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Statement of Accounts 2020/21

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## **Narrative Report**

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

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

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

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

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

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

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

### **Covid-19 Pandemic**

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

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

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

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

## **An Introduction to Corby**

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

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

### **Key Facts about Corby**

The profile of the local population dictates the direction and substance of the services provided by the Council, for example demand is increasing for children’s and adult social care. The Office for National Statistics Mid-Year Estimates for 2017 reported that Corby’s estimated population was 69,600. 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.

Economic data tells us:

- The earnings per head in Corby are less than the national average,
- The unemployment rate (NOMIS) in Corby as at December 2018 stands at 5.1%, as compared to the East Midlands average of 4.5% and the national average of 4.2%. In aggregate over the previous year, unemployment in Corby has increased by 0.7% while there was an increase in East Midlands by (0.1%) but the national average has decreased by (0.2%),
- More than one in five Corby children aged 0-15 (22.3%) live in income deprived households (Income Deprivation Affecting Children Index),
- Just over one in six Corby residents aged over 60 (16.9%) live in income deprived households (Income Deprivation Affecting Older People Index) and
- The Borough is ranked 88 out of 326 local authorities in England on overall deprivation

### **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 2020/21Municipal 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”.

**P**romoting Healthier, Safer and Stronger Communities

**R**egeneration and Economic Growth

**I**nspiring a Future

**D**elivery Excellence

**E**nvironment 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:

<b>Band D Council Tax by Tax</b>	<b>2019/20 (£)</b>	<b>2020/21 (£)</b>
Corby Borough Council (exc. Parish precepts)	189.50	189.50
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
	<b>1,731.40</b>	<b>1,791.93</b>

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

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

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

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

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

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

#### *Budget Monitoring*

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

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

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

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

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

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

#### Capital Programme - Five Year Financial Projections

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£000	£000	£000	£000	£001	£000
<b>Housing Capital Programme</b>						
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
<b>Total Programme</b>	<b>6,356</b>	<b>7,638</b>	<b>7,770</b>	<b>7,970</b>	<b>7,930</b>	<b>37,664</b>

#### 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
	<b>6,356</b>	<b>7,638</b>	<b>7,770</b>	<b>7,970</b>	<b>7,930</b>	<b>37,664</b>

#### 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
<b>Total Programme</b>	<b>665</b>	<b>665</b>	<b>665</b>	<b>665</b>	<b>665</b>	<b>3,325</b>

#### 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
	<b>665</b>	<b>665</b>	<b>665</b>	<b>665</b>	<b>665</b>	<b>3,325</b>

## 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 £144k 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	5,017	1,527
Corporate Services	1,425	1,034	(391)
CB Property	(5,331)	(5,110)	221
Human Resources	58	12	(46)
Other (miscellaneous items)	2,498	2,221	(277)
<b>General Fund Total</b>	<b>10,844</b>	<b>10,700</b>	<b>(144)</b>

The main variances relate to:

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

CB Property – Loss of car parking income £335k

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

### 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
<b>HRA Total</b>	<b>(11)</b>	<b>184</b>	<b>195</b>

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 £8.935m on capital works, £10.421m 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 £22.1m. 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 20% of its property and land portfolio as required by the Code of Practice. This has resulted in an upwards revaluation of £44.1m, increasing the value of the authority's property, plant and equipment. Of which £41.6m relates to Council Dwellings and £2.4m relates to other land and buildings.

## **Non-Financial Performance of the Council 2020/21**

### *Achievements*

Although times are challenging within Local Government as a whole, Corby has shown that, with effort and determination things can improve for the better. Below are some of the positive outcomes that have happened within the borough:

- Corby remains one of the fastest growing boroughs outside of London (Office of National Statistics)
- Significant investments within the commercial sector within Corby by the Council promoting economic growth within the borough
- Corby West development
- Midlands Logistic Park

## **Corporate Risks**

A risk management strategy is in place to identify and evaluate risks. There is a clear process in place referred to as the risk management cycle with specific roles and responsibilities identified. The impact and likelihood of risks are assessed using a matrix scoring approach. Through embedding risk management across the organisation, there is a better understanding of the threats and opportunities which helps us to support better decision making.

Below are the Council's highest significant corporate risks as identified in the risk register:

- Further reductions in revenue support grant
- Non-Delivery of Housing Revenue Account Business Plan
- Loss of Rental Income from investment properties
- Failure to deliver housing capital programme
- Recyclables Processing Contracts - failure to deliver and stay within current budget targets
- Delay in implementation of effective Business Continuity Arrangements

Other, less significant risks include:

- Failure to achieve the predicted level of capital receipts
- Culture and Leisure not achieving required income levels
- Grant reductions resulting in possible loss of local voluntary services
- Failure to deliver S106 agreements
- Individual Electoral Registration Scheme
- Recycling Credits - Removal of funding from County Council

## **Outlook for the Future**

### **Going Concern**

There are a number of challenges and uncertainties facing local government in general and the new Council over the next few years. Corby Borough Council has a good track record of preparing well in advance for such events and adapting to any changes and believes that it has helped to put the new Council in a strong financial and operational position for the future. The Council was proactive in change management and maintained a good level of financial reserves to support its future sustainability.

Since 2010 Corby Borough Council has faced significant financial challenges due to the reductions in funding from central government along with continued pressures in delivering services and greater volatility in future funding streams.

The only thing that is certain is that there will continue to be significant change within Local Government Finance. Despite this uncertainty, the key underlying strategic principles remain unchanged – maximising service delivery whilst maintaining relatively low Council Tax and maximising funding from external partners in order to secure value for money for the residents of the Borough.

### **Local Government Reorganisation**

From 1st April 2021 Corby Borough Council will merge with East Northamptonshire Council, Kettering Borough Council, Borough Council of Wellingborough and part of Northamptonshire County Council to form the new unitary authority of North Northamptonshire. Elections to the new council were held in May 2021.

### **Joint Working with Kettering Borough Council**

Corby Borough Council and Kettering Borough Council are jointly the beneficial owners of a warehouse located in the Corby area. The two councils established a Trust to administer the day-to-day control of the management of this property, and of any future joint acquisitions. The decisions of the trustees are binding on the beneficial owners, which share equally all expenditure and income associated with the venture. In February 2019 Corby and Kettering Borough Council formed a Street Scene Shared Service, incorporating Refuse Collection; Recycling; Grounds Maintenance and Street Cleansing. This operation will now be delivering a £10m joint service.

### **Business Rates Retention**

North Northamptonshire Council will retain 49% of the Business Rates it collects and pass 1% to the Northamptonshire Fire and Rescue Authority. The remaining 50% is passed on to Central Government.

Central Government is exploring ways of passing over a greater share of the rates to local authorities. The original intention was to move to 100% Business Rates Retention. However, the Government are now working towards a 75% Business Rates Retention Scheme. This will also include the resetting of the Business Rates baseline which is the point from which any growth in business rates is measured. It was intended that this review would coincide with the business rates revaluation which was originally scheduled to be effective from 1 April 2021. However, the Covid-19 pandemic has led to the review being postponed until 2022 and the revaluation until 2023.

### **Fair Funding Review**

The current system for Central Government to allocate funds to local government has been in place for over a decade and a review was originally launched in 2019. The outcome of the review will enable Central Government to reconsider how the relative needs and resources of local authorities should be assessed in order that local authorities can have greater control over the money that they raise. This review was due to be carried out in conjunction with the work on Business Rates Retention, but again this has been postponed due to the Covid-19 pandemic. It is now intended to report on the review in 2022.

### **Parliamentary Inquiry into Local Government Finance**

A Parliamentary Inquiry was set up in Autumn 2020. This new inquiry investigated the current financial health of local authorities and their ability to deliver services, including the additional pressures caused by the Covid-19 pandemic. The resultant Spending Review again only covered the 2021/22 financial year.

### **Impact of Britain Leaving the European Economic Union**

In common with all other sectors of the economy the implications of Britain leaving the European Union are not yet fully understood. The Council will be kept informed of any developments through central and local government organisations.

### **Long Term Impact of the Covid-19 Pandemic**

The impact of the pandemic will continue into 2021/22 for the new Council, the full impact will depend on the extent of the further lockdown measures together with the exit strategy that the government then applies.

North Northamptonshire's Medium Term Financial Strategy is based on assumptions about continuing growth in the local economy and therefore in the local tax base. If this contracts it will create additional pressure on the Strategy together with additional expenditure and income pressures brought about from the pandemic. The Council's Medium Term Financial Strategy will continue to be updated to reflect the latest assumptions

### **The Future of New Homes Bonus**

The Government have published a consultation paper on the future of New Homes Bonus.

This consultation covers a number of options for reforming the programme to provide an incentive which is more focused and targeted on ambitious housing delivery, complements the reforms outlined in the government's Planning White Paper, and dovetails with the wider financial mechanisms the government is putting in place. A response to the consultation from the Government is expected later in 2021.

## 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**

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# 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 xxxxxx delegated authority to me as Chairman of the Panel to approve the Statement of Accounts.

Councillor Weatherill

xxxxxxx 2022

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 accruals 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 EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000	Note	GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
1,567	(200)	1,367		2,345	(23)	2,322
1,204	(606)	598		1,203	(651)	552
9,865	(3,402)	6,463		7,843	(1,869)	5,974
7,800	(3,520)	4,280		7,060	(2,728)	4,332
14,096	(12,688)	1,408		14,668	(14,940)	(271)
1,806	(5,204)	(3,397)		1,684	(2,823)	(1,140)
46	(1)	45		250	(230)	19
17,903	(21,557)	(3,654)		18,234	(21,862)	(3,628)
542	(82)	460		218	(22)	196
<b>54,828</b>	<b>(45,728)</b>	<b>7,570</b>	<b>Net Cost of Services</b>	<b>53,504</b>	<b>(45,149)</b>	<b>8,355</b>
<b>581</b>	<b>(1,358)</b>	<b>(777)</b>	Other Operating (Income)/Expenditure	<b>603</b>	<b>(1,129)</b>	<b>(526)</b>
<b>4,763</b>	<b>(9,615)</b>	<b>(4,852)</b>	Financing and Investment (Income)/Expenditure	<b>7,339</b>	<b>(5,390)</b>	<b>1,949</b>
<b>11,114</b>	<b>(20,802)</b>	<b>(9,688)</b>	Taxation and Non-Specific Grant (Income)/Exp	<b>14,963</b>	<b>(28,366)</b>	<b>(13,403)</b>
<b>72,287</b>	<b>(79,033)</b>	<b>(7,747)</b>	(Surplus) / Deficit on Provision of Services	<b>76,409</b>	<b>(80,033)</b>	<b>(3,624)</b>
		(7,432)	(Surplus) / Deficit on Revaluation of Non-current assets			(44,142)
		(11,928)	Remeasurement of the Net Defined Liability/(Asset)			8,592
		<b>(19,360)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(35,550)</b>
		<b>(27,107)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(39,174)</b>

## 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.

	GF Bal £000	GF ear- marked £000	HRA Bal £000	HRA ear- mark- ed £000	Major repairs res. £000	Capital receipt res. £000	Capita l grants unapp - lied £000	TOTAL USE- ABLE RES. £000	Unusable Res. £000	TOTAL RES. £000
<b>2020/21</b>										
<b>BAL AT 31/03/2020</b>	<b>2,477</b>	<b>13,986</b>	<b>3,787</b>	<b>11,359</b>	<b>1,074</b>	<b>6,830</b>	<b>1,154</b>	<b>40,667</b>	<b>239,601</b>	<b>280,268</b>
Surplus/(Deficit) on provision of services	1,750	0	1,874	0	0		0	3,624	0	3,624
Other comprehensive income and expenditure	0	0	0	0	0		0	0	35,549	35,549
<b>Total CIES</b>	<b>1,750</b>	<b>0</b>	<b>1,874</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>3,624</b>	<b>35,549</b>	<b>39,173</b>
Adjs between accounting basis and funding basis under regs (Note9)	8,235	0	(695)	0	1,379	168	439	9,189	(9,189)	0
<b>Net Inc/Dec before transfer earmarked reserve</b>	<b>9,984</b>	<b>0</b>	<b>1,179</b>	<b>0</b>	<b>1,566</b>	<b>168</b>	<b>439</b>	<b>12,813</b>	<b>26,360</b>	<b>39,173</b>
<b>Transfer to earmarked Res</b>	<b>1,572</b>	<b>(1,572)</b>	<b>(1,605)</b>	<b>1,605</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>BAL AT 31/03/2021</b>	<b>14,033</b>	<b>12,414</b>	<b>3,363</b>	<b>12,962</b>	<b>2,453</b>	<b>6,662</b>	<b>1,593</b>	<b>53,479</b>	<b>265,960</b>	<b>319,439</b>
<b>2019/20</b>										
<b>BAL AT 31/03/2019</b>	<b>645</b>	<b>13,972</b>	<b>3,463</b>	<b>9,859</b>	<b>349</b>	<b>6,510</b>	<b>1,823</b>	<b>36,622</b>	<b>216,543</b>	<b>253,165</b>
Surplus/(Deficit) on provision of services	3,244	0	1,693	0	0	0	0	4,937	0	4,937
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	22,170	22,170
<b>Total CIES</b>	<b>3,244</b>	<b>0</b>	<b>1,693</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,937</b>	<b>22,170</b>	<b>25,842</b>
Adjs between accounting basis and funding basis under regs (Note9)	(1,395)	0	131	0	725	321	(669)	(888)	888	0
<b>Earmarked</b>	<b>(14)</b>	<b>14</b>	<b>(1,500)</b>	<b>1,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net inc/(dec) in year</b>	<b>1,834</b>	<b>14</b>	<b>324</b>	<b>1,500</b>	<b>725</b>	<b>321</b>	<b>(669)</b>	<b>4,047</b>	<b>23,058</b>	<b>25,842</b>
<b>BAL AT 31/03/2020</b>	<b>2,477</b>	<b>13,986</b>	<b>3,787</b>	<b>11,359</b>	<b>1,074</b>	<b>6,830</b>	<b>1,154</b>	<b>40,667</b>	<b>239,601</b>	<b>280,268</b>

## 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.

<b>BALANCE SHEET</b>					
<b>31 Mar 20 (Restated)</b>				<b>31 Mar 21</b>	
<b>£'000</b>	<b>£'000</b>		<b>Note</b>	<b>£'000</b>	<b>£'000</b>
358,091		Property, Plant and Equipment	<b>14</b>	397,898	
216		Heritage Assets	<b>40</b>	216	
85,817		Investment Properties	<b>15</b>	82,753	
259		Intangible Assets	<b>16</b>	120	
332		Long Term Debtors	<b>18</b>	332	
	<b>442,632</b>	<b>Long Term Assets</b>			<b>481,319</b>
6,500		Short Term Investments	<b>17</b>	5,000	
64		Inventories	-	102	
5,280		Short Term Debtors	<b>18</b>	15,495	
9,635		Cash and Cash Equivalents	<b>19</b>	17,136	
	<b>21,480</b>	<b>Current Assets</b>			<b>37,732</b>
(19,700)		Short Term Borrowing	<b>17</b>	(19,700)	
(8,718)		Short Term Creditors	<b>20</b>	(17,336)	
(795)		Provisions	<b>21</b>	(856)	
	<b>(29,213)</b>	<b>Current Liabilities</b>			<b>(37,892)</b>
(1,819)		Long term provision	<b>34</b>	(1,534)	
(110,008)		Long-term Borrowing (PWLB only)	<b>17</b>	(108,967)	
(38,312)		Liability Related to Defined Benefit Pension Scheme	<b>36</b>	(47,850)	
(4,491)		Grants RiA (S106 only)	<b>32</b>	(3,361)	
	<b>(154,630)</b>	<b>Long Term Liabilities</b>			<b>(161,711)</b>
	<b>280,270</b>	<b>Net Assets</b>			<b>319,448</b>
	<b>40,667</b>	<b>Usable Reserves</b>	<b>MIRS/22</b>		<b>53,526</b>
	<b>239,603</b>	<b>Unusable Reserves</b>	<b>MIRS/23</b>		<b>265,969</b>
	<b>280,270</b>	<b>Total Reserves</b>			<b>319,448</b>

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		2020/21	
£000		Note	£000
<b>(4,936)</b>	<b>Net (surplus)/deficit on provision of services</b>		<b>(3,624)</b>
(11,404)	Adj to net surplus/deficit on provision of services for non-cash movements	<b>24</b>	(18,858)
5,751	Adj for items included in the net surplus/deficit on provision of services that are investing and financing activities	<b>24</b>	4,300
<b>(10,589)</b>	<b>Net cash flows from Operating Activities</b>		<b>(18,182)</b>
12,710	Investing Activities	<b>25</b>	3,109
(869)	Financing Activities	<b>26</b>	7,572
<b>1,252</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>(7,501)</b>
<b>(10,887)</b>	<b>Cash and Cash equivalents at the beginning of the reporting period</b>	<b>17</b>	<b>(9,635)</b>
<b>(9,635)</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>17</b>	<b>(17,136)</b>

## **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.

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

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 2021-22**

The focus for establishing financial budgets and plans for the new councils has been for a 'safe and legal' provision of services. A key requirement in formulating the 2021-22 budgets has been to develop a process for allocating the existing Medium Term Financial Plans to the new organisations. The existing sovereign council plans were carefully scrutinised and updated to reflect a North Northamptonshire perspective and a West Northamptonshire perspective to identify and budget for changes related to:

- COVID-19 pressures
- Contract and other inflation
- Demographic and service demand
- Full year impacts of previous decisions
- Technical and legislative changes
- The implementation of the service Blueprint for North Northamptonshire and West Northamptonshire and both Councils drive for further transformation and improvement.

Key assumptions included in the 2021-22 budget for North Northamptonshire are;

- safe and legal service provision,
- a balanced net revenue budget of £293m,
- Covid-19 pressures of £17m,
- a contingency of £6m,
- a 4-year capital investment programme (including HRA) of £219m (funded by £43m of borrowing),
- an Affordable Borrowing Limit of £824m for 2021-22,

- general fund reserves of £22m, and earmarked reserves of £124m, including £20m of HRA reserves, at 1 April 2021

In addition, the actual liquidity position the new council inherit was positive, on the 31<sup>st</sup> March 2021 it had cash and investment held by sovereign councils totalling £158.9m. This excludes an estimated contribution of £10.3m from the legacy council Northampton County Council for the cash and investment held as at end of March 2021.

### **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 Fiancé 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 2021-22 Revenue Budget**

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

### **Period 4 Review of 2021-22 Revenue Budget Outturn**

The forecast outturn position for the Council reported to the 26<sup>th</sup> August Executive Committee of the Council was £266k. The summary forecast outturn position is set out in the table below.

	Net Budget	Forecast Position at 31/03/22	P4 Variance Forecast at 31/03/22
	£'000	£'000	£'000
<b>Net Total Available Resources</b>	<b>292,505</b>	<b>292,505</b>	<b>0</b>
<b>Total Corporate Budgets</b>	<b>23,950</b>	<b>23,950</b>	<b>0</b>
Children's & Education Services	60,351	60,351	0
Adults, Communities & Wellbeing Services	120,854	120,604	(250)
Place & Economy	55,783	55,135	(648)
Enabling & Support Services	31,567	32,199	632
<b>Total Directorate Budgets</b>	<b>268,555</b>	<b>268,289</b>	<b>(266)</b>
<b>Total Budget</b>	<b>292,505</b>	<b>292,239</b>	<b>(266)</b>
<b>Net Position 2021/22</b>	<b>0</b>	<b>(266)</b>	<b>(266)</b>

Set out below is NNC's projected reserves and balances position up to March 2023. The table also details estimated commitment against these reserves up to March 2023.

	Forecast Balance at 01/04/2021	Transfers to/ (from) Reserve 2021/22	Forecast Balance at 31/03/22	Transfers to/ (from) Reserves 2022/23	Forecast Balance at 31/03/23
	£'000	£'000	£'000	£'000	£'000
<b>General Fund Balance</b>	21,911	115	22,026	0	22,026
<b>Earmarked Reserves</b>					
Regeneration and Economic Investments	2,250	0	2,250	0	2,250
Investment Income	3,550	0	3,550	0	3,550
Welfare Reform	1,498	0	1,498	0	1,498
Recycling Commodities	1,931	0	1,931	0	1,931
Homelessness	1,542	0	1,542	0	1,542
Budget Delivery	7,105	(450)	6,655	0	6,655
Covid-19 Related Risks	6,593		6,593		6,593
Business Rates Retention Risks	41,418	(21,445)	19,973		19,973
Transformation Reserves	10,569	(4,175)	6,394	(2,300)	4,094
Other Efficiency and Transformation	2,351		2,351		2,351
Building Repairs and Investment	1,325		1,325		1,325
Planning Risks	417		417		417
Economic Development and Regeneration	1,490		1,490		1,490
Voluntary Community and Social Enterprise	0	400	400	(200)	200
Community Projects	4,132	(342)	3,790		3,790
LGSS Reserves	591		591		591
Burton Wold	111		111		111
Joint Planning Unit	288	(212)	76		76
Capacity Fund	191	(191)	0		0
COVID-19 - Contain Outbreak Mgt Fund and Test & Trace	6,593	(6,593)	0		0
Public Health Reserve	4,463		4,463		4,463
Adult Social Care Reserve	0	3,200	3,200		3,200
Local Council Tax Support Reserve	0	500	500		500
Waste Management	0	2,300	2,300		2,300
Other Earmarked Reserves	1,903	(449)	1,454		1,454
Capital General Fund	2,039		2,039		2,039
Insurance Risk Reserve	1,195		1,195		1,195
<b>Total Earmarked Reserves</b>	<b>103,545</b>	<b>(27,457)</b>	<b>76,088</b>	<b>(2,500)</b>	<b>73,588</b>
<b>Total General Fund Reserves &amp; Balances</b>	<b>125,456</b>	<b>(27,342)</b>	<b>98,114</b>	<b>(2,500)</b>	<b>95,614</b>

### 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.

## **2022-23 Budget Setting and Medium-Term Financial Planning Process**

The development of the 2022-23 revenue budget and refinement of the Medium-Term financial plan commenced in Spring 2021.

The budget review process for 2022/23 is 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, the Transformation Team are meeting with service leads to review service delivery across all directorates of the Council. The real time information being gathered as part of the 2021/22 budget monitoring process is also being used to update the budget and MTFP. The outcome of these reviews along with other budget review work that is being delivered by the corporate finance team under the leadership of the Section 151 Officer will feed into the budget and MTFP that will be presented to the Executive and Council at the end of the budget setting process in February 2022.

The development of the Capital Strategy and Capital Programme will be 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 have been 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 2022/23 capital programme. These proposed new schemes will be subject to review by S151 Officer and Corporate Leadership Team colleagues and the Strategic Capital Board prior to submission to the Executive for approval and inclusion in the draft 2022/23 capital programme.

The budget for 2022/23 was approved on 24<sup>th</sup> February by Council. For further information on the NNC budget refer to the budget report at the following web link:

[North Northamptonshire 2022/23 Budget](#)

### **Liquidity**

In addition, the forecasted liquidity position of 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 24 is estimated to be positive, at £43.2m. 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 £55m are repaid between 2021/22 & 2023/24 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 shall be disclosed where a liability exists but a reliable estimate cannot be made. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. A provision is recognised in the financial statements of the period in which the change in probability occurs.

A contingent asset shall be disclosed in the note of the accounts where an inflow of economic benefits or service potential is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the debtor (or cash where consideration has been received) and the related revenue are recognised in the financial statements of the period in which the change occurs.

#### **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 pensions liability is analysed into the following:

- Service Cost comprising:
  - Current Service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
  - Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs. ◦ Net interest on the net defined benefit liability – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
- Remeasurement comprising:
  - Return on plan assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Other Comprehensive Income and Expenditure.
  - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to Other Comprehensive Income and Expenditure.
- Contributions Paid to the Pension Fund – cash paid as employer’s contributions to the pension fund.

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

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

#### *Other long-term employee benefits*

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

#### *Termination benefits*

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

Termination benefits for voluntary redundancies are recognised as an expense if the Authority has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of

acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

#### *Short-term employee benefits*

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

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

#### **f) Events after the Balance Sheet Date**

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

#### **g) Exceptional Items**

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

#### **h) Financial Instruments**

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

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

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

Financial assets are classified into two types:

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

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

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

#### *Loans and receivables*

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

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

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

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

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

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

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

#### *Available for sale financial assets*

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

#### *Financial liabilities are initially recognised at fair value.*

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

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

#### *Other financial liabilities*

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

Interest is recognised using the effective interest method.

#### *Financial Instruments – Risks*

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

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

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

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

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



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

In addition, the Council has adopted the CIPFA Prudential Code and reviews and monitors the level of exposure to investments which mature beyond one year and the use of specified and non-specified investments. The Authority has actual borrowing in 2016/17, 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 other organisations such as the European Union 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, 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
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 brought into 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 Her 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**

##### *Fair Valuation*

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

- In the principal market for the asset [or liability], or
- In the absence of a principal market, the most advantageous market for the asset [or liability]

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

When measuring the fair value of a non-current asset, consideration is given to the participants ability to generate economic benefit by using the asset in its highest and best use. This assessment is carried out on behalf of the Council by appointed valuers (Wilkes Head and Eve), who will adopt valuation

techniques that are appropriate to the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. These techniques are categorised into hierarchies, as follows:

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

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

Level 3 – unobservable inputs for the asset [or liability].

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

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

The changes are related to:

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

IFRS 3 will not impact on North Northamptonshire Council.

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

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

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

## **Note 3. Critical Judgements in Applying Accounting Policies**

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

There is much uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

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



#### Note 4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment,	The valuations have been provided amidst the economic uncertainty created as a result of the Novel Coronavirus (COVID-19) and thus valuations have been reported subject to a Material Valuation Uncertainty clause. The inclusion of the 'material valuation uncertainty' declaration however, does not mean that the valuation cannot be relied upon, rather that the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.	If market conditions are impacted by the COVID-19 pandemic, for every 1% change in value, would be equal to a change in the net assets of the Council of £3.5m
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 £0.7m.
Pensions Liability	Estimations of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. This information is provided to the authority by the actuaries.	The effects on the net pensions liability of changes in individual assumptions can be measured, these changes are detailed within Note36.
Provision for Rateable Value Appeals	Appeals against rateable value are at the discretion of nondomestic ratepayers with the outcome ultimately determined by the Valuation Office and are not within the Council's control.	The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be

		<p>withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NDR, is limited by Safety Net calculation (the calculation of which is limited by regulation). A 10% variation in the estimated provision would be £0.214m for the Collection Fund of which £0.86m which would be attributable to the General Fund.</p>
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**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 25<sup>th</sup> November 2022 and was done so after due consideration to any post balance sheet events at that point in time.

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

**Note 7. Expenditure and Funding Analysis (EFA)**

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

	2020-21					Net Expenditure in the Comprehensive Income and Expenditure Statement £000
	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis			Total Adjustments £000	
		Adjustments for Capital Purposes (Note A) £000	Net change for the Pensions Adjustments (Note B) £000	Other Differences (Note C) £000		
Chief Executive	2,319	0	3	0	3	2,322
Neighbourhood pride	534	15	3	0	18	552
Planning & Environmental services	5,186	783	5	0	788	5,974
Culture & Leisure	3,287	1,034	11	0	1,045	4,332
Corporate Services	(503)	33	11	0	44	(271)
CB property	(4,539)	3,395	4	0	3,399	(1,140)
Human resources	(2)	0	2	0	2	19
Housing Revenue account (HRA)	(3,974)	475	25	0	500	(3,628)
Other	196	0	0	0	0	196
<b>Cost of Services</b>	<b>2,557</b>	<b>5,735</b>	<b>63</b>	<b>0</b>	<b>6,544</b>	<b>8,355</b>
Other income and expenditure	(13,720)	2,764	882	(1,905)	995	(11,979)
<b>(Surplus) or Deficit</b>	<b>(11,163)</b>	<b>8,499</b>	<b>946</b>	<b>(1,905)</b>	<b>7,539</b>	<b>(3,624)</b>
<b>Opening General Fund and HRA Balances (Includes Earmarked Res)</b>	<b>(31,608)</b>					
Surplus/(Deficit) on General Fund in Year	(11,163)					
<b>Closing General Fund and HRA Bal</b>	<b>(42,771)</b>					

	2019/20					Net Expenditure in the Comprehensive Income and Expenditure Statement £000
	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis			Total Adjustments £000	
		Adjustments for Capital Purposes (Note A) £000	Net change for the Pensions Adjustments (Note B) £000	Other Differences (Note C) £000		
Chief Executive	1,329	0	38	0	38	1,367
Neighbourhood pride	525	24	48	0	72	598
Planning & Environmental services	5,939	436	88	0	524	6,463
Culture & Leisure	3,546	540	194	0	734	4,280
Corporate Services	1,088	122	199	0	321	1,408
CB property	(781)	(2,681)	64	0	(2,617)	(3,398)
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
<b>Cost of Services</b>	<b>8,984</b>	<b>(2,522)</b>	<b>1,108</b>	<b>0</b>	<b>(1,415)</b>	<b>7,570</b>
Other income and expenditure	(12,656)	(5,068)	999	1,409	(2,660)	(15,316)
<b>(Surplus) or Deficit</b>	<b>(3,672)</b>	<b>(7,590)</b>	<b>2,107</b>	<b>1,409</b>	<b>(4,075)</b>	<b>(7,746)</b>
<b>Opening General Fund and HRA Balances (Includes Earmarked Res)</b>	<b>(27,939)</b>					
Surplus/(Deficit) on General Fund in Year	(3,672)					
<b>Closing General Fund and HRA Bal</b>	<b>(31,611)</b>					

## Notes to the EFA

### *NoteA 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.

### *NoteB 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.

### *NoteC 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;

<b>2019/20 TOTAL (Surplus)/ Deficit £'000</b>	<b>Subjective Analysis</b>	<b>2020/21 TOTAL (Surplus) / Deficit £'000</b>
	<b>Expenditure</b>	
18,378	Employee Expenses (including Benefits)	18,035
30,762	Other Service Expenses	27,834
5,778	Depreciation, Amortisation and Impairment	8,675
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	1,836
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
<b>71,287</b>	<b>Total Expenditure</b>	<b>76,409</b>
	<b>Income</b>	
(30,742)	Fees, Charges and Other Service Income	(27,333)
(319)	Interest and Investment Income	(165)
(19,029)	Income From Council Tax &	(24,780)
(13,706)	Government Grants/Contributions (Services)	(17,815)
(1,773)	Government Grants/Contributions (Central)	(3,586)
(1,358)	Gain on the disposal of assets	(1,129)
(12,106)	Inc/exp and changes in FV on Investment Properties	(5,225)
<b>(79,033)</b>	<b>Total Income</b>	<b>(80,033)</b>
<b>(7,746)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>(3,624)</b>

## **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
<b>Adj involving Cap Adj Account:</b>						
Charges deprec & impair non-current assets	2,299	3,605	0	0	0	(5,904)
Revaluation on non-current assets	2,642	0	0	0	0	(2,642)
Movements in the market value of inv prop	(14)	0	0	0	0	14
Amortisation of intangible fixed assets	19	128	0	0	0	(148)
Capital grants and contributions applied	0	0	0	0	0	0
REFCUS	(591)	0	0	0	0	591
Non-current assets w/o on disposal to CIES	3,412	1,596	0	0	0	(5,008)
<b>Insertion of items not dr/cr to CIES</b>						
Statutory prov for financing of capital investment	(1,876)	0	0	0	0	1,876
Capital expenditure financed from revenue	(1,576)	(44)	0	0	0	1,630
<b>Adj involving Cap Grants Unapplied A/c:</b>						
Capital grants & contr unapplied cr to CIES	(1,160)	0	0	0	1,160	0
App of grants to cap fin transferred to CAA	0	0	0	0	(721)	721
<b>Adj involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds cr as part of the gain/loss on disposal to the CIES	(1,576)	(2,724)	0	4,301	0	0
Asset sales admin costs	0	0	0	0	0	0
Used to finance new capital expenditure	0	0	0	(4,062)	0	4,062
Contr to fin payments to govt cap receipts pool	407	0	0	(407)	0	0
<b>Adj involving the Major Repairs Reserve:</b>						
Reversal of MRA credited to the HRA	0	(3,734)	3,734	0	0	0
Used to finance new capital expenditure	0	0	(2,354)	0	0	2,354
<b>CAPITAL TOTAL</b>	<b>1,976</b>	<b>(1,172)</b>	<b>1,379</b>	<b>168</b>	<b>439</b>	<b>(2,454)</b>
<b>Adj involving the Pensions Reserve:</b>						
Rev 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
<b>Adj involving the Coll. Fund Adj A/c:</b>						
Amount by which Cou. tax & NNDR income cr to the CIES is diff from the amount taken to the GF in accordance with statutory requirements	5,790	0	0	0	0	(5,790)
<b>Adj involving the Acc. Absence Adj A/c:</b>						
Amount by which officer remun charged to the CIES on an accruals basis diff from remun chargeable in year in accordance with stat req	0	0	0	0	0	0
<b>PENSIONS AND OTHER TOTAL</b>	<b>6,259</b>	<b>477</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,736)</b>
<b>TOTAL ADJUSTMENTS</b>	<b>8,235</b>	<b>(695)</b>	<b>1,379</b>	<b>168</b>	<b>439</b>	<b>(9,189)</b>



## 2019/20

	GF £000	HRA £000	MRR £000	CRR £000	CGU £000	Unusable £000
<b>Adj involving Cap Adj Account:</b>						
Charges deprec & impair non-current assets	2,244	3,299	0	0	0	(5,544)
Revaluation on non-current assets	0	0	0	0	0	0
Movements in the market value of inv prop	(7,878)	0	0	0	0	14,736
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)
<b>Insertion of items not dr/cr to CIES</b>						
Statutory prov for financing of capital investment	(1,655)	0	0	0	0	1,655
Capital exp charged against the GF & HRA bals	0	0	0	0	0	0
<b>Adj involving Cap Grants Unapplied A/c:</b>						
Capital grants & contr unapplied cr to CIES	26	0	0	0	(26)	0
App of grants to cap fin transferred to CAA	0	0	0	0	0	0
Repayment of grant	644	0	0	0	(644)	0
<b>Adj involving the Capital Receipts Reserve:</b>						
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
Contr to fin payments to govt cap receipts pool	406	0	0	(406)	0	0
<b>Adj involving the Major Repairs Reserve:</b>						
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
<b>CAPITAL TOTAL</b>	<b>(6,628)</b>	<b>(963)</b>	<b>725</b>	<b>321</b>	<b>(669)</b>	<b>7,214</b>
<b>Adj involving the Pensions Reserve:</b>						
Rev 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
<b>Adj involving the Coll. Fund Adj A/c:</b>						
Amount by which Cou. 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)
<b>Adj involving the Acc. Absence Adj A/c:</b>						
Amount by which officer remun charged to the CIES on an accruals basis diff from remun chargeable in year in accordance with stat req	0	0	0	0	0	0
<b>PENSIONS AND OTHER TOTAL</b>	<b>2,422</b>	<b>1,094</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,516)</b>
<b>TOTAL ADJUSTMENTS</b>	<b>(4,205)</b>	<b>131</b>	<b>725</b>	<b>321</b>	<b>(669)</b>	<b>3,698</b>

## 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).

	Bal 31.3.19 £000	Trans in £000	Trans out £000	Bal 31.3.20 £000	Trans in £000	Trans out £000	Bal 31.3.21 £000
Medium Term Funding	2,608	0	(5)	2,603	0	(1,536)	1,067
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	(36)	458
Future Pool	193	0	(3)	190	0	(14)	176
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
<b>General Fund Total</b>	<b>13,972</b>	<b>1,924</b>	<b>(1,910)</b>	<b>13,986</b>	<b>15</b>	<b>(1,586)</b>	<b>12,414</b>
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
<b>HRA Total</b>	<b>9,859</b>	<b>1,500</b>	<b>(0)</b>	<b>11,358</b>	<b>1,650</b>	<b>(45)</b>	<b>12,963</b>
<b>Total Earmarked</b>	<b>23,831</b>	<b>3,424</b>	<b>(1,912)</b>	<b>25,344</b>	<b>1,665</b>	<b>(1,907)</b>	<b>25,377</b>

<b>Purpose of Reserve</b>	
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 Exp. included in the CIES**

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
(1,358)	(Gains)/losses on the disposal of non-current assets	(1,129)
406	Contribution to Housing Pooled Capital receipts	407
175	Parish Council precepts	197
<b>(777)</b>	<b>Total</b>	<b>(525)</b>

### **Note 12. Financing and Investment Income and Expenditure**

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
(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	(4,199)
0	Loss/gain on disposal of investment property	1,836
1,168	Pensions interest cost and expected return on pension assets	882
<b>(4,851)</b>	<b>Total</b>	<b>1,949</b>

### **Note 13. Taxation and Non-Specific Grant Income**

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
(1,773)	Central Government grant	(2,446)
(3,888)	Council Tax income	(3,997)
(0)	Capital Grants and contributions	(1,160)
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)	(4,607)
(0)	Revenue Support Grant	(109)
<b>(9,688)</b>	<b>Total</b>	<b>(13,403)</b>

## Note 14. Property, Plant and Equipment

Movements in 2020/21	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, & Equipment £000	Infra-structure Assets £000	Surplus Assets £000	Comm-unity Assets £000	Assets Under Const-ruktion £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation</b>								
Gross B'fwd	250,180	91,390	12,539	0	0	3,650	6,882	<b>364,641</b>
Additions	1,801	741	937	0	0	319	4,334	<b>8,132</b>
Revaluation to Reval Reserve	38,489	900	0	0	0	0	0	<b>39,389</b>
Revaluation to CIES	0	(2,642)	0	0	0	0	0	<b>(2,642)</b>
Disposals	(1,596)	0	(106)	0	0	0	0	<b>(1,702)</b>
Other de-recognition	0	200	(307)	0	0	66	(200)	<b>(241)</b>
Reclassifications	7,303	0	0	0	0	0	(7,303)	<b>0</b>
<b>Gross C'fwd</b>	<b>296,178</b>	<b>90,589</b>	<b>13,063</b>	<b>0</b>	<b>0</b>	<b>4,035</b>	<b>3,713</b>	<b>407,578</b>
<b>Depreciation</b>								
Gross B'fwd	0	(463)	(7,458)	0	0	(714)	0	<b>(8,635)</b>
Depreciation in Year	(3,280)	(1,575)	(1,044)	0	0	(6)	0	<b>(5,905)</b>
Depn to Reval Reserve	3,259	1,493	0	0	0	0	0	<b>4,752</b>
Disposal	21	0	85	0	0	0	0	<b>106</b>
Other de-recognition	0	0	131	0	0	(131)	0	<b>0</b>
<b>Gross C'fwd</b>	<b>0</b>	<b>(546)</b>	<b>(8,285)</b>	<b>(0)</b>	<b>0</b>	<b>(851)</b>	<b>0</b>	<b>(9,681)</b>
<b>Net Book Value</b>								
<b>At 31 March 2021</b>	<b>296,178</b>	<b>90,043</b>	<b>4,779</b>	<b>(0)</b>	<b>0</b>	<b>3,184</b>	<b>3,713</b>	<b>397,898</b>
<b>At 31 March 2020</b>	<b>250,180</b>	<b>90,927</b>	<b>5,081</b>	<b>0</b>	<b>0</b>	<b>2,936</b>	<b>6,882</b>	<b>356,006</b>

Movements in 2019/20	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
<b>Cost or Valuation</b>								
Gross B'fwd	248,090	85,186	8,564	2	0	5,264	5,751	<b>354,940</b>
Additions	2,726	927	1,973	6	0	387	3,931	<b>9,951</b>
Revaluation to Reval Reserve	3,614	6,628	0	0	0	0	0	<b>10,242</b>
Revaluation to CIES	0	0	0	0	0	0	0	<b>0</b>
Disposals	(3,801)	(0)	(0)	(8)	(0)	(0)	(0)	<b>(3,809)</b>
Other de-recognition	(3,247)	(0)	(0)	(0)	(0)	(0)	(0)	<b>(3,247)</b>
Reclassifications	2,799	0	2,002	0	0	(2,002)	(2,799)	<b>0</b>
Reclassified Assets held for sale	0	0	0	0	0	0	0	<b>0</b>
<b>Gross C'fwd</b>	<b>250,180</b>	<b>92,741</b>	<b>12,539</b>	<b>0</b>	<b>0</b>	<b>3,650</b>	<b>6,882</b>	<b>368,076</b>
<b>Depreciation</b>								
Gross B'fwd	0	(370)	(6,394)	0	0	(925)	0	<b>(7,690)</b>
Depreciation in Year	(3,247)	(1,444)	(830)	(0)	(0)	(22)	(0)	<b>(5,544)</b>
Depreciation to Reval Reserve	0	0	0	0	0	0	0	<b>0</b>
Disposal	3,247	0	0	0	0	0	0	<b>3,247</b>
Other de-recognition	0	0	(234)	0	0	234	0	<b>0</b>
<b>Gross C'fwd</b>	<b>0</b>	<b>(1,814)</b>	<b>(7,458)</b>	<b>0</b>	<b>0</b>	<b>(714)</b>	<b>0</b>	<b>(9,986)</b>
<b>Net Book Value</b>								
<b>At 31 March 2020</b>	<b>250,180</b>	<b>90,927</b>	<b>5,081</b>	<b>0</b>	<b>0</b>	<b>2,936</b>	<b>6,882</b>	<b>356,006</b>
<b>At 31 March 2019</b>	<b>248,090</b>	<b>84,816</b>	<b>2,170</b>	<b>0</b>	<b>0</b>	<b>4,339</b>	<b>5,751</b>	<b>345,166</b>

### Revaluations

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

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

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

The significant assumptions applied in estimating the fair values are:

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

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

	Council Dwell	OLB	VPE	Infra	Surplus	Comm-unity	AuC	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Carried at Historical Cost</b>	-	-	<b>12,539</b>	<b>0</b>	-	<b>3,650</b>	<b>6,882</b>	<b>23,071</b>
Valued at Fair Value as at;								
31 March 2021	296,178	82,909						<b>379,087</b>
31 March 2020	250,180	84,202	-	-	-	-	-	<b>334,382</b>
31 March 2019	-	3,899	-	-	-	-	-	<b>3,899</b>
31 March 2018	-	2,920	-	-	2,083	-	-	<b>5,003</b>
31 March 2017	-	1,376	-	-	-	-	-	<b>1,376</b>

## Note 15. Investment Property

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

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

### 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		2020/21
(Restated)		£000
£000		£000
<b>72,435</b>	<b>Balance at start of the year</b>	<b>85,817</b>
0	Opening balance adjustment	(349)
8,796	Additions	334
(482)	Disposals	(3,413)
5,068	Net gain/(loss) for fair value adj	364
<b>85,817</b>	<b>Balance at end of the year</b>	<b>82,753</b>

### 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 March. 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:

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
1,063	Gross carrying amounts	1,095
(602)	Accumulated amortisation	(837)
<b>461</b>	<b>Net carrying amount at the start of the year</b>	<b>259</b>
32	Additions	9
(0)	Disposals	0
(235)	Amortisation for the period	(148)
<b>259</b>	<b>Net carrying amount at the end of the year</b>	<b>120</b>
<b>1,095</b>	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.

<b>Non-current 2019/20 £000</b>	<b>Current 2019/20 £000</b>		<b>Non-current 2020/21 £000</b>	<b>Current 2020/21 £000</b>
		<b>Investments</b>		
0	6,500	Loans, shares and receivables	0	5,000
		<b>Debtors</b>		
332	6,880	Loans and receivables	332	17,941
-	9,635	Cash and Cash Equivalents	-	17,136
		<b>Borrowing</b>		
(110,008)	(19,700)	Fin. liabilities at amortised cost	(108,970)	(19,700)
		<b>Creditors</b>		
-	(0)	Cash and Cash Equivalents	0	0
(0)	(6,341)	Fin. Liabilities at amortised cost	0	(17,218)
<b>(109,676)</b>	<b>(3,025)</b>	<b>TOTAL</b>	<b>(108,638)</b>	<b>(3,159)</b>

### Fair Value of Assets and Liabilities

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

<b>Carrying value 2019/20 £000</b>	<b>Fair value 2019/20 £000</b>		<b>Carrying value 2020/21 £000</b>	<b>Fair value 2020/21 £000</b>
(110,008)	(158,750)	Borrowing, long term via PWLB	(108,970)	(141,941)

### Gains and losses on income and expense

<b>2019/20 £000</b>	<b>2019/20 £000</b>	<b>2019/20 £000</b>		<b>2020/21 £000</b>	<b>2020/21 £000</b>	<b>2020/21 £000</b>
<b>Fin Liab at amortis- ed cost</b>	<b>Fin Asset Loans and Receiv- ables</b>	<b>Total</b>		<b>Fin Liab at amortis- ed cost</b>	<b>Fin Asset Loans and Receiv- ables</b>	<b>Total</b>
3,595	0	3,595	Interest expenses	3,479	0	3,479
<b>3,595</b>	<b>0</b>	<b>3,595</b>	<b>Total expenditure in surp/def on PoS</b>	<b>3,479</b>	<b>0</b>	<b>3,479</b>
(0)	(319)	(319)	Interest income	0	(48)	(48)
<b>(0)</b>	<b>(319)</b>	<b>(319)</b>	<b>Total income in surp/def on PoS</b>	<b>0</b>	<b>(48)</b>	<b>(48)</b>
<b>3,595</b>	<b>(319)</b>	<b>3,277</b>	<b>Net gain/(loss) for the year</b>	<b>3,479</b>	<b>(48)</b>	<b>3,430</b>



## Note 18. Debtors- short and long term

2019/20		2020/21	
Short term £000	Long term £000	Short term £000	Long term £000
1,253	0	5,241	
177	0	4,244	
0	0	1	
7,177	332	9,769	332
<b>8,607</b>	<b>332</b>	<b>19,255</b>	<b>332</b>
(375)	-	(410)	
(245)	-	(192)	
(623)	-	(835)	
(1,287)	-	(1,417)	
(797)	-	(906)	
<b>(3,327)</b>	<b>-</b>	<b>(3,760)</b>	
<b>5,280</b>	<b>332</b>	<b>15,495</b>	<b>332</b>

## Note 19. Cash and Cash Equivalents

2019/20		2020/21	
£000		£000	
3,635	Cash / (overdraft)	7,191	
12,500	Short term deposits (under 3 months maturity)	9,945	
<b>16,135</b>	<b>Total</b>	<b>17,136</b>	

## Note 20. Creditors

2019/20		2020/21	
Short term £000	Long term £000	Short term £000	Long term £000
3,016	0	11,565	0
1,474	0	686	0
1	0	0	0
4,227	0	5,085	0
<b>8,718</b>	<b>0</b>	<b>17,336</b>	<b>0</b>

## Note 21. Provisions

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

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

## Note 22. Useable Reserves

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

## Note 23. Unusable Reserves

2019/20 (Restated) £000		2020/21 £000
61,840	Revaluation Reserve	105,931
215,380	Capital Adjustment Account	212,801
246	Deferred Capital Receipts Account	246
(38,312)	Pensions Reserve	(47,850)
507	Collection Fund Adjustment Account	(5,283)
(61)	Accumulated absences Account	(61)
<b>239,601</b>	<b>Total Unusable Reserves</b>	<b>265,969</b>

### 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
<b>54,411</b>	<b>Balance at 1 April</b>	61,840
7,613	Upward revaluation of assets	44,546
(184)	Downward revaluation or impairment of assets not charged to the surplus/deficit on the provision of services	(405)
<b>7,429</b>	<b>(Surplus) or deficit in the revaluation of non-current assets</b>	105,981
0	Difference between fair value depreciation and historical cost depreciation - written off to Capital Adjustment Account	(51)
<b>61,840</b>	<b>Balance at 31 March</b>	<b>105,930</b>

### 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
<b>208,168</b>	<b>Balance at 1 April 2020</b>	<b>215,382</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(5,544)	Charges for depreciation of non-current assets	(5,904)
0	Revaluation losses on property, plant and equipment	(2,632)
(235)	Amortisation of intangible assets	(148)
(0)	Revenue expenditure funded from capital under statute	591
(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)
	Historic Depreciation v's Current Cost Depreciation	51
<b>(10,069)</b>		<b>(13,051)</b>
	<b>Capital financing applied in the year:</b>	
5,023	Use of the Capital Receipts Reserve to finance new capital expenditure	4,062
	Capital Expenditure funded from revenue	1,630
2,726	Application of Grants to finance capital expenditure	2,354
0	Application of grants to capital fin from capital grants unapplied account	721
1,655	Statutory prov for the fin of cap investment charged against the GF (MRP)	1,876
7,878	Movement in market value of Inv Prop (dr/cr to CIES)	14
<b>17,283</b>		<b>10,657</b>
<b>215,382</b>	<b>Balance at 31 March</b>	<b>212,977</b>

#### *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
<b>246</b>	<b>Balance at 1 April</b>	<b>246</b>
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0
0	Transfer to the Capital Receipts Reserve upon receipt of cash	0
<b>246</b>	<b>Balance at 31 March</b>	<b>246</b>

### *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.

<b>2019/20</b>	<b>Pensions Reserve</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
<b>(48,133)</b>	<b>Balance at 1 April</b>	<b>(38,312)</b>
124	Adj to opening bal as per actuary 19/20 IAS19 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
<b>(38,312)</b>	<b>Balance at 31 March</b>	<b>(47,850)</b>

### *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.

<b>2019/20</b>	<b>Collection Fund Adjustment Account</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
<b>1,917</b>	<b>Balance at 1 April</b>	<b>508</b>
(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)
<b>508</b>	<b>Balance at 31 March</b>	<b>(5,282)</b>

## Note 24. Cash flow - Operating Activities

The cash flows for operating activities include the following items:

2019/20		2020/21
£000		£000
(4,963)	<b>Net (surplus) / deficit on the provision of services</b>	(3,624)
(235)	Amortisation of intangible assets	(148)
(5,544)	Charges for depreciation and impairment on non-current assets	(8,546)
(796)	Increase / (decrease) in debtors	625
214	(Increase) / decrease in creditors	(4,807)
(186)	Contribution to provisions for bad and doubtful debt	
17	Increase / (decrease) in inventories	38
(2,107)	Net charges made for retirement benefits (IAS19)	(945)
(3,352)	Employer's contribution payable to the pensions fund and retirement benefits payable direct to pensioners	0
(161)	(Increase) / decrease in provisions	(67)
(4,291)	Carrying £ of non current assets sold	(5,008)
5,035	Other non-cash items charged to net surplus/deficit on provision of services	-
<b>(11,404)</b>	<b>Adjustment to net (surplus) / deficit on the PoS for non-cash movements</b>	<b>(18,858)</b>
-	Interest Paid	
-	Interest Received	
5,751	Proceeds from the sale of PPE/Inv.Prop/Intangible assets	4,300
<b>5,751</b>	<b>Adjustment for items included in the net surplus/deficit for Prov of Services that are investing and financing activities</b>	<b>4,300</b>
<b>(10,589)</b>	<b>Net cash flows from operating activities</b>	<b>(18,182)</b>
(3,595)	Interest Paid	(3,479)
319	Interest Received	48
<b>(3,277)</b>		<b>(3,430)</b>

**Note 25. Cash flow - Investing Activities**

2019/20		2020/21
£000		£000
18,779	Purchase of property, plant and equipment, investment property and intangible assets	8,122
0	Purchase of short-term and long -term investments	0
0	Other payments for investing activities	1,271
(5,751)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,300)
0	Purchases of short and long term investments	0
(319)	Proceeds from short-term and long-term investments	(1,500)
(0)	Other receipts from investing activities	(484)
<b>12,710</b>	<b>Net cash flows from investing activities</b>	<b>3,109</b>

**Note 26. Cash flow - Financing Activities**

2019/20		2020/21
£000		£000
(1,800)	Cash receipts of short and long term borrowing	0
	Cash payments for reduction of finance lease	285
0	Other payments for financing activities	6,246
931	Repayment of short and long term borrowing	1,041
<b>(869)</b>	<b>Net cash flows from financing activities</b>	<b>7,572</b>

**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	2

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

Remuneration of Senior Employees

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

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

**Note 28. Termination Benefits and Exit Packages**

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

	2019/20 Number compulsory	2020/21 Number compulsory	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
	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>22</b>	<b>208</b>

## Note 29. Members' Allowances

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

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

## 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:

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

### *Officers*

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



### Assisted Organisations

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

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

### Group Accounts

The Council has an interest within a community interest company 'Electric Corby' but does not have overall control and would not therefore be considered as a group account for disclosure.

There were no outstanding debtors and/or creditor balances for related parties of assisted organisations as above.

### Note 31. External Audit Related Costs

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

2019/20		2020/21
£000		£000
40	Base audit (EY)	40
12	Grant claims (KPMG for HB subsidy claim)	20
0	Other fees	0
<b>53</b>	<b>Total</b>	<b>60</b>

Scales fees and variation fees as per audit planning report in February.

## Note 32. Grant Income

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

2019/20 £000		2020/21 £000
	<b>Credited to taxation and non-specific grant income;</b>	
(0)	Revenue Support Grant (RSG)	(109)
(1,773)	New Homes Bonus	(2,065)
(0)	Other Third Party Contributions	(1,160)
(891)	Business Rate Reliefs	(4,607)
<b>(2,665)</b>	<b>Total</b>	<b>(10,747)</b>
	<b>Credited to Services;</b>	
(11,877)	Housing Benefit- DWP	(11,148)
(214)	Housing Benefit Admin grant- DWP	(292)
(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	0
(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)
<b>(13,706)</b>	<b>Total</b>	<b>(17,669)</b>

### *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)
<b>(4,491)</b>	<b>Total</b>	<b>(3,360)</b>

### 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
<b>145,724</b>	<b>Opening Capital Financing Requirement</b>	<b>155,098</b>
	<b>Capital investment;</b>	
9,951	Property, Plant and Equipment	8,132
8,796	Investment Property	334
32	Intangible Assets	9
0	Revenue Expenditure Funded from Capital Under Statute	611
<b>18,779</b>	<b>Total Expenditure</b>	<b>9,086</b>
	<b>Sources of capital finance;</b>	
(2,726)	Major Repairs Reserve	(2,354)
(5,023)	Capital Receipts	(5,420)
(0)	Capital Grants and Other Contributions	(1,312)
(1,655)	Minimum Revenue Provision	(1,876)
<b>(9,405)</b>	<b>Total sources of capital finance</b>	<b>(10,962)</b>
<b>155,098</b>	<b>Closing Capital Finance Requirement</b>	<b>153,192</b>
	<b>Explanation of movements in year</b>	
0	Increase/(decrease) in Finance Lease	0
(9,374)	Increase in underlying borrowing (unsupported)	(1,906)
<b>(9,374)</b>	<b>Increase/(Decrease) in Underlying Need to Borrow</b>	<b>(1,906)</b>

### 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:

<b>2019/20</b>	<b>Present Value of minimum lease payments</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
284	Not later than one year	280
1,121	Later than one year and not later than five years	837
698	Later than five years	698
<b>2,103</b>	<b>Total</b>	<b>1,814</b>
284	Current creditors	280
1,819	Long term creditors	1,534
<b>2,103</b>	<b>Total</b>	<b>1,814</b>

#### *Council as Lessee*

The Council leases out industrial and commercial units.

The future minimum lease payments receivable are:

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
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
<b>39,967</b>	<b>Total</b>	<b>30,474</b>

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. Impairment Losses**

During 2020/21 the Council has recognised impairments to Property, Plant and Equipment of £ nil (2019/20; £ nil).

## **Note 36. Defined Benefit Pension Scheme**

### *Participation in Pension Schemes*

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

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

The NCC pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Northamptonshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee.

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

### *Discretionary post-retirement benefits*

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

### *Transactions relating to post-employment benefits*

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the general fund [and Housing Revenue Account] via the movement in reserves statement. The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year.

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

### *McCloud and GMP cases*

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

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

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

2019/20		2020/21
£000		£000
	<b>Cost of Services:</b>	
(4,471)	Current Service Cost	(3,492)
180	Past Service Cost	0
	<b>Financing and Investment Income and Expenditure:</b>	
2,092	Interest income on planned assets	1,821
(3,260)	Interest costs on defined benefit obligations	(2,703)
<b>(5,459)</b>	<b>Total post-employment benefit charged to the deficit on the provision of services</b>	<b>(4,374)</b>
	<b>Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement:</b>	
	<b>Re-measurement of net defined benefit liability comprising:</b>	
(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)
<b>11,804</b>		<b>(8,592)</b>
<b>6,345</b>	<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>(12,966)</b>
	<b>Movement in Reserves Statement</b>	
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)
<b>(1,245)</b>	<b>Total Movement in Reserves Statement</b>	<b>(2,482)</b>

\* 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*

<b>2019/20</b>	<b>2020/21</b>
<b>£000</b>	<b>£000</b>
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)
<b>(38,312) Net liability arising from defined benefit obligation</b>	<b>(47,850)</b>

*Reconciliation of the movement in the fair value of scheme assets*

<b>2019/20</b>	<b>2020/21</b>
<b>£000</b>	<b>£000</b>
<b>87,041</b> Opening fair value of scheme assets balance as at 1 April	<b>79,282</b>
Adjustment to opening assets	
124	
<b>87,165</b>	<b>79,282</b>
2,092 Interest Income	1,821
<b>Remeasurement gain/(loss)</b>	
(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)
<b>79,282</b> Closing Balance at 31 March	<b>101,202</b>

*Reconciliation of fair value of scheme liabilities*

<b>31 March 2020</b>	<b>31 March 2021</b>
<b>£000</b>	<b>£000</b>
<b>135,174</b> Opening balance as at 1 April	<b>117,594</b>
4,471 Current Service Cost	3,492
(180) Past Service	
3,260 Interest Cost	2,703
634 Contributions by scheme participants	673
<b>Remeasurement (gains) and losses:</b>	
(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)
<b>117,594</b> Closing balance at 31 March	<b>149,052</b>

### 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 %
				<b>Equity securities;</b>				
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%
				<b>Debt securities;</b>				
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				
				<b>Private equity;</b>				
0	1,735	1,735	2	All (UK & o/seas)	0	3,706	3,706	4%
				<b>Property;</b>				
0	5,964	5,964	8	UK	0	5,324	5,324	5%
0	410	410	1	Overseas		753	753	1%
				<b>Inv funds / unit;</b>				
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%
%				<b>Derivatives;</b>				
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	<b>Cash &amp; cash equiv</b>	2,044	0	2,034	2%
<b>6,487</b>	<b>72,795</b>	<b>79,282</b>	<b>100</b>	<b>TOTAL ASSETS</b>	<b>2,044</b>	<b>99,158</b>	<b>101,202</b>	<b>100%</b>

### 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%
<b>Mortality assumptions:</b>		
	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
<b>Change in assumptions at 31st March 2021</b>		
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 37. Contingent Liabilities**

As at 31 March 2021, the Council had no material contingent liabilities.

Business Rate payers are entitled to appeal against the rateable value allocated to them by the Valuation Office Agency. The Council has made provision for appeals lodged but significant uncertainty remains.

There continues to be uncertainty as to the speed of recovery following the Covid-19 Pandemic and its impacts on several significant income streams to the Council including rent from tenants and income for leisure facilities.

## **Note 38. Contingent Assets**

As at 31 March 2021, the Council had no material contingent assets.

## **Note 39. 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.

<b>LIABILITIES</b>	<b>Fair Value Level</b>	<b>Balance Sheet 31.3.2020 £000</b>	<b>Fair Value 31.3.2020 £000</b>	<b>Balance Sheet 31.3.2021 £000</b>	<b>Fair Value 31.3.2021 £000</b>
<b>Financial Liabilities held at amortised cost:</b>					
Long term loans from PWLB	2	(110,008)	(158,750)	(108,970)	(141,941)
<b>TOTAL</b>		<b>(110,008)</b>	<b>(158,750)</b>	<b>(108,970)</b>	<b>(141,941)</b>
Liabilities for which fair value is not disclosed		(26,041)		(24,910)	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(136,049)</b>	<b>(158,750)</b>	<b>(133,880)</b>	<b>(141,941)</b>
<b>Recorded on the balance sheet as:</b>					
Short term creditors		(6,341)		(5,210)	
Short term borrowing		(19,700)		(19,700)	
<b>TOTAL SHORT TERM FINANCIAL LIABILITIES</b>		<b>(26,041)</b>		<b>(24,910)</b>	
Long term borrowing		(110,008)		(108,638)	
Other long term liabilities		(0)		0	
<b>TOTAL LONG TERM FINANCIAL LIABILITIES</b>		<b>(110,008)</b>		<b>(108,638)</b>	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(136,049)</b>		<b>(133,548)</b>	

<b>ASSETS</b>	<b>Fair Value Level</b>	<b>Balance Sheet 31.3.2020 £000</b>	<b>Fair Value 31.3.2020 £000</b>	<b>Balance Sheet 31.3.2021 £000</b>	<b>Fair Value 31.3.2021 £000</b>
<b>Financial Assets held at fair value:</b>					
Short term Investment	1	0	0	16,444	0
<b>Financial assets held at amortised cost:</b>					
Long term loans to local organisations	2	0	0	0	0
<b>TOTAL</b>		<b>0</b>	<b>0</b>		
Assets for which fair value is not disclosed		7,212		384	
<b>TOTAL FINANCIAL ASSETS</b>		<b>7,213</b>		<b>384</b>	
<b>Recorded on the balance sheet as:</b>					
Short term debtors		6,880		52	
Short term investments		0		0	
<b>TOTAL SHORT TERM FINANCIAL ASSETS</b>		<b>6,880</b>			
Long term debtors		332		332	
Long term investments		0			
<b>TOTAL LONG TERM FINANCIAL ASSETS</b>		<b>332</b>		<b>332</b>	
<b>TOTAL FINANCIAL ASSETS</b>		<b>7,213</b>		<b>384</b>	

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.

	<b>Amount (A)</b> <b>31-Mar-2021</b> <b>£'000</b>	<b>Historical</b> <b>experience of</b> <b>default (B)</b> <b>%</b>	<b>Historical experience of</b> <b>default adj for market</b> <b>conditions (C)</b> <b>%</b>	<b>Estimated max</b> <b>exposure to</b> <b>default &amp; un-</b> <b>collectability</b> <b>(A x C)</b> <b>31-Mar-2021</b> <b>£'000</b>
Sundry debtors	5,076	5%	5%	254

### **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:

<b>PWLB loan repayments</b>	<b>£'000</b>
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	24,094
20 years +	56,587
	<b>108,970</b>

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 2019/20 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 2019/20 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 40. Heritage Assets

	Statue £000	Civic Regalia £000	Paintings £000	TOTAL £000
1 <sup>st</sup> April '20 value	116	91	9	216
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Depreciation	0	0	0	0
31 <sup>st</sup> March '21 value	116	91	9	216

	Statue £000	Civic Regalia £000	Paintings £000	TOTAL £000
1 <sup>st</sup> April '19 value	116	91	9	216
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Depreciation	0	0	0	0
31 <sup>st</sup> March '20 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 41. 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.

<b>2020/21</b>	<b>Income £000</b>	<b>Exp. £000</b>	<b>TOTAL £000</b>
<b>Commercial property</b>			
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)
<b>Total commercial property</b>	<b>(5,225)</b>	<b>705</b>	<b>(4,520)</b>
Total refuse collection (2018/19 final year)	0	0	0
<b>Trading with external organisations</b>			
Highways maintenance (2018/19 final year)	0	0	0
<b>TOTAL- all trading operations</b>	<b>(5,225)</b>	<b>705</b>	<b>(4,520)</b>

<b>2019/20</b>	<b>Income £000</b>	<b>Exp. £000</b>	<b>TOTAL £000</b>
<b>Commercial property</b>			
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)
<b>Total commercial property</b>	<b>(5,450)</b>	<b>1,237</b>	<b>(4,213)</b>
Total refuse collection (2018/19 final year)	(0)	0	0
<b>Trading with external organisations</b>			
Highways maintenance (2018/19 final year)	(0)	0	0
<b>TOTAL- all trading operations</b>	<b>(5,450)</b>	<b>1,237</b>	<b>(4,213)</b>

**PPA – Revaluation reserves, surplus assets and Note 8, cashflow financing reconciliation (new note)**

**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
	<b>INCOME</b>		
(17,924)	Dwelling rents	3	(18,526)
(122)	Non-dwelling rents		(129)
(915)	Charges for services and facilities		(853)
(80)	Contribution to expenditure		(167)
<b>(19,041)</b>	<b>Total Income</b>		<b>(19,675)</b>
	<b>EXPENDITURE</b>		
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)
<b>14,902</b>	<b>Total Expenditure</b>		<b>15,510</b>
<b>(4,139)</b>	<b>Net (income)/ cost of Service</b>		
485	HRA services' share of corporate and democratic core		537
<b>(3,654)</b>	<b>Net (income)/ cost of HRA service</b>		<b>(3,488)</b>
	<b>HRA share of the operating income and expenditure included in the CIES</b>		
(963)	(Gain) or loss on sale of HRA non-current assets		(1,129)
2,444	Interest Payable		2,446
(126)	Interest Income		(22)
606	Pen interest costs & expected return on pension assets		458
<b>1,962</b>			<b>1,754</b>
<b>(1,693)</b>	<b>Surplus) or deficit for the year on HRA Services</b>		<b>(1,874)</b>

## 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
<b>3,590</b>	<b>Balance on the HRA at the end of the previous year</b>	<b>3,788</b>
(127)	Opening balance adjustment	(1)
<b>3,463</b>	<b>Revised opening balance</b>	<b>3,787</b>
1,693	Surplus / (deficit) for the year on the HRA Income and Expenditure Statement	1,874
132	Adj's between accounting basis and funding basis under statute	(695)
<b>1,825</b>	<b>Net increase or (decrease) before transfers to or from reserves</b>	<b>1,180</b>
(1,500)	Transfer (to) / from earmarked reserves	(1,603)
<b>325</b>	<b>Increase / (decrease) in year on the HRA</b>	<b>(423)</b>
<b>3,788</b>	<b>Balance on the HRA at the end of current year</b>	<b>3,363</b>
	<b>Adj. between accounting &amp; funding basis under statute</b>	
963	Gain or Loss on sale of HRA non-current assets	1,129
(1,095)	Adjustments involving the Pensions Reserve (CIES & ERs)	(458)
0	Transfer to/ (from) Major Repairs/Capital Reserve	0
0	Capital Expenditure funding in year by the HRA	44
0	Pensions	(20)
<b>(132)</b>	<b>Net adjustment</b>	<b>695</b>



## 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
<b>Total</b>	<b>4,620</b>	<b>40</b>	<b>(39)</b>	<b>4,621</b>

### Note HRA2 Value of Assets

The Balance Sheet values of assets are set out below:

2019/20 £'000s	Balance Sheet Value	2020/21 £'000s
<b>Operational Assets</b>		
250,180	Dwellings	296,178
1,309	Plant and Equipment	1,571
217	Intangible Assets	90
<b>251,707</b>		<b>297,839</b>
6,882	AuC	<b>3,913</b>
8	Non-operational assets - land	8
<b>258,597</b>	<b>Total</b>	<b>301,760</b>

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 62 vacant properties This represented 1.34% of the housing stock, compared to vacant properties 0.60% 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:

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

The provision for bad and doubtful debts in respect of dwelling rent arrears amounted to £1.263m 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;

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

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.

## 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.

<b>2019/20</b> <b>£'000s</b>	<b>Revaluations</b>	<b>2020/21</b> <b>£'000s</b>
<b>3,614</b>	<b>Dwellings</b>	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
<b>349</b>	<b>Balance at 1 April</b>	<b>1,074</b>
3,247	Depreciation – Council Dwellings	3,280
204	Depreciation – Other Assets	454
(2,726)	Amount used to finance capital expenditure	(2,354)
<b>1,074</b>	<b>Balance at 31 March</b>	<b>2,453</b>

## Note HRA8 Capital Expenditure and Financing

The following capital expenditure was incurred during the year:

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

## Note HRA9 Capital Receipts

The following table shows capital receipts generated during the year:

<b>2019/20</b> <b>£'000s</b>	<b>Housing Capital Receipts</b>	<b>2020/21</b> <b>£'000s</b>
<b>4,611</b>	<b>Balance at 1 April</b>	<b>4,374</b>
4,866	Dwelling sales	2,724
-	Less receipts pool to the Government	(407)
(5,103)	Less application of useable receipts for capital financing	(3,512)
<b>(237)</b>	<b>Total in year capital receipts</b>	<b>(1,194)</b>
<b>4,374</b>	<b>Balance at 31 March</b>	<b>3,179</b>

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	
<b>INCOME;</b>						
(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
<b>(35,001)</b>	<b>(37,023)</b>	<b>(72,024)</b>	<b>Total amounts to be credited</b>	<b>(36,843)</b>	<b>(30,830)</b>	<b>(67,673)</b>
<b>EXPENDITURE;</b>						
<b>App of prev years surp./(def.)</b>						
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
<b>Precepts, Demands &amp; Shares</b>						
-	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
<b>Charges to Collection Fund</b>						
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
<b>729</b>	<b>3,294</b>	<b>4,023</b>	<b>(Surplus)/Deficit for the year</b>	<b>971</b>	<b>14,198</b>	<b>15,169</b>
(1,534)	(4,325)	(5,859)	(Surplus)/Deficit Brought Fwd	(805)	(1,031)	(1,836)
<b>(805)</b>	<b>(1,031)</b>	<b>(1,836)</b>	<b>(Surplus)/Deficit Carried Fwd</b>	<b>165</b>	<b>13,167</b>	<b>13,333</b>

## 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)
<b>19,594</b>	<b>(A) Council Tax Base</b>			<b>20,085</b>
1,740.34	(B) Average tax for yr at Band D			1,791.93
<b>34,100,383</b>	<b>Tax due at start of yr (A) x (B)</b>			<b>35,990,914</b>
900,972	Net changes during the year			542,669
<b>35,001,355</b>	<b>Total Council Tax Income</b>			<b>36,533,583</b>

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.

Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. For 2019/20 a local NNDR Pool was established, and the rates retained were Corby Borough Council as 40%, Central Government (25%), Northamptonshire County Council (34%) and Northamptonshire Fire & Rescue (1%). The Pool ran for 2019/20 only. 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 2019 was £93,882,750. 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
<b>(805)</b>	<b>(Surplus) / deficit for the year</b>	<b>969</b>	<b>164</b>
	<b>Proportional Shares;</b>		
(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
<b>(805)</b>	<b>Total</b>	<b>971</b>	<b>164</b>

2019/20 £000	NNDR (surplus) / deficit	Movement £000	2020/21 £000
<b>(1,031)</b>	<b>(Surplus) / deficit for the year</b>	<b>14,198</b>	<b>13,167</b>
	<b>Proportional Shares;</b>		
(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
<b>(1,031)</b>	<b>Total</b>	<b>14,198</b>	<b>13,167</b>

#### 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
<b>2,776</b>	<b>Council tax opening provision</b>	<b>3,394</b>
(213)	Write offs in year	(240)
831	Contribution (from) / to provision	556
<b>3,394</b>	<b>Council tax closing provision</b>	<b>3,710</b>
<b>1,058</b>	<b>NNDR opening provision</b>	<b>1,556</b>
(483)	Write offs in year	(126)
982	Contribution (from) / to provision	658
<b>1,556</b>	<b>NNDR closing provision</b>	<b>2,089</b>
<b>4,950</b>	<b>Total Provisions</b>	<b>5,799</b>

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
<b>1,587</b>	<b>Opening provision</b>	<b>1,987</b>
(800)	Write offs in year	-
1,200	Contribution (from) / to provision	153
<b>1,987</b>	<b>Closing Provisions</b>	<b>2,140</b>



# 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 1<sup>st</sup> 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**

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