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George Street,
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North Northamptonshire Council

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 reports have now been published which were not available at the time the agenda was published.

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Adele Wylie, Monitoring Officer
North Northamptonshire Council

Proper Officer
Friday 15 September 2023

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North Northamptonshire Council

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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Corby Borough Council

Statement of Accounts 2020/21

Contents

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 the 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 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £001	Total £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.

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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		1,203	(651)	552
9,865	(3,402)	6,463	Planning & Env Services		7,809	(1,837)	5,972
7,794	(3,520)	4,274	Culture & Leisure		6,813	(2,728)	4,085
14,096	(12,688)	1,408	Corporate Services		14,666	(14,940)	(274)
1,806	(5,053)	(3,247)	CB Property		1,654	(2,804)	(1,150)
46	(1)	45	HR		250	(230)	20
15,665	(19,319)	(3,654)	Housing Revenue Account		16,297	(19,925)	(3,627)
542	(82)	460	Other		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) £000	31 Mar 20 (Restated) £000		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	2020/21 £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**
• Place of ordinary residence • Geographical location • Cost drivers • Population • Funding formulae • Staff numbers	• 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:

<u>Interest rate risk:</u> 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.

<u>Liquidity risk:</u> 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 advantages 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

		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.
Impairment allowance for doubtful debt	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.	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.

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 Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis				Net Expenditure in the Comprehensive Income and Expenditure Statement
		Adjustments for Capital Purposes (Note A)	Net change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments	
	£000	**£000**	**£000**	**£000**	**£000**	**£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)**					

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	2019/20 - restated					
	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis				Net Expenditure in the Comprehensive Income and Expenditure Statement
		Adjustments for Capital Purposes (Note A)	Net change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments	
	£000	£000	£000	£000	£000	£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 £000		2020/21 £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 £000		2020/21 £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 £000		2020/21 £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

Movements in 2020/21	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
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**

<u>Depreciation</u>

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.

<u>Revaluations</u>

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 are 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 £000	OLB £000	VPE £000	Infra £000	Surplus £000	Comm-unity £000	AuC £000	**Total £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 £000		**2020/21 £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
Finance Liabilities at amortised cost	**Fin Asset Loans and Receivables**	**Total**		**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 Short term £000	2019/20 Long term £000		2020/21 Short term £000	2020/21 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 £000		2020/21 £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 Short term £000	2019/20 Long term £000		2020/21 Short term £000	2020/21 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 £000	Increase/(decrease) in provision £000	Utilised £000	Balance as at 31 March 2021 £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 £000	Pensions Reserve	2020/21 £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 £000	Collection Fund Adjustment Account	2020/21 £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 Post holder	Salary inc allow-ances £000	Expen-ses £000	Benefits in kind £000	Comp for loss of office £000	Total remun-eration Inc allow-ances and fees £000	Employer pension contr-ibutions £000	Remun-eration including pension contr-ibutions £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 Post holder	Salary inc allow-ances £000	Expen-ses £000	Benefits in kind £000	Comp for loss of office £000	Total remun-eration Inc allow-ances and fees £000	Employer pension contr-ibutions £000	Remun-eration including pension contr-ibutions £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 Number compul-sory	2020/21 Number compul-sory	2019/20 Number other	2020/21 Number other (Compromise Agreement)	2019/20 Cost £000	2020/21 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 £000		2020/21 £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 £000	Payments to / (from)	2020/21 £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 £000		**2020/21 £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 £000		**2020/21 £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 Statue	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 £000	**Present Value of minimum lease payments**	**2020/21 £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 £000		**2020/21 £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 mean 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 £000		2020/21 £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 £000		2020/21 £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 £000		2020/21 £000
87,041	**Opening fair value of scheme assets balance as at 1 April**	**79,282**
124	Adjustment to opening assets	
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 £000		31 March 2021 £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 xC) 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**
1st 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
31st March value	116	91	9	216

2019/20	**Statue £000**	**Civic Regalia £000**	**Paintings £000**	**TOTAL £000**
1st 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
31st 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 ***Comprehensive Income and Expenditure Statements***	**Original** **Net Expenditure £000**	Adjustments		**Restated** **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 ***Comprehensive Income and Expenditure Statements***	**Original** **Net Expenditure £000**	Adjustments		**Restated** **Net Expenditure £000**
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** **Total Usable Reserves £000**	**Unusable Reserves £000**	**Adjustments** **Total Usable Reserves £000**	**Unusable Reserves £000**		**Restated** **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** Total Usable Reserves £000	Unusable Reserves £000	**Adjustments** Total Usable Reserves £000	Unusable Reserves £000		**Restated** 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 (a) & (c)	360,782
Investment Property	83,735	1,070 (b)	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 (a), (b) & (c)	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) (a) & (b)	(2,430)
Adjustments to net surplus/deficit on provision of services for non-cash movements	(9,449)	61 (a) & (b)	(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) (a) & (c)	(7,601)		(7,601)
Adjustment to net surplus/deficit on provision of services for non-cash movements	(11,404)	2,666 (a) & (c)	(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**
				0	
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 yearr 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:
• 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	• 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

operate in practice. This includes maintaining the statutory Register of Members Interests and requiring officers to make Declarations of Interests. • 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.	• Contract Procedure Rules • Scheme of Delegation • Grievance Policy and Procedure • Information Governance Policies

- Demonstrating strong commitment to ethical values

Behaviour and actions that meet the requirements of this principle	**This will be evidenced by:**
• 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.	• 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:**
• 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.	• 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:**
• 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.	• Forward Plan • The Council's Constitution

• 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.	• 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

- Engaging comprehensively with institutional stakeholders

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

• 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.	• 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)

- Sustainable economic, social and environmental benefits

Behaviour and actions that meet the requirements of this principle	**This will be evidenced by:**
• 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.	• 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:**
• 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	• Business Plan • Business Cases • Business Plan Consultation • Community Impact Assessments

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

- Planning interventions

Behaviour and actions that meet the requirements of this principle	**This will be evidenced by:**
• 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.	• 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:**
• 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.	• 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:**
• The Council recognises the benefits of partnerships and collaborative working where added value can be achieved.	• Recruitment and Selection Policy and Toolkit

• 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.	• Secondment Policy • Workforce Development Strategies • Finance and Performance Reporting • Corporate Risk Register

- Developing the capability of its leadership and other individuals

Behaviour and actions that meet the requirements of this principle	**This will be evidenced by:**
• 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: ➢ 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.	• 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:**
• 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.	• 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:**
• 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.	• 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:**
• 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: ➢ 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.	• 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:**
• The Council's information governance policies and procedures ensure that effective arrangements are in place for the safe	• Data Protection Policy

collection, storage, use and sharing of data, including processes to safeguard personal data. • 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.	• Freedom of Information/EIR Regulations Policy • Records Management Policy • Data Management Policy

- Strong public financial management

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
• 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.	• 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:
• 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.	• 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:
• 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.	• 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:
• 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.	• 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**	Signed: **Councillor Weatherill**
Executive Director of Finance	Chairman of Audit & Governance Committee
30th September 2023	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

North Northamptonshire Council

Audit and Governance Committee
25th September 2023

Report Title	Audit Results Report 2020-2021 Corby Borough Council
Report Author	Claire Edwards – Assistant Director of Finance & Accountancy Claire.Edwards@northnorthants.gov.uk

List of Appendices

Appendix A – Audit Results Report
Appendix B – Draft Audit Opinion
Appendix C – Draft Management Representation Letter

1. Purpose of Report

1.1. The purpose of this report is to present the Audit Results Report in relation to the Statement of Accounts for Corby Borough Council for 2020/21 to those charged with Governance. This has been prepared by the Council's External Auditor (EY), and to agree that the approval of the Council's draft Management Representation Letter be delegated to the Executive Director of Finance (s151) in consultation with the Chair of the Audit and Governance Committee.

2. Executive Summary

2.1. This report requests the Committee to approve the Provisional Audit Results Report (ISA 260) and the Council's draft Management Representation Letter.

3. Recommendations

3.1. It is recommended that the Committee;

a) Receives the Provisional Audit Results Report to those charged with Governance and approve the draft Management Representation Letter.

b) Delegate any adjustments to the draft Management Representation Letter to the Councils 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 ISA 260. In accordance with the Council's constitution the Audit and Governance Committee are required to undertake this function.

4. Report Background

4.1. The Councils governance arrangements require this Committee to receive and approve the Statement of Accounts for the former District and Borough Councils in North Northamptonshire.

4.2. The accounts for Corby Borough Council remain in draft format as the following issues, shown on page 6 of the report are to be concluded:

- Review of updated working papers
- Internal review of prior period adjustment
- Final Partner sign-off

4.3. A further requirement is for the Council to provide representations on specific matters such as the Councils financial standing and whether the transactions within the accounts are legal and unaffected by fraud. The draft Management Representation Letter detailed at Appendix C sets out that the accounts have been prepared in accordance with statutory legislation and fairly represent the transactions of the Council and no additional disclosures are required in the financial statements, over and above those already disclosed. A final Management Representation Letter will be issued once the items in 4.2 are concluded.

4.4. A representative of the Council's appointed auditor will be at the meeting to present the report and answer Member questions.

5. Issues and Choices

5.1. The Committee is being requested to approve the provisional Audit Results Report (ISA 260) 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 4 on this Agenda). In accordance with the Council's constitution the Audit & 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 Audit Results Report.

6.2. Legal

6.2.1. The approval of the ISA 260 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 Audit Results Report (Appendix A).

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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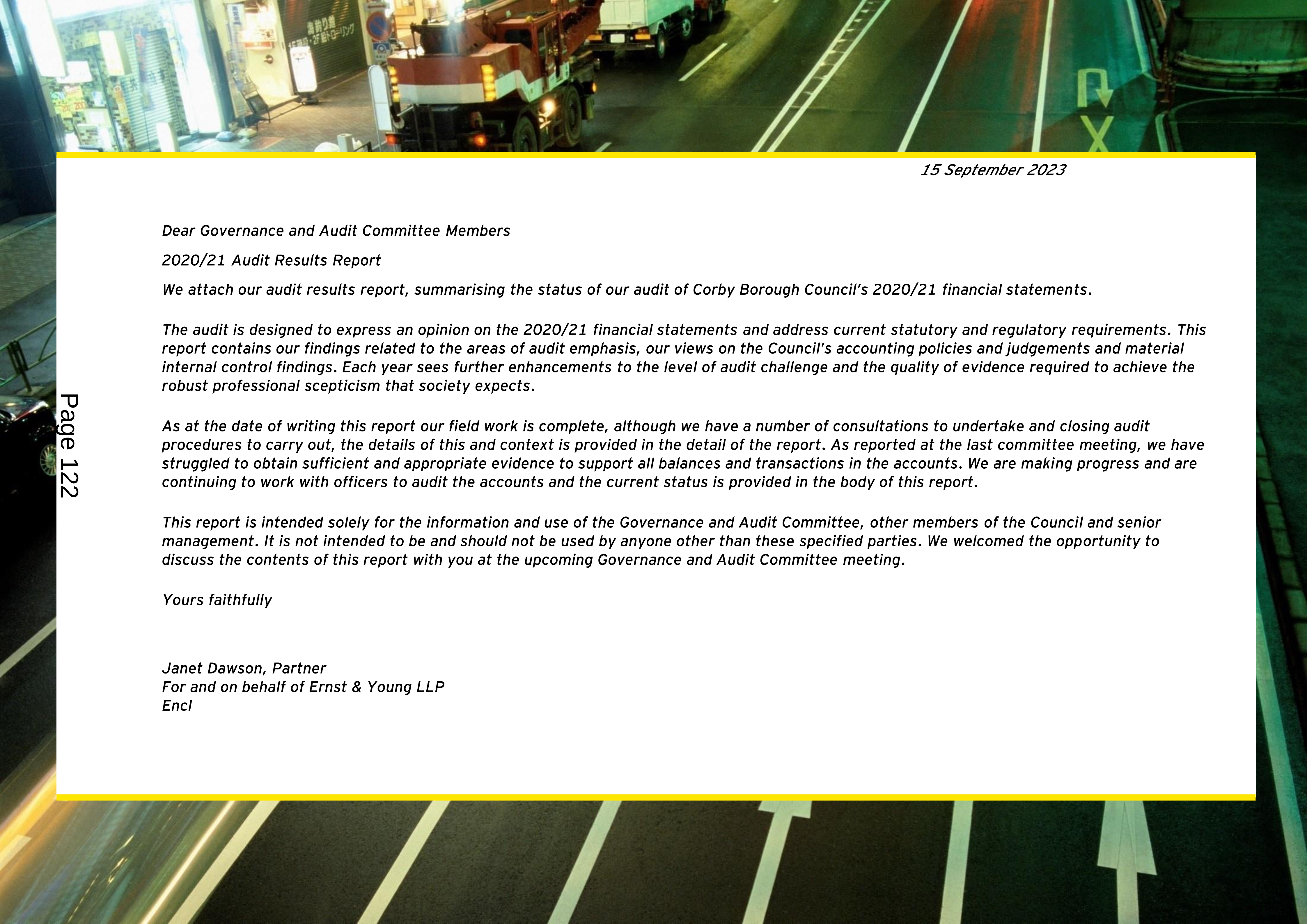
Corby Borough Council
Audit Results Report

Year ended 31 March 2021

15 September 2023

Appendix A



15 September 2023

Dear Governance and Audit Committee Members

2020/21 Audit Results Report

We attach our audit results report, summarising the status of our audit of Corby Borough Council's 2020/21 financial statements.

The audit is designed to express an opinion on the 2020/21 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the Council's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects.

As at the date of writing this report our field work is complete, although we have a number of consultations to undertake and closing audit procedures to carry out, the details of this and context is provided in the detail of the report. As reported at the last committee meeting, we have struggled to obtain sufficient and appropriate evidence to support all balances and transactions in the accounts. We are making progress and are continuing to work with officers to audit the accounts and the current status is provided in the body of this report.

This report is intended solely for the information and use of the Governance and Audit Committee, other members of the Council and senior management. It is not intended to be and should not be used by anyone other than these specified parties. We welcomed the opportunity to discuss the contents of this report with you at the upcoming Governance and Audit Committee meeting.

Yours faithfully

Janet Dawson, Partner
For and on behalf of Ernst & Young LLP
Encl

Contents

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Governance and Audit Committee and management of Corby Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance and Audit Committee, and management of Corby Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governance and Audit Committee and management of Corby Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Executive Summary

Executive Summary

Scope update

In our audit planning report dated 24 January 2023, presented to the Governance and Audit Committee, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following updates:

Our materiality is unchanged from planning. Materiality has been set at £1,118,860, which represents 2% of gross expenditure on provision of services in the 2020/21 draft financial statements. There was no significant change to our materiality as a result of the extensive changes that were required to the draft financial statements.

Materiality	Authority (£m)
Planning Materiality	£1.1m
Performance Materiality	£0.5m
Audit Differences	£0.05m

Additional audit procedures as a result of Covid-19:

Other changes in the entity and regulatory environment as a result of Covid-19 that have not resulted in an additional risk, but result in the following impacts on our audit strategy were as follows:

Information Produced by the Entity (IPE):

We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity. We undertook the following to address this risk:

- *Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and*
- *Agreed IPE to scanned documents or other system screenshots.*

Going Concern:

Our review of managements updated going concern assessment for the period until 31/03/25 is ongoing.

Due to the demise of Corby Borough Council and the establishment of the successor body North Northamptonshire Council, we will include an emphasis of matter in our audit report to highlight the disclosure. We will consult with our Professional Practice Department on our going concern procedures and the emphasis of matter wording.

Executive Summary

Context of the 2020/21 audit

In our audit plan we reported that we received the draft 2020/21 accounts for audit on 24 November 2022. We communicated our planned audit visit timing for the 2020/21 audit well in advance of the accounts being prepared and asked management to meet this deadline for having all working papers ready for day one of the audit on 9 January 2023. We did not receive all working papers in line with this deadline and those that were received were not of sufficient quality for us to undertake audit testing as needed. The overall quality of the working papers has been poor and we have returned a large number of them to officers as they did not reconcile to the draft accounts. In addition, due to officer changes it has been difficult for the current finance team to locate supporting evidence and answer queries about working papers and balances relating to 2020/21 transactions.

The overall quality of the draft 2020/21 accounts submitted for audit was also poor. Based on the Partner and Senior Manager read through of the accounts we have identified a number of errors within them. This includes inconsistencies in the figures and narrative, notes not casting and disclosures being incorrect for the Council. The accounts should have been subject to quality review before submission to audit. The combination of the accounts and working papers issues has resulted in issues arising with the audit from day one and additional procedures needing to be undertaken across all areas of the accounts.

Due to the above issues, the risk profile of the Council increased during the audit and the Partner in Charge has changed from Elizabeth Jackson to Janet Dawson as Derby is now a high risk audit.

Audit differences and issues arising during the audit

We have identified a large number of errors in the accounts and within the sample testing which has resulted in significant amendments to the current version of the Accounts and also a number of adjustments to the prior year comparators. We are satisfied that the latest set of accounts presented to the Committee today reflects the current agreed position and all amendments identified to date have been processed. We continue to work with management to be able to conclude on the 2020/21 accounts based on the level of information and supporting evidence that has been provided to date.

As a result, we are still finalising our work in a number of areas, t*he following items relating to the completion of our audit procedures are ongoing at the point of preparing of this report:*

- *Review of updated working papers in respect of going concern disclosures and updated cashflow to the period 31/3/2025, note 7 Expenditure and Funding Analysis (EFA), note 8* **Expenditure and income analysed by nature** *, note 17 Financial Instruments and note 19 Cash and Cash Equivalents;*
- *Internal consultations to agree the prior year adjustments and modification to audit report in respect of the restructuring of the Council and value for money;*
- *Final partner review in a number of areas;*
- *Audit completion procedures, including a reassessment of materiality for the change in the Comprehensive Income and Expenditure Statement to determine if the level determined at planning remains appropriate; and*
- *Receipt of signed financial statements, statement of responsibilities, management representation letter and completion of post balance sheet events.*

Until all these matters are complete, further matters may be identified.

We have agreed a number of amendments to the 2020/21 accounts based on the work we have been able to conclude and these are set out in section 04 of this report.

Executive Summary

Our Audit Planning Report identified key areas of focus for our audit of the Council's financial statements This report sets out our observations and conclusions.

Risk	Risk identified	Findings & Conclusions
Misstatements due to fraud or error	*Fraud Risk / Significant Risk*	*We have not identified any evidence of material management override; instances of inappropriate judgements being applied; or any other transactions during our audit which appear unusual or outside the Council's normal course of business.* *We have identified an internal control weakness in relation to the posting of journals by a senior member of the finance team. We have tested all of the journals posted by the officer and have not identified any fraud or error within them. However, there is no review process for journals in the year so this exposes the Authority to risk of fraudulent behaviour.* *Our work in this area is complete.*
Inappropriate capitalisation of revenue expenditure	*Fraud Risk / Significant Risk*	*A key way of improving the Council's revenue position in the short and medium term is through the inappropriate capitalisation of revenue expenditure. We therefore identify this as an area of potential management override, and have sample tested additions to property, plant and equipment and investment property to ensure that they were correctly classified as capital and included at the correct value in order to identify any revenue items that were inappropriately capitalised.* *Our testing of capital additions has highlighted two errors:* • *a number of representative sample items that have been capitalised for which the Council is unable to evidence compliance with the capitalisation criteria set out in IAS 16. These have been amended in the revised financial statements; and* • *the Council has capitalised £457k of internal recharges. The Council has been unable to evidence how these roles meet the definition of IAS16. The Council is not proposing to adjust the financial statements for this error on the basis of materiality and we will seek management representation to this effect.* *Our work in respect of REFCUS and capital journals is complete with no issues arising.*
Valuation of Investment Property	*Significant Risk*	*Investment Property (IP) is a significant balance in the Council's Balance Sheet. The valuation of IP is complex and subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements. We raised a number of challenges on the valuation of investment properties. As a result of our testing the value of investment property increased by £5.2m from the draft financial statements.* *The issues identified included, but were not limited to:* • *Incorrect land sizes being used.* • *The inclusion of a property which had been sold.* • *Incorrect componentisation, resulting in valuation errors.*

Executive Summary

Risk	Risk identified	Findings & Conclusions
Valuation of Council Dwellings	*Significant Risk*	*Council Dwellings with a total carrying value of £296 million have undergone a full revaluation during the year. This led to a significant movement of £46 million.* *We have completed our testing of the current year valuations in line with the work programme detailed in this report and not identified any issues with the 2020/21 valuations.*
Valuation of PPE	*Inherent Risk*	*Our work in this area is complete subject to internal review and consultation. As a result of our work the net book value of PPE increased by £1.2m from the draft financial statements.* *Our testing highlighted errors in the classification of surplus assets, the valuation basis of community centres and the accuracy of the revaluation reserve. As these errors resulted in material misstatements and these were prevalent in the prior year, under the provisions of IAS8 the Council were required to calculate the impact on the prior year and restate the comparators in the 2020/21 financial statements.* *A number of adjustments were required to the valuations based on the results of the work of our specialist.*
Recognition of grant income associated with Covid 19	*Inherent Risk*	*Our work in this area complete, our testing highlighted a small number of immaterial misstatements which have been corrected by management.* *We have no further matters to report.*
Valuation of defined benefit pension scheme	*Inherent Risk*	*Our work in this area is complete subject to Partner review.* *No issues were identified as a result of our testing.*

Executive Summary

Auditor responsibilities under the Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Authority a commentary against specified reporting criteria (see below) on the arrangements the Authority has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- *Financial sustainability*
  How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- *Governance*
  How the Authority ensures that it makes informed decisions and properly manages its risks; and
- *Improving economy, efficiency and effectiveness:*
  How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

Within the audit opinion we will still only report by exception where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Status of the audit – Value for Money

In the audit planning report presented to the Governance and Audit Committee, we reported that we were yet to complete our detailed value for money (VFM) risk assessment. However we highlighted that we had identified one risk of significant weakness in relation to the lack of bank reconciliations during 2019/20 and 2020/21.

We subsequently completed our planning risk assessment and identified one further risk that the Council did not update, maintain or present risk registers to those charged with governance throughout 2020/21. Additionally, from our work on the financial statements we have identified a number of weaknesses in the internal control environment that should underpin the production of the accounts.

We have concluded our work on the risks identified and concluded that these represent a significant weakness in proper arrangements in relation to the governance criterion. We have modified our audit report accordingly.

More details are within section 05 of this report.

Executive Summary

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement (AGS) for consistency with our knowledge of the Council. The draft presented for audit has been revised to ensure it is reflective of the Council's arrangements in 2020/21, reflecting the issues included within this report in respect of the preparation of accounts and supporting working papers and the wider risk management and governance arrangements in place during 2020/21. Our conclusion is that there was inadequate consideration of the issues arising at the Council in the year during the preparation and review of the AGS before submitting to audit.

The NAO as group auditor has confirmed that no further assurances will be required from us as component auditors in respect of the 2020/21 Whole of Government Accounts submission.

We have no other matters to report at this stage, however, our work is still ongoing as we are waiting to receive the final AGS including the final agreed amendments.

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

Control deficiencies identified can be found in section 07 of this report. We have identified a high number of weaknesses in the internal control environment to support the production of the accounts.

Independence

Please refer to Section 08 for our update on Independence. We have no independence issues to report.

02 Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What judgements are we focused on?

Our assessment of risk led us to create a series of criteria for the testing of journals, focusing specifically on areas that could be open to management manipulation. We have also focused specifically on capitalisation of expenditure as a potential area of manipulation (see next slide).

What did we do?

Our approach focused on:

- *Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.*
- *Assessing accounting estimates for evidence of management bias.*
- *Evaluating the business rationale for significant unusual transactions.*

Further to this, we have:

- *Inquired of management about risks of fraud and the controls put in place to address those risks, as well as gaining an understanding of the oversight given by those charged with governance of management's processes over fraud.*
- *Considered the effectiveness of management's controls designed to address the risk of fraud.*

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above.

What are our conclusions?

We have not identified any evidence of material management override; instances of inappropriate judgements being applied; or any other transactions during our audit which appear unusual or outside the Council's normal course of business.

We have identified an internal control weakness in relation to the posting of journals by a senior member of the finance team. We have tested all of the journals posted by the officer and have not identified any fraud or error within them. However, there is no review process for journals in the year so this exposes the Council to risk of fraudulent behaviour.

More detail is included within section 07 of this report.

Our work in this area is complete.

Significant risk

Inappropriate capitalisation of revenue expenditure

What is the risk and potential impact on the financial statements?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure, as there is an incentive to reduce expenditure which is funded from Council Tax. This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

What did we do and what judgements did we focus on?

We:

- *Tested additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.*
- *Considered the need to test REFCUS to ensure that it is appropriate for the revenue expenditure incurred to be financed from ring fenced capital resources. However, we note that expenditure capitalised as REFCUS was well below our performance materiality level so there was no requirement to undertake any detailed testing.*
- *Sought to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.*

In testing the capitalised expenditure we focused on the following judgements:

- *We sought to gain assurance the capitalised spend clearly enhanced or extended the useful like of assets rather than simply repairing or maintaining the assets on which it was incurred.*
- *We sought to gain comfort that any development or other related costs that were capitalised were reasonable to capitalise i.e. the costs incurred were directly attributable to bringing the asset into operational use.*

We sought to utilise our data analytics capabilities to assist with our work, including journal entry testing.

What are our conclusions?

Our testing of capital additions has highlighted two errors:

- *a number of representative sample items that have been capitalised for which the Council are unable to evidence compliance with the capitalisation criteria set out in IAS 16. These have been amended in the revised financial statements; and*
- *the Council has capitalised £457k of internal recharges, the Council have been unable to evidence how these roles meet the definition of IAS16. The Council are not proposing to adjust the financial statements for this error on the basis of materiality and we will seek management representation to this effect.*

Our work in respect of REFCUS and capital journals is complete with no issues arising.

Significant risk

Valuation of Investment Property (IP)

What is the risk?

Investment Property (IP) is a significant balance in the Council's Balance Sheet. The valuation of IP is complex and subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.

The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 (C-19) on markets might cause a valuer to conclude that there is a material uncertainty.

The risk is heightened for traditional retail assets due to market difficulties such as reduced consumer confidence and competition from internet based retailers with lower cost bases. This has led to a large number of retailers, including well known names, closing stores, going into administration or otherwise seeking to reduce their rental costs by renegotiating existing leases, perhaps by way of a Creditors Voluntary Arrangements. These difficulties have had a direct impact on the value of the retail units (high street shops, out of town retail parks and shopping centres) leased to retailers or owned by them.

What did we do?

We:

- *considered the competence, capability and objectivity of the Council's valuers (Wilks, Head & Eve);*
- *considered the scope of valuers' work;*
- *ensured IP has been annually revalued as required by the Code;*
- *considered if there are any specific changes to assets that should have been communicated to the valuer(s);*
- *sample tested key inputs used by the valuer(s) when producing valuations;*
- *considered the results of the valuers' work;*
- *challenged the assumptions used by the Council's valuers by reference to external evidence and our EY valuation specialists (where necessary);*
- *tested journals for the valuation adjustments to confirm that they have been accurately processed in the financial statements;*
- *tested a sample of assets revalued in year to confirm that the valuation basis is appropriate and the accounting entries are correct; and*
- *reviewed assets that are not subject to valuation in 2020/21 to confirm the remaining asset base is not materially misstated.*

What are our conclusions?

We raised a number of challenges on the valuation of investment properties. As a result of our testing the value of investment property increased by £5.2m from the draft financial statements.

The issues identified included, but were not limited to:

- *Incorrect land sizes being used.*
- *The inclusion of a property which had been sold.*
- *Incorrect componentisation, resulting in valuation errors.*

Significant risk

Valuation of Council Dwellings

What is the risk and potential impact on the financial statements?

Council Dwellings with a total carrying value of £296 million has undergone a full revaluation during the year. This led to a significant movement of £46 million.

Due to the significance of the value and the increase as a result of the full revaluation, we have identified the valuation of this category of asset as a significant risk.

What did we do and what judgements did we focus on?

We took a substantive approach to respond to the risk, undertaking the following procedures related to the valuation of property:

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- *Considered the work performed by the Council's valuers (Wilks, Head & Eve), including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;*
- *Sample tested key asset information used by the valuers in performing their valuation;*
- *Tested a sample of beacon properties to ensure that the value is in line with market value;*
- *Reviewed assets that are not subject to valuation in 2020/21 to confirm the remaining asset base is not materially misstated;*
- *Considered changes to the useful economic lives as a result of the most recent valuation;*
- *Tested accounting entries, ensuring these have been correctly processed in the financial statements including testing the classification of assets; and*
- *Considered if the valuation movements in the current year are indicative of errors in the prior year.*

What did we do and what judgements did we focus on?

We have completed our testing of the current year valuations in line with the work programme detailed in this report and not identified any issues with the 2020/21 valuations.

Other areas of audit focus

What is the risk/area of focus?	What did we do?
Valuation of PPE *The fair value of Property, Plant and Equipment (PPE) represent significant balances in the Council's accounts and is subject to valuation changes and impairment reviews.* *Management is required to make material judgements about key assumptions and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.*	*We:* ▪ *Considered the work performed by the Council's valuers (Wilks, Head & Eve), including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;* ▪ *Challenged the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists as necessary – for example, significant or unusual movements in valuation, difficult to value specialist assets, or investments in areas of the economy under stress such as retail;* ▪ *Sample tested key asset information used by the valuers in performing their valuation (e.g. building areas to support valuations based on price per square metre);* ▪ *Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE, and annually for IP. We also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;* ▪ *Reviewed assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated;* ▪ *Considered changes to useful economic lives as a result of the most recent valuation; and* ▪ *Tested accounting entries have been correctly processed in the financial statements.*

What did we do and what judgements did we focus on?

Our work in this area is complete subject to internal review and consultation, as a result of our work the NBV of PPE increased by £1.2m from the draft financial statements. A summary of the ongoing issues identified to date is detailed below:

- *Surplus Assets – Within Surplus assets the Council holds land valued at circa £1.2m with an undetermined use, in accordance with IAS40 these should be classified as investment property and revalued annually. As a result of this error the Council have amended the current year and also the prior year under the requirements of IAS8;*

- *Community Centres have been valued using existing use value (EUV), our RICS qualified experts view is that this undervalues the service potential of the Council holding/providing the assets and there is no sales market in order to assess value and they should therefore be valued at Depreciated Replacement Cost (DRC). The Council have amended this is the revised financial statements and also restated the prior year under the requirements of IAS8;*

- *The revaluation reserve did not reconcile to underlying working papers. The Council have had to undertake extensive work to reconcile this, which has been impacted by errors in prior years. We have agreed the amendments that have been made. As the changes required were material the Council has also restated the prior year under the requirements of IAS8; and*

- *A number of adjustments were required to the valuations based on the results of the work of our specialist.*

Other areas of audit focus

What is the risk/area of focus?	What did we do?
Recognition of grant income associated with Covid 19 *The Council has received additional funding in the form of grants as a result of Covid-19. There is the potential for the recognition and treatment of these grants (including business rate related grants) to be manipulated to improve the reported position.* *We will consider the elements of grant income, their susceptibility to manipulation and the appropriate audit response.*	*We will consider the Council's judgement on material grants received in relation to whether it is acting as:* ▪ *An Agent, where it has determined that it is acting as an intermediary; or* ▪ *A Principal, where the Council has determined that it is acting on its own behalf.* *Our work in this area complete. Our testing highlighted a small number of immaterial misstatements which have been corrected by management.* *We have no further matters to report.*
Valuation of defined benefit pension scheme *The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Northamptonshire County Council. The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet.* *The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.* *Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.*	*We:* ▪ *Liaised with the auditors of Northamptonshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Corby Borough Council;* ▪ *Assessed the work of the Pension Fund actuary (Hymans) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by The National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and* ▪ *Reviewed and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.* *Our work in this area is complete subject to Partner review.* *No issues were identified as a result of our testing.*

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03 Audit Report

Audit Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORBY BOROUGH COUNCIL

To be updated on completion of our work..

04 Audit Differences

Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as "known" or "judgemental". Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We have identified a large number of presentational and casting errors within the accounts, and have had ongoing discussions with the Council and shared our concerns over the quality of the accounts and supporting working papers.

At the time of this report we have completed our fieldwork and we are satisfied that the latest set of accounts presented to the Committee today reflects the current agreed position and all amendments identified to date have been processed. However, the Council is currently updating a final version of accounts for approval by the Committee and our review procedures are in progress. We have identified the following adjustments that have been made to the final version accounts:

- ***Investment property – The draft statements included a number of errors in relation to the valuation of investment property resulting in an understatement in the draft statements of £5.2m. These included but were not limited to:***
  - ***The accounts included a property that had been sold in year resulting in an overstatement of investment property of £921k;***
  - ***Reclassification of a surplus asset to investment property valued at circa £1.2m with an undetermined use, in accordance with IAS40 the correct classification is as investment property, which is required to be revalued annually. As the Council classified these as surplus assets, which do not have the same revaluation requirements, the Council obtained updated valuations from their valuers covering 1 April 2019, 31 March 2020 and 31 March 2021. This required a restatement of prior years under the requirements of IAS8;***
  - ***Valuation differences resulting in an understatement of IP in the draft financial statements of £5.1m; and***
  - ***A number of other minor adjusted misstatements in relation to opening balances.***
- ***Property Plant & Equipment (PPE) – In addition to the errors noted above impacting both investment property and surplus assets, our work has highlighted two further errors which required the Council to restate prior year balances under IAS8:***
  - ***Community Centres were valued using existing use value (EUV) in the draft financial statements. Our expert's view is that this undervalues the service potential of the Council holding/providing the assets, there is no sales market in order to assess value and they should therefore be valued at Depreciated Replacement Cost (DRC). This adjustment has resulted in the value of PPE increasing by £6.3m in 2020/21. As this is material the Council have been required to restate the prior year comparators and prepare a third balance sheet under the provision of IAS8;***
  - *The revaluation reserve did not reconcile to underlying working papers. The Council have had to undertake extensive work to reconcile this, which has been impacted by errors in prior years. We have agreed amendments totalling £1.7m. As the changes required were material the Council has also restated the prior year under the requirements of IAS8; and*
  - *There were a number of further adjustments to the valuation of PPE as a result of using overstated income figures for the valuations and other gains and losses on revaluations not being accounted for correctly. These errors impacted the current year only.*

Summary of adjusted differences (continued)

- *Cashflow – The cashflow note presented for audit does not comply with the Code, which requires the disclosure of changes in liabilities. This was omitted in the prior year and as such under IAS8 requires a prior year adjustment. In addition our testing highlighted differences between the values disclosed and the underlying working papers. The cashflow has been updated in the revised financial statements. In addition there is an unreconciled difference of £230k within purchases of property, plant and equipment, which is a balancing item required for the cashflow to balance.*
- ***Cash – There was a reclassification of short term investments to cash of £1.5m to ensure the financial statements agreed with underlying ledger balances. There was a further adjustment of £5.0 million between cash and short term investments as the funds held with the debt management office did not meet the definition of cash under IAS7.***
- ***Financial Instruments – The financial instruments disclosure has been updated to correctly analyse short and long term borrowings and correct for the error of including prepayments and non financial assets in the disclosure. As these issues were also prevalent in the prior year these have been restated under the requirements of IAS8. As noted on slide 6 our work to review the revised disclosures in this area is ongoing.***
- ***Note 7 Expenditure and Funding Analysis (EFA) & Note 8 Expenditure and income analysed by nature have both been updated to reflect the changes made in the financial statements. In addition corrections have been made to correct recharges which had been incorrectly disclosed. This had a material impact on the amounts disclosed and therefore the prior year has been restated under the requirements of IAS8. As noted on slide 6 our work to review the revised disclosures in this area is ongoing at the timing of writing this report.***
- ***Valuation Office Agency (VOA) – The VOA duplicated a property within the valuation schedule which resulted in the Council billing the same property twice. The value of the debtor raised was £0.8m, with the share of this attributable to Corby £0.3m. This reduced the debtors of the Council.***
- *Pensions – The pension liability was reduced by £0.8m as a result of updated information being available in respect of the remeasurement loss identified in the OCI.*
- ***Debtors – Our work identified three errors within debtors totalling £1.1m, all of which had the effect of reducing the year end reported position:***
- ***Credit Notes – The Council issued credit notes to the value of £379k after year end demonstrating that the amount was not collectable. Debtors have been reduced accordingly.***
- ***Write offs – Subsequent to the end of the financial year the Council has written off £0.4m of uncollectable debt from their sales ledger. As these amounts are uncollectable they have been removed from the year end debtor balance.***
- ***Debtors – A number of amendments were made to debtors resulting in a reduction of £0.2m of the year end balance. This included the removal of control account balances which could not be supported, debts which had already been paid and updates to the bad debt provision on both the general fund and Housing revenue account.***
- ***Debtors and creditors had been incorrectly grossed up for £0.8m income in advance where no cash had actually been received. In addition creditors receipts in advance of £0.3m were grossed up with a corresponding entry in debtors. There was no net impact of these adjustments.***
- ***Misclassification of covid grant between debtors and creditors of £417k. There is no impact on the net assets of the Council as a result of this misstatement.***

We include specific details in Section 02 in our response to areas of audit focus.

A significant number of other amendments were made to disclosures appearing in the financial statements as a result of our work.

Audit Differences

Summary of unadjusted differences

In addition we highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. We request that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Governance & Audit Committee and provided within the Letter of Representation:

- ***The Council has capitalised £457k of internal recharges. The Council has been unable to evidence how these roles meet the definition of IAS16.***
- *Cashflow - there is an unreconciled difference of £230k within purchases of property, plant and equipment, which is a balancing item to make the cashflow statement balance.*

There are also a number of projected misstatements where we have identified errors in our representative sampling, which include:

- ***Creditors – Over accrual of expenditure £113k.***
- ***Prior year expenses included in the current year expenditure listing £84k.***

	CIES DR	CIES CR	BS DR	BS CR	Equity DR	Equity CR
	£000	£000	£000	£000		
HRA internal recharges	457			(457)		
Projected misstatement - Creditors over accrual		(113)	113			
Projected misstatement – Prior year expenses		(83)			83	
Net Impact	261			(344)	83	

Audit Differences - Accounts amendments – Balance Sheet

	Orignal £k	Amendment £k	Revised Version £k
Property, Plant & Equipment	400,230	1,185	401,415
Heritage Assets	216	0	216
Investment Properties	80,219	5,245	85,464
Intangible Assets	120	0	120
Long Term Debtors	332	-22	310
Long Term Assets	**481,117**	**6,408**	**487,525**
Short Term Investments	0	10,000	10,000
Inventories	102	0	102
Short Term Debtors	16,447	-110	16,337
Cash and Cash Equivalents	22,136	-9,931	12,205
Current Assets	**38,685**	**-41**	**38,644**
Short Term Borrowing	-19,700	-10,646	-30,346
Short Term Creditors	-17,744	-188	-17,932
Provisions	-856	0	-856
Current Liabilities	**-38,300**	**-10,834**	**-49,134**
Long Term Provisions	-1,534	0	-1,534
Long term Borrowing	-108,967	10,646	-98,321
Liability related to DB Pension Scheme	-48,630	780	-47,850
Grant receipts in advance - capital	-3,704	343	-3,361
Long Term Liabilities	**-162,835**	**11,769**	**-151,066**
Net Assets	**318,667**	**7,302**	**325,969**
Usable Reserves	53,620	510	54,130
Unusable Reserves	265,041	6,797	271,838
Total Reserves	**318,661**	**7,307**	**325,968**

Audit Differences - Accounts amendments – Comprehensive Income & Expenditure

	Orignal £k	Amendment £k	Revised Version £k
Chief Exec	2,322	0	2,322
Neighbourhood Pride	552	0	552
Planning	5,974	-2	5,972
Culture	4,332	-247	4,085
Corp Services	372	-646	-274
CB Property	-581	-569	-1,150
HR	19	1	20
HRA	-3,179	-448	-3,627
Other	-380	260	-120
Cost of Services	**9,431**	**-1,651**	**7,780**
Other operating Expenditure	-598	146	-452
Financing & Investment Inc & Exp	1,857	-3,713	-1,856
taxation & non-specific grant income	-13,520	65	-13,455
Deficit on prov of services	**-2,830**	**-5,153**	**-7,983**
Surplus on reval of Non Current Assets	-44,078	1,535	-42,543
Re-measurement of net defined benefit liability	9,373	-781	8,592
Other Comprehensive income & expenditure	**-34,705**	**754**	**-33,951**
Total Comprehnsive Inc & Exp	**-37,535**	**-4,399**	**-41,934**

Audit Differences - Accounts amendments – Note 14 & 15

	Orignal £k	Amendment £k	Revised Version £k
Cost/Valuation at 1/4/2020	368,076	1,223	369,299
Additions	8,469	-251	8,218
Reval to RR	44,078	-1,534	42,544
Revalution to CIES	-1,702	-614	-2,316
Disposals	-8,344	6,642	-1,702
Other Derecognition	0	-4,979	-4,979
Reclassifications	0	0	0
Reclassifed Assets held for sale	0	0	0
Cost/Valaution at 31/3/2021	**410,577**	**487**	**411,064**
Acc'd Depreciation at 1/4/2020	-9,986	1,467	-8,519
Depreciation in year	-5,904	-70	-5,974
Depreciation to RR	107	4,630	4,737
Disposal	8,078	-7,972	106
Other Derecognition	0	0	0
Acc'd Depreciation at 31/3/2021	**-7,705**	**-1,945**	**-9,650**
Net Book Value 31/3/2021	**402,872**	**-1,458**	**401,414**
Investment Property NBV	**80,219**	**5,245**	**85,464**

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05 Value for Money

Value for money

The Authority's responsibilities for value for money (VFM)

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the Cipfa code of practice on local authority accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Auditor responsibility under the new code

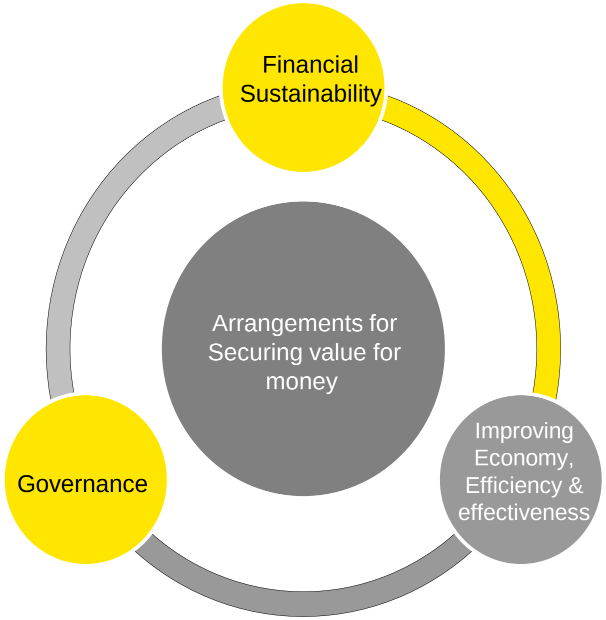
On 1 April 2020, the NAO's new Code of Audit Practice (the 2020 Code) came into force. This sets out how local auditors are expected to approach and report their work on value for money (VFM) arrangements under the new code and applies to audits of 2020/21 financial statements onwards.

Under the 2020 Code, we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified criteria are:

- *Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;*
- *Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and*
- *Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.*

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.



Value for Money

Risk assessment

In the Audit Planning Report, we reported that we were yet to complete our value for money (VFM) risk assessment but had identified one risk of significant weakness.

We subsequently completed our planning risk assessment and identified one further risk in that the Council did not update, maintain or present risk registers to those charged with governance throughout 2020/21. Additionally, from our work on the financial statements we have identified a number of weaknesses in the internal control environment that should underpin the production of the accounts.

We have concluded our work on the risks identified and concluded that this represents a significant weakness in proper arrangements in relation to the governance criterion. We will modify our audit opinion accordingly.

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
During the audit we identified that management had not undertaken a bank reconciliation in 2019/20 and 2020/21 financial year. *The bank reconciliation is a key financial control in the production of the financial statements and other financial information which the Council rely upon.*	*Governance* *Improving economy, efficiency and Effectiveness*	*During the course of the audit we identified that management had not undertaken a bank reconciliation throughout 2020/21 financial year.* *The Annual Governance Statement has been updated to reflect that the Council did not perform a bank reconciliation between April 2019 and April 2021. The bank reconciliation is a key component of the control environment and necessary for the prevention and detection of fraud and error. As the entity did not perform a bank reconciliation during 2020/21, management would be unable to detect whether their internal reporting throughout the year was materially complete and accurate.* *The issue above is evidence of significant weaknesses in relation to the governance – how the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. As a result of this we have issued a modified auditors report in respect of our value for money conclusion.*
Our initial planning procedures highlighted that no risk registers had been prepared in year. *Additionally, our initial work on the financial statements highlighted a number of internal control weaknesses which impacted the quality of financial reporting.*	*Governance* *Improving economy, efficiency and Effectiveness*	*Our planning identified that the Council did not prepare risk registers for the 2020/21 financial year and that risk management was not effectively managed or presented to members throughout the year.* *Our review of the financial statements and subsequent work has highlighted a number of control weaknesses. The accounts prepared for audit were of poor quality and records in support of those in some instances have not been retained. Section 7 of this report details some of the significant control weaknesses identified.* *The issue above is evidence of significant weaknesses in relation to the governance – how the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. As a result of this we have issued a modified auditors report in respect of our value for money conclusion.*

06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement
We must give an opinion on the consistency of the financial and non-financial information in the 2020/21 Financial Statements document with the audited financial statements. We have no matters to report. *We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance. The draft presented for audit has been revised to ensure it is reflective of the Authority's arrangements in 2020/21, reflecting the issues included within this report in respect of the preparation of accounts and supporting working papers and the wider risk management and governance arrangements in place during 2020/21.* *We have no other matters to report at this stage, however, our work is still ongoing.*

Whole of Government Accounts
The NAO as group auditor has confirmed that no further assurances will be required from us as component auditors in respect of the 2020/21 Whole of Government Accounts submission. *We have no other matters to report at this stage, however, our work is still ongoing.*

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014.

To date we have nothing to report in respect of these matters.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- *Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;*
- *Any significant difficulties encountered during the audit;*
- *Any significant matters arising from the audit that were discussed with management;*
- *Written representations we have requested;*
- *Expected modifications to the audit report;*
- *Any other matters significant to overseeing the financial reporting process;*
- *Findings and issues around the opening balance on initial audits (if applicable);*
- *Related parties;*
- *External confirmations; and*
- *Consideration of laws and regulations.*

We have nothing further to report on these issues that is not contained within other sections of our report about the weaknesses identified in the preparation of the financial statements and working papers.

07 Assessment of Control Environment

Assessment of Control Environment

Assessment of Control Environment

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed and we considered whether circumstances arising from COVID-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely.

As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

As reported in our audit plan we reported that our initial planning work identified a number of weaknesses in the control environment to produce the financial statements:

- *We did not receive all working papers in line with the agreed timetable;*
- *The quality of the working papers that we did receive within the agreed timetable received was poor and were not of sufficient quality for us to undertake audit testing as needed.*
- *Subsequent working papers that have been received are poor and we have returned a large number of them to officers as they do not reconcile to the draft accounts.*
- *Due to officer changes it is difficult for the current finance team to locate supporting evidence and answer queries about working papers and balances.*
- *The overall quality of the draft 2020/21 accounts submitted for audit is also poor. Based on the Partner and Senior Manager read through of the accounts we have identified a significant number of errors within them. This includes inconsistencies in the figures and narrative, notes not casting and disclosures being incorrect for the Council. The accounts should have been subject to quality review before submission to audit.*
- *We have identified that journals have been posted by the Assistant Director of Finance without any further authorisation or review. This is one of the key risks we look for when undertaking our journal testing. As a result we had to extend our testing to review all such journals, our testing did not identify any further issues to report.*

The combination of the accounts and working papers issues has resulted in issues arising with the audit from day one and significant additional procedures needing to be undertaken to obtain the required assurance to enable us to issue an audit report.

8 Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Authority and its members and senior management and its affiliates, including all services provided by us and our network to the Authority, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The table below sets out a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute. As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

The agreed fee presented is based on the following assumptions:

- *Officers meeting the agreed timetable of deliverables;*
- *Our accounts opinion and value for money conclusion being unqualified;*
- *Appropriate quality of documentation is provided by the Council; and*
- *The Council has an effective control environment.*

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

There will be a significant scale fee variation for the 2020/21 audit to respond to the significant and inherent risks, areas of focus on our audit of the Council's financial statements as well as our work on value for money arrangements as set out in this report.

We have also communicated to management the need for additional fee due to the level of error identified in the draft accounts based on our read through of the accounts and the poor quality working papers provided for audit. The level of audit work being undertaken to get assurance over the transactions and balances in the draft accounts is extensive with the majority of samples needing to be extended to reach a conclusion over the error in the population.

We will report our proposed variations to officers and the Governance and Audit Committee at the conclusion of our 2020/21 audit and before we submit to PSAA for approval and determination.

	Planned fee 2020/21	Scale fee 2020/21	Final Fee 2019/20
	£'s	£'s	£'s
Total Fee – Scale Fee	39,692	39,692	39,692
Scale Fee Rebasing: Changes in work required to address professional and regulatory requirements and scope associated with risk (see next page)	To be confirmed	To be confirmed	28,377
Changes in scope	To be confirmed	-	-
Total audit fees	To be confirmed	To be confirmed	68,069

Other communications

EY Transparency Report 2022

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2022:

EY UK 2022 Transparency Report | EY UK

9 Appendices

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- *Existence: An asset, liability and equity interest exists at a given date*
- *Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date*
- *Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items*
- *Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded*
- *Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework*

There were no significant changes to our audit approach apart from the additional work we were required to undertake to address the requirements of the new auditing standard on accounting estimates. This primary impacted out audit procedures on:

- *The revaluation of land and buildings classified as Property, Plant and Equipment (PPE), Investment Property (IP) and Surplus Assets.*
- *Pension liability and asset valuation.*

Appendix B

Required communications with the Governance and Audit Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	*Confirmation by the Governance and Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.*	*The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies*
Our responsibilities	*Reminder of our responsibilities as set out in the engagement letter.*	*The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies*
Planning and audit approach	*Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.* *When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.*	*Audit Plan*
Significant findings from the audit	• *Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures* • *Significant difficulties, if any, encountered during the audit* • *Significant matters, if any, arising from the audit that were discussed with management* • *Written representations that we are seeking* • *Expected modifications to the audit report* • *Other matters if any, significant to the oversight of the financial reporting process*	*Audit Results Report*

Appendix B

Required communications	What is reported?	Our Reporting to you: When and where

Fraud	• *Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity*
	• *Any fraud that we have identified or information we have obtained that indicates that a fraud may exist*
	• *Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:*
	  • *Management;*
	  • *Employees who have significant roles in internal control; or*
	  • *Others where the fraud results in a material misstatement in the financial statements.*
	• *The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected*
	• *Any other matters related to fraud, relevant to Governance and Audit Committee responsibility.*
		Audit Results Report

Related parties	*Significant matters arising during the audit in connection with the entity's related parties including, when applicable:* • *Non-disclosure by management* • *Inappropriate authorisation and approval of transactions* • *Disagreement over disclosures* • *Non-compliance with laws and regulations* • *Difficulty in identifying the party that ultimately controls the entity*	*Audit Results Report*
Independence	*Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.* *Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:* • *The principal threats* • *Safeguards adopted and their effectiveness* • *An overall assessment of threats and safeguards* • *Information about the general policies and process within the firm to maintain objectivity and independence*	*Audit Plan* *Audit Results Report*

Appendix B

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Going concern	*Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:* • *Whether the events or conditions constitute a material uncertainty related to going concern* • *Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements* • *The appropriateness of related disclosures in the financial statements*	*Audit Results Report*
Misstatements	• *Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation* • *The effect of uncorrected misstatements related to prior periods* • *A request that any uncorrected misstatement be corrected* • *Material misstatements corrected by management*	*Audit Results Report*
Subsequent events	• *Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.*	*Audit Results Report*
External confirmations	• *Management's refusal for us to request confirmations* • *Inability to obtain relevant and reliable audit evidence from other procedures.*	*Audit Results Report*
Consideration of laws and regulations	• *Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur* • *Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of*	*Audit Results Report*

Appendix B

		Our Reporting to you
Required communications	***What is reported?***	***When and where***
Significant deficiencies in internal controls identified during the audit	• *Significant deficiencies in internal controls identified during the audit.*	*Audit Results Report*
Group Audits	• *An overview of the type of work to be performed on the financial information of the components* • *An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components* • *Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work* • *Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted* • *Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements.*	*N/A*
Written representations we are requesting from management and/or those charged with governance	• *Written representations we are requesting from management and/or those charged with governance*	*Audit Results Report*
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	• *Material inconsistencies or misstatements of fact identified in other information which management has refused to revise*	*Audit Results Report*
Auditors report	• *Key audit matters that we will include in our auditor's report* • *Any circumstances identified that affect the form and content of our auditor's report*	*Audit Results Report*

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Management representation letter

To be updated upon completion of our work.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORBY BOROUGH COUNCIL

Opinion
We have audited the financial statements of Corby Borough Council ('the Authority) for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority Movement in Reserves Statement
- Authority Comprehensive Income and Expenditure Statement
- Authority Balance Sheet
- Authority Cash Flow Statement
- the related notes 1 to 38
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes 1 to 9
- Collection Fund and the related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:
- give a true and fair view of the financial position of Corby Borough Council as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Local Government Reorganisation.
We draw attention to Note 1 - Accounting Policies and Note 6 – Events after the Balance Sheet Date which disclose the local government reorganisation in Northamptonshire.

As stated in this disclosure, a new council called North Northamptonshire Council replaced Corby Borough Council in April 2021. The Council's assets, liabilities, services and functions transferred to the new North Northamptonshire Council on 1 April 2021.

Our opinion is not modified in respect of this matter.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Executive Director of Finance's (Section 151 Officer) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Director of Finance's (Section 151 Officer) with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Authority's ability to continue as a going concern.

Other information
The other information comprises the information included in the Narrative Report, other than the financial statements and our auditor's report thereon. The Executive Director of Finance (Section 151 Officer) is responsible for the other information contained within the Narrative Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception
We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception:

Arrangements to secure economy, efficiency and effectiveness in the use of Resources
On the basis of our work, having regard to the Code of Audit Practice 2020 and the guidance issued by the Comptroller and Auditor General in April 2021, we have identified the following significant weakness in the Authority's arrangements for the year ended 31 March 2021.

Our judgement on the nature of the weakness identified:
As disclosed in the Annual Governance Statement, the Council did not perform a bank reconciliation throughout 2020/21. Additionally, the Corporate Risk Register was not updated by the Council's Senior Management Team and was not presented to the Audit and Governance Committee for scrutiny throughout 2020/21.

The evidence on which our view is based:

- our audit procedures
- internal audit reporting
- disclosure in the Annual Governance Statement.

The impact on Corby Borough Council:
The bank reconciliation and risk register are key components of the Authority's control environment and necessary for the prevention and detection of fraud and error and management of risk.

As the entity did not perform a bank reconciliation during 2020/21, management would be unable to detect whether their internal reporting throughout the year was materially complete and accurate.

As the Corporate Risk Register was not updated or scrutinised by Authority Members, the Authority was unable to effectively prioritise and manage risks.

Responsibility of the Executive Director of Finance (Section 151 Officer)
As explained more fully in the Statement of the Executive Director of Finance's (Section 151 Officer) Responsibilities set out on page 14, the Executive Director of Finance (Section 151 Officer) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Executive Director of Finance (Section 151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Finance (Section 151 Officer) is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant are:

- Local Government Act 1972,
- Local Government and Housing Act 1989 (England and Wales),
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018,2020 and 2021,
- Business Rate Supplements Act 2009,
- The Local Government Finance Act 2012,
- The Local Audit and Accountability Act 2014, and
- The Accounts and Audit Regulations 2015.

In addition, the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how Corby Borough Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the head of internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Authority's committee minutes and through review of Authority policies.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested the appropriateness of journal entries, assessed accounting estimates for management bias and evaluated the rationale for any significant unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in April 2021**,** as to whether Corby Borough Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Corby Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

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

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

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

Certificate
We certify that we have completed the audit of the accounts of Corby Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

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

Janet Dawson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
London
XX October 2023

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APPENDIX C

North Northamptonshire Council

Finance
Municipal Offices
Bowling Green Road
Kettering
Northants
NN15 7QX
Tel: 0300 126 3000
www.northnorthants.gov.uk

[Date]

Ernst & Young
400 Capability Green
Luton
LU1 3LU

This letter of representations is provided in connection with your audit of the financial statements of Corby Borough Council ("the Authority") for the year ended 31 March 2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Corby Borough Council as of 31 March 2021 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November

2022), and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls. and the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.

5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because these have no material impact on the authorities reserves.

   Factual misstatements:

   a. The Council has capitalised £457k of internal recharges. The Council has been unable to evidence how these roles meet the definition of IAS16.

   b. Cashflow - there is an unreconciled difference of £230k within purchases of property, plant and equipment, which is a balancing item to make the cashflow statement balance.

   Projected misstatements:

   c. Creditors – Over accrual of expenditure £113k.

   d. Prior year expenses included in the current year expenditure listing £84k.

6. We confirm the Authority does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by “whistleblowers”), including non-compliance matters:

   - involving financial improprieties;

   - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the [Council/Authority]’s financial statements;

   - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the [Council/Authority]’s activities, its ability to continue to operate, or to avoid material penalties;

   - involving management, or employees who have significant roles in internal controls, or others; or

   - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

   - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

   - Additional information that you have requested from us for the purpose of the audit; and

   - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.

3. We have made available to you all minutes of the meetings of the Authority and committees held through to the most recent meeting.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority’s related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or

from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with applicable financial reporting framework.

6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed all guarantees that we have given to third parties.

E. Going Concern

1. Note 1 to the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than the local government reorganisation described in Note 6 to the financial statements, there have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered.

2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), aligned with the statements we have made in the other information or other public communications made by us.

Comparative information – corresponding financial information

1. The comparative amounts have been correctly restated to reflect the following matters and appropriate note disclosure of these restatements has also been included in the current year's financial statements at note 39, none of the above restatements have affected the General Fund balance as reported in the accounts for previous years:

    a. Correction of the valuation basis of Community centres from fair value, to depreciated replacement costs. This has resulted in a material understatement of the asset's value reflected on the balance sheet.

    b. Correction to the classification of Council owned surplus assets, they had been incorrectly classified as property, plant and equipment and were reclassified as investments assets.

    c. To correct the accounting treatment for accumulative changes in valuation to bring this in line with the Code.

    d. To correct the omission of code required disclosure notes in respect of the cashflow and 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.

Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

   (1) Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

Purchase and Sales Commitments and Sales Terms

1. Losses arising from purchase and sales commitments have been properly recorded and adequately disclosed in the financial statements.

2. At the period end, the Authority had no unusual commitments or contractual obligations of any sort which were not in the ordinary course of business and which might have an adverse effect upon the Authority.

Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of Property, Plant and Equipment, the IAS19 actuarial valuations of pension fund liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Estimates – Valuation of Property, Plant and Equipment and Pension Liabilities

We confirm that the significant judgments made in making the estimates above *we* have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.

1. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the estimates.

2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out the delivery of services on behalf of the entity.

3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

4. We confirm that appropriate specialized skills or expertise has been applied in making the estimates

5. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements, including due to the COVID-19 pandemic.

Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

(Chief Financial Officer/Finance Director)

____

(Chairman of the Audit Committee)