services are provided. • The Council's consultation ensures that decision-makers consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required, in order to prioritise competing demands within limited 	<ul style="list-style-type: none"> • Business Plan • Business Cases • Business Plan Consultation • Community Impact Assessments

resources available including people, skills, land and assets and bearing in mind future impacts.	
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- Planning interventions

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council has an established five-year Corporate Plan for the Council that informs the development of strategic and operational plans, priorities and targets. The Business Plan is reviewed annually meaning that mechanisms for delivering outcomes are regularly reviewed and can be adapted to changing circumstances. • The Council has a medium-term financial plan, including estimates of revenue and capital expenditure. Budgets are prepared in accordance with the Council's objectives, strategies and the Business Plan. • The Corporate Plan establishes appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. The Council ensures that capacity exists to generate the information required to review service quality regularly. • As part of the planning process, the Council engages with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. 	<ul style="list-style-type: none"> • Corporate Planning process • Business Plan • MTFS • Partnerships Governance Guidance • Business Plan Consultation • Community Impact Assessments

- Optimise achievement of intended outcomes

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council ensures the Corporate Plan integrates and balances service priorities, affordability and other resource constraints, and that the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. • The Council's Corporate Plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period, in order for outcomes to be achieved while optimising resource usage. • Achievement of Corporate Plan outcomes is monitored and reported to the Council's Senior Management Team through Finance and Performance Reports and other reporting. • The Council maintains a robust system of risk management which identifies risks to the achievement of the Council's intended outcomes and puts in place mitigating actions to support achievement. • The Council maintains systems of business continuity and emergency planning to deal with failures in service delivery or emergencies which may threaten achievement of the Council's intended outcomes. 	<ul style="list-style-type: none"> • Corporate Plan • Risk Management Policy • Corporate Risk Register • Finance and Performance Reports • Senior Management Team • Business Continuity Plans • Emergency Planning

Developing the entity's capacity, including the capability of its leadership and the individuals within it;

- Developing the entity's capacity

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council recognises the benefits of partnerships and collaborative working where added value can be achieved. 	<ul style="list-style-type: none"> • Recruitment and Selection Policy and Toolkit

<ul style="list-style-type: none"> • The Council maintains robust recruitment and selection processes to ensure that the Council is able to attract suitable candidates, ensuring a diverse workforce that will add value to the organisation. The Council also maintains a secondment policy to ensure that internal resource can be diverted to the areas that will add most value, and to develop the capabilities of staff. • The Council seeks to understand the capacity of its workforce and any gaps, and workforce development strategies are in place to develop the organisation's capacity as required to enhance the strategic allocation of resources. • The Council reviews its operations, performance and use of assets on a regular basis to ensure their continuing effectiveness and seeks to improve resource use through appropriate application of techniques such as benchmarking and other options, in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently. 	<ul style="list-style-type: none"> • Secondment Policy • Workforce Development Strategies • Finance and Performance Reporting • Corporate Risk Register
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- Developing the capability of its leadership and other individuals

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council's Constitution and Scheme of Delegation set out a clear statement of the respective roles and responsibilities of the Council's Executive, the Full Council and individual members. The Scheme of Delegation clarifies the type of decisions that are delegated and those reserved for collective decision making of the governing body. Committee Terms of References set out a clear statement of the respective roles and responsibilities of the Council's Committees. This ensures that a shared understanding of roles and objectives is maintained • The Council maintains protocols to ensure effective communication between Council Members and officers in their respective roles. • The Chief Finance Officer is a member of the Senior Management Team and thus has direct access to the Chief Executive and other members of the leadership team. • The Council develops the capabilities of members, senior management, and officers to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks, by: <ul style="list-style-type: none"> ➢ Ensuring Members and staff have access to appropriate induction tailored to their role, and that ongoing training and development matching individual and organisational requirements is available and encouraged; ➢ Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis; ➢ Holding staff to account through regular performance reviews which take account of training or development needs; ➢ Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external; ➢ Ensuring arrangements are in place to maintain the health and wellbeing of the workforce, and support individuals in maintaining their own physical and mental wellbeing. 	<ul style="list-style-type: none"> • The Council's Constitution • Scheme of Delegation • Committee Terms of Reference • Members Code of Conduct • Officers Code of Conduct • Protocol on Members/Officer Relations • Workforce Development Strategies • Induction Policy • Corporate Induction • Members Induction Programme • Member Development Programme • Performance Appraisal • Role of Internal Audit • CFO member of SMT

Managing risks and performance through robust internal control and strong financial management;

- Managing risk

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council recognises that risk management is an integral part of all activities and must be considered in all aspects of decision making. Robust and integrated risk management arrangements are in place and regularly reviewed to ensure that they are working effectively. Risk management is embedded into the culture of the Council. • The Council ensures that responsibilities for managing individual risks are clearly allocated, and the Corporate Risk register is reported to and reviewed by the Council's Senior Management Team and Audit and Governance Committee on a regular basis. 	<ul style="list-style-type: none"> • Risk Management Policy • Risk Management Procedures • Corporate Risk Group • Corporate Risk Register • Audit and Governance Committee • Risk Reports to Committees • Project Management guidance

- Managing performance

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • Members and senior management are provided with regular reports on performance and progress towards outcome achievement. • The Council makes decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook. • The Council encourages effective and constructive challenge and debate on policies and objectives, to support balanced and effective decision making. 	<ul style="list-style-type: none"> • Finance and Performance Reporting • Committee agendas, reports and minutes • Customer Feedback • Internal Audit Reports

- Robust internal control

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council ensures effective counter fraud, anti-corruption and anti-money laundering arrangements are in place. • Additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by Internal Audit. • The Audit and Accounts Committee is independent of the executive and accountable to the governing body, and: <ul style="list-style-type: none"> ➢ provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; ➢ ensures that its recommendations are listened to and acted upon. 	<ul style="list-style-type: none"> • Anti-Fraud and Corruption Policy • Anti-Money Laundering Policy • Internal Audit • Internal Audit Annual Report • Annual Governance Statement • Risk Management Policy • Risk Management Procedures • Corporate Risk Register • Audit and Accounts Committee

- Managing data

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council's information governance policies and procedures ensure that effective arrangements are in place for the safe 	<ul style="list-style-type: none"> • Data Protection Policy

<p>collection, storage, use and sharing of data, including processes to safeguard personal data.</p> <ul style="list-style-type: none"> • The Council has a designated Senior Information Officer (SIO) who has lead responsibility to ensure that organizational information risks are properly identified and managed. • The Council ensures effective arrangements are in place and operating effectively when sharing data with other bodies. 	<ul style="list-style-type: none"> • Freedom of Information/EIR Regulations Policy • Records Management Policy • Data Management Policy
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- Strong public financial management

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council ensures that its financial management supports both long term achievement of outcomes and short-term financial and operational performance. • The Council ensures well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. • The Council ensures that officers with a role in financial management are provided with the support and resources to ensure strong public financial management. 	<ul style="list-style-type: none"> • Financial Regulations • Finance and Performance Reporting • Corporate Plan • Business Planning Process

Implementing good practice in transparency, reporting and audit to deliver effective accountability;

- Implementing good practice in transparency

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council seeks to write and communicate reports and other information for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate. • The Council complies with the Local Government Transparency Code and publishes information required in a timely manner. • The Council provides appropriate information to the public to ensure transparency, striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny, while not being too onerous to provide and for users to understand. 	<ul style="list-style-type: none"> • Committee agendas, papers and minutes • Council website • Publication Scheme • Forward Plan

- Implementing good practice in reporting

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council's Annual Governance Statement ensures robust arrangements for assessing the extent to which the principles contained in this Framework have been applied, and the results of this assessment are published. • The Council ensures that the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations. • The Council maintains open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based. 	<ul style="list-style-type: none"> • Statement of Accounts • Annual Governance Statement • Annual External Audit Report and Letter • Internal Audit Reports • Finance and Performance Reporting • Committee agendas, reports and minutes

- Assurance and effective accountability

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> • The Council maintains an effective Audit and Accounts Committee and ensures that an effective internal audit function, with direct access to Members, is resourced and maintained. The Internal Audit service provides assurance with regard to governance arrangements and verify that recommendations are acted upon. • The Council ensures that recommendations for corrective action made by external audit are acted upon. • The Council welcomes peer challenge, reviews and inspections from regulatory bodies, as a result of which action plans are identified to implement recommendations. • When working in partnership, the Council ensures that arrangements for accountability are clear and the need for wider public accountability has been recognised and met. 	<ul style="list-style-type: none"> • Audit & Accounts Committee • Role of Internal Audit • Peer Reviews • Risk Management Procedures • Council Meetings

Significant Governance Issues

The Council is required to report upon any significant governance issues in this statement, for 2020/21 there were not significant governance issues.

Other Governance issues identified 2020/21

Bank Reconciliation

Throughout 2020/21 financial year, as a result of staff shortages, the bank reconciliation was not completed in a timely manner. Whilst the underlying matching processes for payments and receipts had been completed during 2020/21 financial year, outstanding reconciliation items had not been resolved in a timely manner or been subject to any independent review.

Management has put in place regular bank reconciliations from 04/21 and is reviewing the wider control environment and financial reporting arrangements for the new North Northamptonshire Council.

Covid 19 Risks

During 2020/21, the Council had diverted resources into supporting activities across Corby as part of its response to Covid 19, together with request from other public sector partners; community support delivering food parcels, medicine, set up of covid test centre and administering the roll over business support grants due to lock down.

The Council faced significant risk to its own financial sustainability with one-off costs in providing support, together with loss of income within Leisure and Property services, together with reduction in collection of housing rental, council tax and business rates, which in some cases was paused during 2020/21.

However, Central government did provide significant support for one-off costs, together with the ability to claim compensation for in house leisure services, for loss of income of 75p in the £1 and access to funding for leisure staff not re-deployed elsewhere within the organisation during this period.

The council will continue to experience significant risk in its ability to recover housing rents, commercial property rents, council tax and business rates as part of the impact of pausing recovery activities during 2020/21, into 2021/22.

Risk Register

The Corporate Risk Register was not update by the Council's Senior Management Team and was not presented to the Audit and Governance Committee during 2020/21. However, a verbal update in relation to the impact of the Covid 19 pandemic was presented to Full Council on 22nd July 2020 due to its significance.

Preparation of Statement of Accounts 2020/21

Due to loss of key staff and retained knowledge from the legacy authority, the initial preparation and review of the statement of accounts for 2020/21 was not carried out as expected. Therefore, resources

had to be redirected to resolve inconsistencies found and revised working papers produced to facilitate the completion of audit.

Internal Audit Opinion

The Head of Internal Audit in their Annual Internal Audit Report states that:

“It is my opinion that Satisfactory Assurance can be given over the adequacy and effectiveness of the Council’s control environment for 2020/21. This control environment comprises of the system of internal control, governance arrangements and risk management. This remains consistent with the overall opinion given in recent years. Whilst, generally, areas audited during the year were given at least an opinion of ‘Satisfactory Assurance’, an area of weakness was identified within the main accounting system, primarily a lack of bank reconciliations and associated controls, which could expose the Council to a moderate level of risk. As such, only a limited level of assurance could be given in relation to this area.”

This remains consistent with the opinions given in previous years and indicates a satisfactory or sound management of risk. While some elements of the control framework require attention, audit recommendations have been made to address those issues and responsible managers have agreed timetables for their implementation.

This shows that the Council addresses any control weaknesses identified during audits and good progress is being made in the implementation of recommendations. 68% of all recommendations from 2020/21 which were due to be implemented have been completed during the year (94% in 2019/20).

When audits are completed, they receive 2 levels of assurance. One is for design of control environment, and one is for compliance. For the audits completed in 2020/21, 95% of opinions given in relation to the control environment and compliance were of a ‘Satisfactory Assurance’ or above. One audit resulted in control environment risk assessment of ‘Moderate’ and a compliance risk assessment of ‘Limited’ in relation to the bank reconciliation as noted above.

Conclusion

Overall, the system of internal control has been in place for the financial year ended 31 March 2021 and procedures are in place to ensure that there is continuous improvement. It is our view that as far as possible the Council has established an acceptable level of internal control, risk management and Corporate Governance framework on which it will develop and improve. This underpins the way in which Corby Borough Council delivers its services and relates to its communities.

Signed: **Janice Gotts**
Executive Director of Finance
30th September 2023

Signed: **Councillor Weatherill**
Chairman of Audit & Governance Committee
30th September 2023

GLOSSARY OF TERMS AND ABBREVIATIONS

GLOSSARY OF TERMS

Accrual

The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

Actuarial Assumptions

These are predictions made for factors that will affect the financial condition of the pension scheme.

Amortisation

The gradual write-off of initial costs of assets.

Asset

An item having value to the Council in monetary terms.

Balance

Unallocated reserves held to resource unpredictable expenditure demands.

Business Improvement District

A levy on local business to provide funding to develop the immediate area covered by the levy. The levy is agreed by majority vote.

Capital Charges

Charges made to service department revenue accounts, comprising depreciation (where appropriate) based on the value of the asset employed.

Capital Expenditure

Expenditure on the acquisition of non-current assets which will be used in providing services beyond the current accounting period, or expenditure on non-current assets.

Capital Financing Charges

The annual cost of depreciation, leasing charges and other costs of funding capital expenditure.

Capital Adjustment Account

The account which reflects the extent to which the District Council's resources have been applied to finance capital expenditure and to meet future debt redemption or other credit liabilities.

Capital Receipts

Income received from selling non-current assets.

Carrying amount

The value of an asset or liability in the Balance Sheet.

CIPFA

This is the Chartered Institute of Public Finance and Accountancy which is an institute that represents accounting in the Public Sector.

Collection Fund

A separate fund that records the income and expenditure relating to Council Tax and Non-domestic Rates.

Community Infrastructure Levy

An amount payable by developers (commercial and domestic) in respect of new buildings created within the District. The Levy must be used to provide infrastructure; decisions on which are taken by District and Parish Councils.

Contingent Liabilities

These are amounts that the Council may be, but is not definitely, liable for.

Council Tax

A tax paid by residents of the District that is based on the value of the property lived in and is paid to the Council and spent on local services.

Creditors

These are people or organisations which the Council owes money to for goods or services which have not been paid for by the end of the financial year.

Current Assets

These are assets that are held for a short period of time, for example cash in the bank, inventories and debtors.

Debtors

Sums of money owed to the District Council but not received by the end of the financial year.

Depreciation

The amount an asset has dropped in value is the amount it has been judged to have depreciated. Accountants use depreciation to demonstrate how much of the property, plant and equipment value has been used and therefore lowered during a financial year, for example because of wear and tear.

Earmarked Reserves

Money set aside for a specific purpose.

Exceptional Item

A material item in the Comprehensive Income and Expenditure Statement that falls within the ordinary activities of the Council but which needs to be disclosed separately by virtue of their size to give a fair presentation of the accounts.

Fair Value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Finance Lease

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. A finance lease transfers substantially all of the risks and rewards of ownership of an item of property, plant and equipment to a lessee.

Impairment

A reduction in the value of property, plant and equipment to below its carrying amount on the Balance Sheet.

Impairment of Debts

This recognises that the real value of debt is less than the book value.

Intangible Assets

A non-physical item which provides future economic benefits. This Council's intangible assets comprise computer software licences.

Liabilities

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Liquid Resources

Current asset investments held as readily disposable stores of value, either readily convertible into cash, or traded in an active market.

Local Enterprise Partnership

A Government initiative to boost economic growth within defined and agreed geographical areas. Funding to enable this growth is derived from the Non Domestic Rates collected for that area and channelled into the "partnership" to fund schemes.

Minimum Revenue Provision

The minimum amount that must be charged to the revenue account each year to provide for the repayment of monies borrowed by the Council.

Non Domestic Rates

Rates which are levied on business properties. From 1st April 2013, as a consequence of The Local Government Finance Act 2012, a local Non Domestic Rating regime was introduced that included the business rates retention scheme. See also **Tariff** and **Safety Net**.

Operating Leases

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. An operating lease is where the ownership of the non-current asset remains with the lessor.

Precept

A payment to the Council's General fund, or another local council, from the Council's Collection Fund.

Prior Year Adjustments

These are material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors.

Property, Plant and Equipment

Non-current assets that give benefit to the District Council and the services it provides for more than one year.

Provisions

Monies set aside for liabilities or losses which are likely to be incurred but where the exact amounts or dates on which they will arrive are uncertain.

Reclassification

Where comparative (prior year) figures are reclassified into new categories of income or expenditure, and the change has not been the result of a material error or accounting policy but the amount is "material" then this is a reclassification.

Responsible Financial Officer

The designated post within the Council, as determined by the Accounts and Audit Regulations 2015, which holds the statutory S.151 responsibility (Local Government Act 1972). This responsibility is in respect of ensuring the proper administration of the Council's financial affairs. This post was formerly known as Chief Financial Officer.

Revenue Expenditure Funded from Capital under Statute

Spending on items normally classed as revenue but which are defined by statute as capital e.g. improvement grants.

Revaluation Reserve

The account that reflects the amount by which the value of the Council's assets has been revised following revaluation or disposal.

Revenue Expenditure

Spending on day-to-day items, including salaries and wages, premises costs and supplies and services.

Revenue Support Grant

A grant from Central Government towards the cost of providing services.

Safety Net

The scheme for localising Non Domestic Rates (NDR) includes a safety net provision. Where the actual NDR after Tariff is less than 92.5% of the funding baseline, Central Government makes a safety net payment to the Council equal to the difference between the actual NDR and the funding baseline.

Section 106

Under planning regulations developers can be requested to make contributions to on and off-site facilities required as a result of their development.

Tariff

The scheme for localising Non Domestic Rates (NDR) includes baselines for both the amount of NDR the Council receives and the amount of Council funding from NDR. The Council pays Central Government a Tariff equal to the difference between the two baselines.

True and Fair View Override

As required by the Accounts and Audit Regulations 2015, paragraph 8.2, the Responsible Financial Officer is required to certify that the statement of accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the "true and fair view override". This means, where the Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e. to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the "true and fair view" is appropriately acknowledged in the notes to the accounts.

ABBREVIATIONS

CFR	Capital Financing Requirement
CIES	Comprehensive Income and Expenditure Statement
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy
CPFA	Chartered Public Finance Accountant
DRC	Depreciated replacement cost
EFA	Expenditure and Funding Analysis
FTE	Full Time Equivalent
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LEP	Local Enterprise Partnership
LGPS	Local Government Pension Scheme
LLPG	Local Land and Property Gazetteer (UK)
MHCLG	Ministry for Housing, Communities and Local Government
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy
NBV	Net Book Value
NDR	Non Domestic Rates
NHB	New Homes Bonus
NNDR	National Non Domestic Rates (Business Rates)
PWLB	Public Works Loans Board
RICS	Royal Institution of Chartered Surveyors
RSG	Revenue Support Grant
S106	Section 106
SOLACE	Society of Local Authority Chief Executives