

Statement of Accounts for the Borough Council of Wellingborough 2020/21 **DRAFT**



Contents

	Page
A Narrative Report by the Section 151 Officer	2
B Statement of Responsibilities for the Statement of Accounts	18
C Auditor's Report	19
D The Accounting Statements	
D1 Expenditure and Funding Analysis	22
D2 Comprehensive Income and Expenditure Statement	23
D3 Movement in Reserves Statement	24
D4 Balance Sheet	25
D5 Cash Flow Statement	26
E Notes to the Accounting Statements	27-90
F1 The Collection Fund	91
F2 Notes to the Collection Fund	92-96
G1 Group Accounts	97-102
G2 Notes to the Group Accounting Statements	103-105
H Glossary of terms	106-112

A Narrative report by the section 151 officer

I am pleased to introduce you to the Borough Council of Wellingborough's 2020/21 Statement of Accounts, which demonstrates how the council has continued to manage its resources effectively in an ongoing environment of financial constraint, producing a significantly better outturn position than the budget that was set in February 2020 thus improving the council's financial sustainability for 2021/22 and beyond.

Any consideration at this time of the council's finances, its risks and opportunities, strategy and objectives, are inevitably overshadowed by two things. The first being the ongoing Covid 19 situation and how local government, public health and other partners working with central government have responded to this to support the local communities through this difficult period and working with local businesses, residents, communities and the voluntary sector on the recovery phase which is likely to take considerable time to get back to a pre-Covid position for everyone affected. The financial consequences of this are still evolving and collaboration between local and central government is key to ensure any shortfall between additional Covid expenditure and funding received is not significant. This is being constantly monitored alongside the required council support and will be reported through the council's relevant committee meetings.

The second area is the approval by the Secretary of State of the reorganisation of local government in Northamptonshire on 14 May 2019 to create two new unitary councils for North and West Northamptonshire. This means that the Borough Council of Wellingborough will cease to exist as a sovereign entity on 31 March 2021 and the new North Northamptonshire Unitary Council will take effect from 1 April 2021. The new authority will deliver all of the services currently provided to residents of Wellingborough, Corby, East Northamptonshire and Kettering as previously provided by these councils and Northamptonshire County Council.

The extended vesting day of 1 April 2021 provided a real opportunity to deliver some significant member priorities and capital investments across the town and the borough and to better support the residents and businesses of Wellingborough until March 2021.

The council is playing a key role in an exciting journey to deliver not only a safe and legal new unitary council but a more efficient one, transforming the way of delivering the key frontline services our residents expect at the quality they expect ensuring our pride objectives are engrained and putting the residents first and foremost.

This does not detract from what has been achieved in the borough during the year. Key achievements include:

- reducing homelessness numbers
- approving the Local Plan
- progressing significant developments across the borough to increase the housing capacity and provide affordable homes
- significant investment in the town centre and the borough and enhancing the public realm
- enhancing the leisure offering for residents.

The Code on which this Statement is based requires that, even when arrangements for local government reorganisations are actually in place, councils will still prepare their accounts on the basis that the organisation remains a 'going concern' (see Note 3 on page 48), reflecting the continuity within the structural changes. The rest of this Report, and the Statement of Accounts of which it forms an integral part, have been prepared on this basis.

As the Section 151 Officer I have the responsibility to ensure the accounts are provided in line with the statutory deadlines and are accurate, representing a true and fair financial position for the council. The accounts contain a large amount of financial information which we have tried to keep in a simple understandable format. The accounts aim to provide the reader with the assurance that the council is managing the large amount of public money it is entrusted with carefully and ensures it delivers value for money.

The council set a net budget for 2020/21 of £9.515m with an increase to the average Band D council tax of £5.00. It was not expected that use of reserves would be required. The government's contribution to the council's finances in the form of revenue support grant has been eliminated over the recent years and is set to reduce to zero.

In 2020/21 the revenue budget delivered an overall saving against the revised budget of £0.787m, but we still needed to use £0.189m of our reserves to meet the full cost of services. This need to draw money from balances has been removed from the current budget despite government funding reductions and the council's ongoing inflationary and other pressures. A fundamental objective for the council in setting its 2020/21 budget is to meet these financial challenges whilst continuing to maintain and enhance, where possible, the levels of services delivered to its residents, businesses and other stakeholders, using a combination of savings looking at future service delivery, including the potential to work more collaboratively with neighbouring public sector bodies in readiness for the new unitary council.

As the financial statements demonstrate, the financial standing of the council continues to be robust in the current year. We have established good financial management disciplines, processes and procedures and, recognising that we operate in an environment of continuous change, we will pursue our drive for on-going improvement and excellence evidencing the value for money the council tax payers receive from the council's delivered services.

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

- understand the overarching financial position of the council and the outturn for 2020/21;
- have confidence that the public money with which the council has been entrusted has been used and accounted for in an appropriate manner; and
- be assured that the financial position of the council is sound and secure.

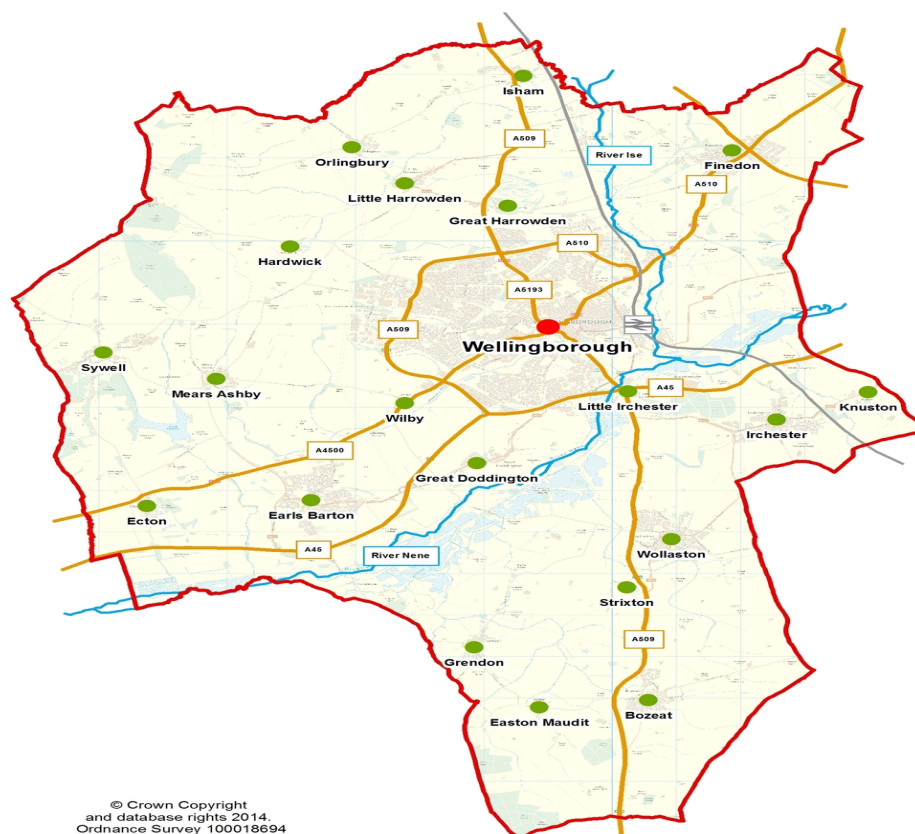
This Narrative Report provides information about the council and its finances; it also provides a summary of the financial position at 31 March 2021 and is structured as follows:

- A general introduction to Wellingborough
- An overview of the council's structure
- Information on Council Tax setting, spending on services and how the financial future is looking
- Long-term assets and capital spending
- Cash balances and investments
- The council's pensions liability
- The layout of the contents of the financial statements
- How to give feedback on the content of the Statement of Accounts

An introduction to Wellingborough

The Borough of Wellingborough is shown in Figure 1 below. It is situated in the eastern half of Northamptonshire, approximately 65 miles from both London and Birmingham and covers an area of 63 square miles. It is located at the most southern tip of the East Midlands Region and, together with Kettering, Corby and East Northamptonshire; it forms part of the area known as North Northamptonshire. Wellingborough has close links with Northampton, Milton Keynes and Bedford.

Figure 1 Map of the Borough of Wellingborough



Wellingborough town, with a population of around 49,000, forms the urban centre of the borough and is surrounded by 19 villages which range in size from Earls Barton (population 5,387) and Irchester (population 4,745) to Hardwick (population 70) and Strixton (population under 50). The total population of the borough at the time of the 2011 Census was 75,356, with approximately 65% living within the town of Wellingborough with the rest living in the rural area. The population grew by 4% from the 2001 Census which is at a lower rate than the national average (7.2%) and surrounding districts.

In terms of ethnicity, the borough has a relatively diverse population and the diversity is increasing. In the 2011 census, approximately 81% of residents described themselves as white british; a reduction from the 88% in the 2001 Census.

Wellingborough town forms the focal point of the local economy. A significant part of retail activity on offer is located within the town centre of Wellingborough, with industrial and commercial development primarily located on several estates at Park Farm, Denington Road, Finedon Road, Ise Valley, Irthlingborough Road and Victoria Business Park on the A45.

Between 2011 and 2020, 1,995 new homes were built in the borough to provide for residents and to create sustainable, inclusive and mixed communities. Of this figure, 1,545 new dwellings (77.4%) were built in the town whilst rural areas had 450 (22.6%). Wellingborough benefits from good road connections and has a number of key transport corridors. The A45 provides an east-west route and leads directly to junctions 15, 15A and 16 of the M1. The A509 provides a north-south route which links via the A14 to the M1, M6 and the east coast ports. Wellingborough's railway station is on the Midland Mainline linking it direct to London, Nottingham, Leicester, Derby and Sheffield. The average journey time to London (St Pancras) is 60 minutes and the station is served by at least two trains per hour.

In 2011, part of the Nene Valley was recognised as being of international importance when it was designated as a Special Protection Area and Ramsar Site for birds under the habitats directive. Sites of Specific Scientific Interest (SSSI) cover only 3.45% of the borough.

The borough has a rich built heritage and evidence of settlements stretching back 2,000 years. 529 buildings have been listed as of special architectural or historic interest and there are 11 scheduled ancient monuments. Much of the historic built environment is of high quality, adding significantly to the character and identity of the area.

Overview of the Council's structure

The Borough Council of Wellingborough had 35 councillors who were elected on 7 May 2015. Elected councillors were responsible for agreeing policies about provision of services and how the council's money was spent. Regular council and committee meetings were held to undertake the decision-making process, as set out in the council's constitution.

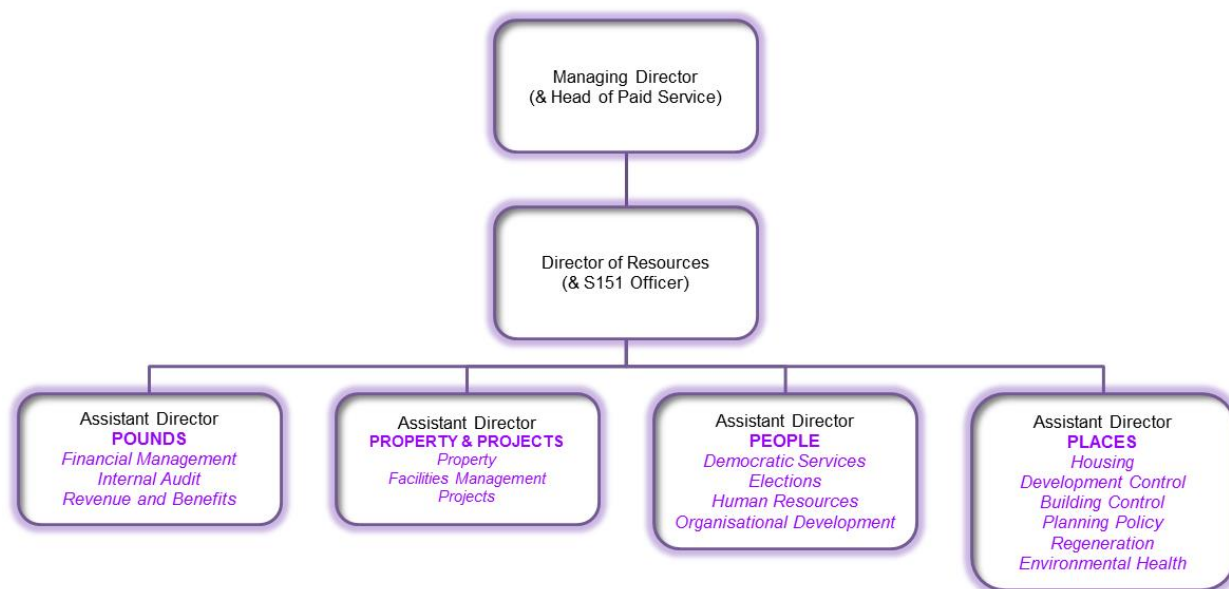
The council operated a scheme that permitted members of the public to address its committees. The public speaking rules for Planning Committee were slightly different to the policy committees. Most reports to committees are publicly available on the council's website. The public may attend committee meetings if they wish to.

Some reports to committees were withheld from publication either because they contained exempt information and/or the discussion of them at the meeting was considered likely to cause exempt information to be disclosed. The public were excluded from the part of the meeting that considered this business. Exempt information typically refers to details about individuals, financial information of third parties, enforcement action, contracts under negotiation and other legal proceedings.

Council Departments

The implementation of council policy and the delivery of services are carried out through the council's operational departments. A new management structure was approved in October 2019, with the objective of establishing leadership arrangements that were both flexible and equally effective at operational service delivery and in the strategic direction of the council.

The full management structure and the respective responsibilities of each department are shown in the following chart.



Delivering our corporate goals

The previous Corporate Plan specified a series of themes within which services would be planned and delivered. These were:

- Promoting high quality growth
- Reducing crime and anti-social behaviour
- Improving life chances for young people
- Delivering efficient and responsive services
- Enhancing the environment

These remained relevant throughout 2020/21. Practical application of these are found in the key projects being delivered by the council and in the initiatives contained in the Efficiency Plan.

Flexible use of capital receipts

As part of the settlement for 2016/17 the then DCLG (Department for Communities and Local Government) offered councils the opportunity to apply capital receipts flexibly to projects that delivered efficiency savings for spending that may typically be revenue in nature. The main tests that the council had to meet to be able to make use of this facility were that an efficiency strategy had to be in place for the year in which the flexible use was proposed and the capital receipts used have to be received within that same year. The availability of a clear efficiency strategy and a continuing success in generating capital receipts has ensured that the council has been able to access this additional flexibility, boosting the range of options available in strategic financial management and benefiting the year end general fund balance by some £434k. This also provides a useful source of funding for the inevitable transformation costs in creating the new unitary council from 2021 and will assist in removing any further pressure on revenue reserves.

Council Tax, spending on services and how the financial future is looking

The council receives income from a range of sources, including direct fees and charges, rents and interest on investments, as well as from Business Rates and Council Tax. A calculation is made every year of exactly how much will be needed from Council Tax and the need to keep any increases to affordable levels is one of the key drivers in setting the overall budget for how much will be spent in each financial year which is formally approved by council every year in February.

The Council Tax Base is the total number of properties in the council's area that are subject to Council Tax, expressed as a number of 'Band D Equivalents' (e.g. a Band A property counts as only part of a 'Band D' equivalent, while a Band H property is equivalent to two). The number of Band D equivalents grew by 356 (or 1.42%) between 2019/20 and 2020/21 and this is a valuable contribution to the council's income.

The numbers for the three most recent years are as follows.

	2018/19	2019/20	2020/21
Number of Band D Equivalent Dwellings	24,492	25,113	25,469

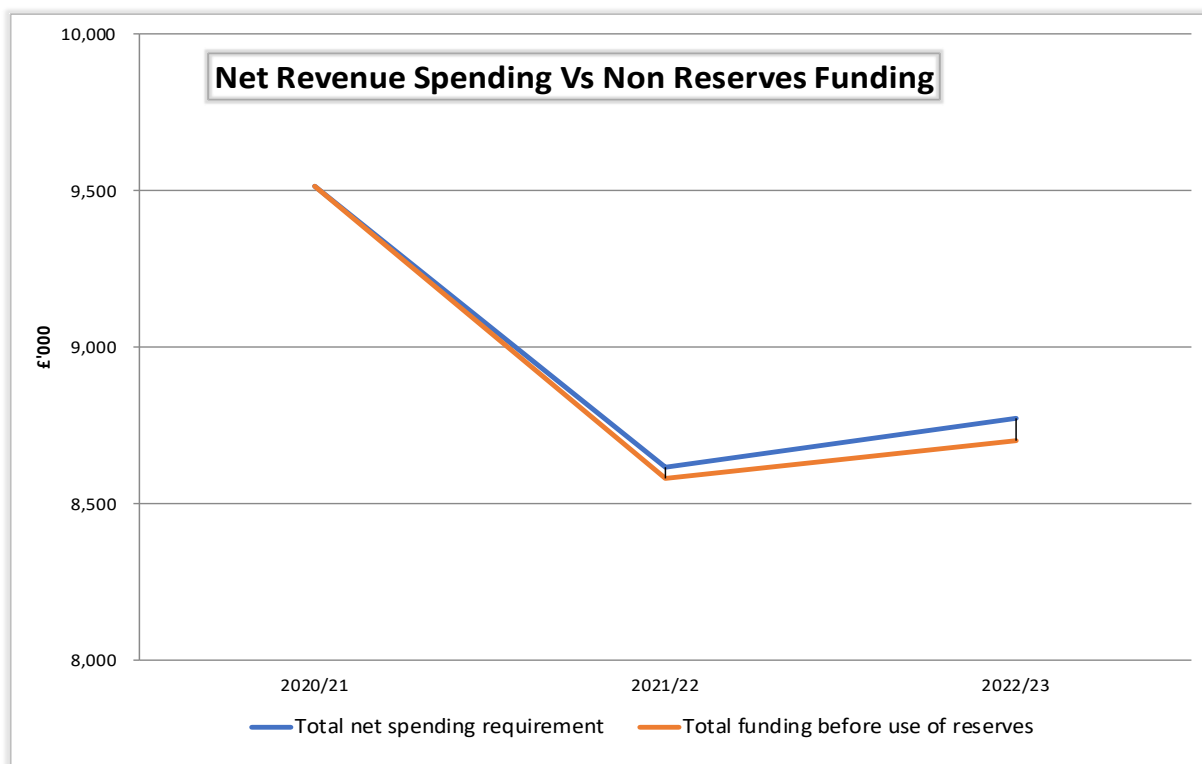
In considering whether or not to increase the basic level of Council Tax in 2020/21 the council again sought to balance the need to maintain service levels and standards with that to keep any change as affordable as possible. The outcome was to increase the average Band D Council Tax by £5, from £115.54 to £120.54 (excluding parish precepts and special expenses). Around 90% of the Council Tax which is raised in the borough does not come to this council, but is money collected to meet the demands set by the County Council and by the Police, Fire and Crime Commissioner.

	2018/19		2019/20		2020/21	
	£	%	£	%	£	%
Borough Council of Wellingborough*	168.43	10.4%	174.95	10.2%	184.02	10.3%
Northamptonshire Police and Crime Commissioner	221.04	13.6%	305.80	17.8%	317.01	17.7%
Northamptonshire County Council	1,236.35	76.0%	1,236.10	72.0%	1,285.42	72.0%
	1,625.82	100.0%	1,716.85	100.0%	1,786.45	100.0%

Taking into account other funding changes and underlying pressures on the council's budget, the overall result was no requirement for the use of reserves in order to finance the 2020/21 budget. Beyond that it's expected without further savings or income growth, there will be continuing demands on reserves over the following years. The position is shown in the table below.

	2020/21 £'000	2021/22 £'000	2022/23 £'000
Base Budget	10,617	9,515	8,619
Pressures (eg inflation, additional service demands)	586	312	156
Identified savings	-1,688	-1,208	-
	9,515	8,619	8,775
Central Government Grants	-227	-	-
Business Rates funding	-3,811	-3,532	-3,601
New Homes Bonus	-932	-270	-84
Council Tax Income	-4,545	-4,780	-5,019
	-9,515	-8,582	-8,704
Planned use of Earmarked Reserves	-	-	-
Planned use of General Fund Reserves	-	-37	-71

The ongoing need to use reserves is illustrated in the following graph.



During the year the actual use of reserves was less than budgeted due to a combination of further savings in year and a variation in the level of income received, including that from Business Rates. This means that the final outturn resulted in a return of £787k to the general fund reserves.

Budget and outturn figures are shown below.

	Original Budget 2020/21	Revised or Profiled Budget 2020/21	Actual Expenditure to 31st March 2021	Variance at Period 13
	£'000	£'000	£'000	£'000
Environmental & Health Protection	692	700	802	102
Property & Projects	453	448	457	9
Planning & Building Control	236	243	273	30
Environmental Services	3,611	3,604	4,237	633
Organisational Development	175	177	151	-26
Democratic Services	784	801	692	-109
Operational Property	638	570	606	36
Investment Property	-1,929	-1,918	-1,980	-62
Information Technology Shared Service	995	1,029	1,084	55
District Law Shared Service	164	164	157	-7
Community Support	1,270	1,372	1,538	166
Housing	425	608	872	264
Accountancy	697	700	704	4
Internal Audit	61	61	59	-2
Revenues & Benefits - Operational	405	418	206	-212
Revenues & Benefits - Benefits Subsidy	367	367	315	-52
Other Income & Expenditure	-721	-833	-653	180
Corporate Management	617	618	-341	-959
Parish Precepts	575	575	695	120
Service Income and Expenditure	9,515	9,704	9,874	170
Government Funding	-227	-227	-378	-151
Business rates	-2,441	-6,781	-7,480	-699
Section 31 Grant	-1,370	-1,370	-1,357	13
Council Tax	-4,545	-4,545	-4,665	-120
New Homes Bonus	-932	-932	-932	-
Use of General Fund Reserves	-	-	787	787
Ear Marked Reserves		4,151	4,151	-
2020/21 funding	-9,515	-9,704	-9,874	-170
Net Position	-	-	-	-

Gross expenditure on services was £52.616m, offset by service income of £42.742m, giving the net amount of £9.874m shown above. The breakdown by type of expenditure, as amounts and as a proportion of the total, is shown in the table and graph below.

	2019/20	2020/21
	£'000	£'000
Employee Costs	6,287	7,127
Premises Costs	1,038	914
Transport	78	48
Supplies & Services	9,890	29,092
Housing Benefit payments	16,832	15,435
	34,125	52,616
Service Income	-24,145	-42,742
Amount met from use of reserves, Business Rates, Council Tax & General Grants	9,980	9,874

The amount that is shown in the Comprehensive Income and Expenditure Account (CIES) (page 23) as the 'Cost of Services' for the year is £14.908m. The reason that this is higher than the £9.874m shown above is because the figure in the CIES includes other amounts such as depreciation and the impact of some property valuation changes.

These other items are included because the council has to follow International Financial Reporting Standards in producing its accounts and these require the CIES to be prepared on the same basis as other organisations, including those in the private sector. However, it is important that charges such as depreciation do not affect Council Tax levels, and so statutory regulations require these to be reversed back out again before determining the overall effect on the council's General Fund. The table below shows how the 'Cost of Services' figure of £14.908m reconciles to the actual use of earmarked reserves of £5.374m.

	£'000
Cost of Services (see CIES)*	14,908
Corporate Items:	
Other Operating Expenditure (see CIES & Note 11)*	492
Financing and Investment Income & Expenditure (see CIES & Note 12)*	-554
Council Tax, Business Rates and General Grant Income (see CIES & Note 13)*	-11,174
Surplus on the provision of services (see CIES)	3,672
Accounting Adjustments (see Note 9 & Movement In Reserves Statement (MIRS))	1,702
Net Movement in General Fund Reserves (see MIRS)	5,374

* Lines marked with asterisk all include items that are subject to accounting adjustments

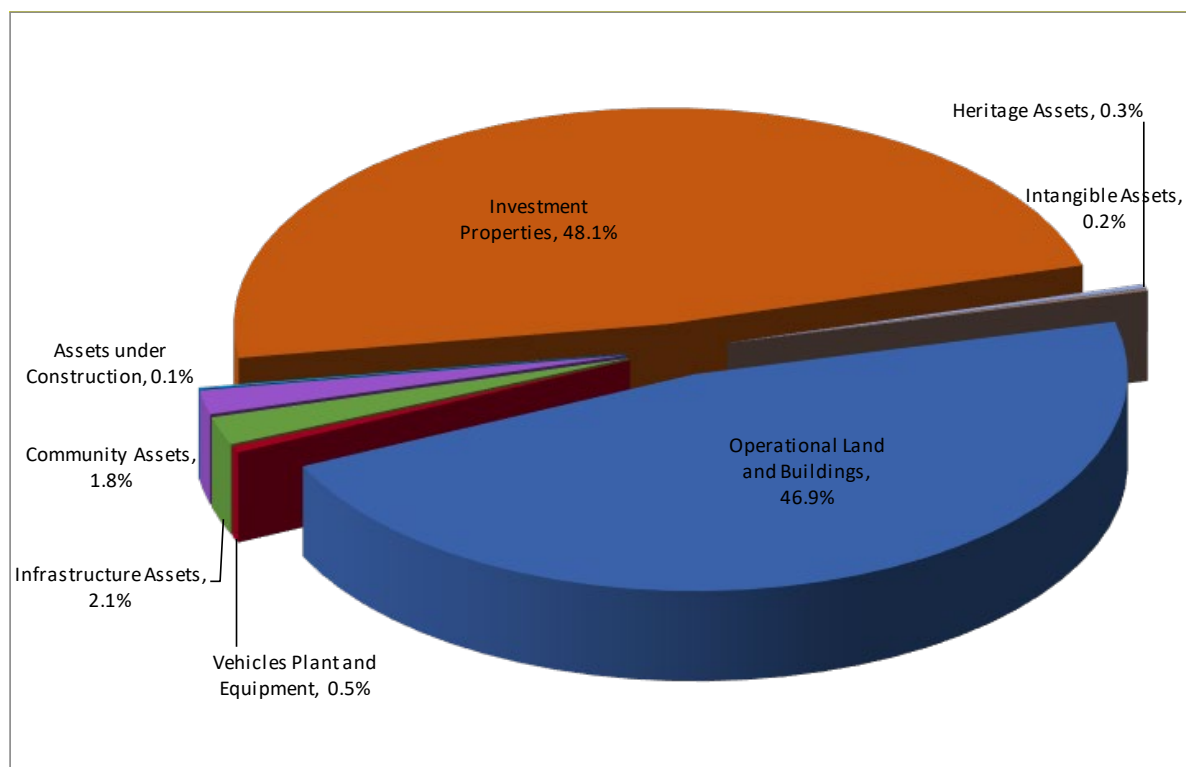
Earmarked reserves are held both to cover the potential consequences of specific risks and to provide financing for future expenditure on particular service areas or projects. As such, they form a key part of both the financial planning for particular services and eventualities and the overall financial management of the council. The table below shows total Earmarked Reserves at the beginnings and ends of each of the last two financial years, together with the General Fund balance.

Reserves	Balance 31st March 2019 £'000	Transfers in 2019/20 £'000	Transfers out 2019/20 £'000	Balance 31st March 2020 £'000	Transfers in 2020/21 £'000	Transfers out 2020/21 £'000	Balance 31st March 2021 £'000
Earmarked Reserves	-2,575	-270	670	-2,175	-4,466	315	-6,326
General Fund	-3,155	-	-	-3,155	-787	-	-3,942
	-5,730	-270	670	-5,330	-5,253	315	-10,268

Further detail of the individual Earmarked Reserves is shown in Note 10.

The council is also required to keep a number of other reserves for technical accounting reasons, which although large in value are not related to actual cash sums and so are not available to support future expenditure and are therefore referred to in the Statement of Accounts as 'Unusable Reserves'. Examples of such reserves are the Capital Adjustment Account, the Revaluation Reserve, and the Pension Reserve. Further detail of all of these and the other Unusable Reserves and the reasons for maintaining them are shown in Note 25.

Long-term assets and capital spending



This chart above shows the various categories of land and buildings that the council owns, together with other items of plant and equipment, the value of these assets at 31 March 2021 was £101.718m. Most of this is made up of Operational Land and Buildings (£47.686m), which are used directly in the delivery of the council's services and investment properties (£49.014m), which are held primarily to generate income and which make a significant contribution to the council's finances.

Operational land and buildings are revalued under a five-year rolling programme. Investment properties are revalued at the 31 March each year and for 2020/21 showed an overall rise in value of £1.009m reflecting the prevailing market conditions.

In addition to valuation movements, the council invested in a range of capital projects, with the largest elements being circa £1.918m spent on purchasing properties and refurbishing properties to mitigate the council's temporary accommodation and reduce costs as well as significant investment of circa £5.803m into the redevelopment of the town centre and improvements to leisure across the Borough. In addition to spending on its own assets, the council also supplied in excess of £654k of finance in financial assistance for capital projects, such as Disabled Facilities Grants, to other organisations and individuals. The combined total capital spending was £10.348m and this was financed using a combination of Capital Receipts (£9.432m) and grants and contributions received of (£0.916m).

Cash balances and investments

The various reserves held by the council represent a substantial overall cash balance. This results in day-to-day transactions either paid to or by the council, and amounts owed by the council (creditors) and to the council (debtors – including amounts owed by Council Tax and Business Rate payers). This cash balance is in turn managed to provide the best available return in interest and other investment income, although this must be done within the limits imposed by a careful assessment of the risks involved.

The council's investing activities are carefully managed and the types of investment that can be entered into are set out in the Annual Treasury Management Policy. This policy is set according to strict national guidelines and for example, restricts the level of individual investment with any one organisation, in order to spread the risk of who we invest with, and restricts us to using only institutions based in the UK. In 2020/21 we received £222k of interest or an average 0.6% return on our investments. This is in line with other public and private sector institutions and reflects the continuing low level of the interest rates available. At the end of the year we had short term investments of £4m invested in banks and building societies, which is a decrease of £25m compared with £29m in 2019/20. Of this, all investments held at the year-end are due to mature in the next 12 months.

The council's Treasury Management Strategy for the year restated the aim of the authority remaining debt free, and no money was borrowed in 2020/21. Further information on the way the council invests its monies, and manages the risks arising, are set out in Note 40.

The Council's pensions liability

The council's employees are able to join the Local Government Pension Scheme. This is administered by Northamptonshire County Council. The Pension Fund pays the pensions of council employees upon retirement and receives contributions from current employees together with an employer's contribution from the council. Every three years the fund's actuary assesses how much money is in the fund and whether this is sufficient to meet the potential call from staff as they retire at a future date.

The net amount chargeable to the General Fund is that payable for the year in accordance with the statutory requirements governing the Pension Fund. Where this amount does not match the amount charged to the Comprehensive Income and Expenditure Statement any difference is transferred to the pension reserve on the Balance Sheet via the Movement in Reserves Statement, i.e. it is one of the accounting adjustments referred to previously.

There are a range of factors that can affect the financial position of the fund, including:

- life expectancies,
- the level of income expected to be earned from investing funds, and
- future levels of inflation,

with all of these being projected over 20 years into the future.

The complexity and long-term nature of the assumptions that must be made and the large amounts involved, mean that the council's projected pension liability is very sensitive to any changes in underlying conditions and expectations, so the numbers shown in the Balance Sheet can show significant change from year to year. During 2020/21 the council's estimated net pension liability increased by £4.440m, from £30.939m to £35.379m, as detailed in Note 25d and 38.

This is a notional amount as the liability relates to a long-term commitment and would only be due if all circumstances remained as they are from now up to when the current contributors retire and the authority did not seek to address the matter. In reality circumstances will vary in this time, with a particular example being that expected rates of return on the scheme's investments are likely to improve over time, while other factors, such as time in the scheme and levels of contributions will change. Further information on the council's pension fund is set out in Note 38.

The layout of contents of the financial statements

The Statement of Accounts contains a number of different elements and a brief explanation of each of these is set out below.

The Statement of Responsibilities for the Statement of Accounts (page 18) sets out the respective responsibilities of council and the Section 151 Officer.

The Auditor's Report (page 19) gives the Auditor's opinion on the Statement of Accounts and on the council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Expenditure & Funding Analysis and the Core Financial Statements

The ***Expenditure Funding Analysis*** (page 22) shows how annual expenditure is used and funded from resources (government grants, rent, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. Although not formally classed as one of the Core Financial Statements, it is a key part of the Statement of Accounts and so is presented together with them.

The ***Comprehensive Income and Expenditure Statement*** (page 23) 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, which can be seen in the Movement in Reserves Statement. Authorities raise taxation to cover expenditure in accordance with regulations: this may vary from the accounting cost.

The ***Movement in Reserves Statement*** (page 24) shows the movement in 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. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund balance for Council Tax setting purposes. The amount for the General Fund Balance includes both the general unallocated balance and Earmarked Reserves which are held for specific purposes. Further detail on the amount of each is shown in Note 10.

The ***Balance Sheet*** (page 25) shows the value as at the Balance Sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. Firstly, usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category is those that the council is not able to use to provide services. This category includes reserves that hold unrealised gains or losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The ***Cash Flow Statement*** (page 26) shows the changes in cash and cash equivalents of the authority 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 authority. Investing activities represent the extent to which cash flows have been made for resources that 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.

Supplementary Financial Statement

The ***Collection Fund*** (page 91) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority (Borough Council of Wellingborough) in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

Disclosure Notes

The Core Financial statements, Collection Fund and Group Accounts are each supported by detailed and comprehensive Disclosure Notes (pages 27 to 90 respectively), which provide further information designed to explain the key figures and to enable the reader a fuller interpretation of the accounts.

The Annual Governance Statement (AGS)

Statutory regulations require the council to conduct a review at least once in a year of the effectiveness of its system of internal control. The review of internal controls or internal financial controls provides assurance that the Statement of Accounts gives a true and fair view of the council's financial position at the reporting date and its financial performance during the year.

The preparation and publication of the council's AGS is carried out in accordance with 'Delivering Good Governance in Local Government' published by CIPFA and SOLACE. This fulfils the council's statutory requirement to conduct a review at least once in each financial year of the effectiveness of its system of internal control. The statement relates to the governance system as it applied during the 2020/21 financial year and accompanies the statement of accounts as required by the 2015 Accounts and Audit (England) Regulations state in Regulation 4(4). However, (where applicable) significant events or developments relating to the governance system that occur between the reporting date and the date on which the Statement of Accounts is signed by the Section 151 Officer are also reported.

How can you give us your feedback on the content of these accounts?

The Statement of Accounts is intended to give the people, businesses, partners, employees and members of Wellingborough clear information about the council's finances. Whilst accounts have to include large elements of technical data to comply with Accounting Standards, we believe that it is vital that we make it as easy as possible for people to read regardless of their background.

Further information about the accounts is available from the Finance Manager, Swanspool House, Doddington Road, Wellingborough, NN8 1BP, or via email accountancy.bcw@northnorthants.gov.uk.

The full Statement of Accounts is available on the council website. Interested members of the public have a statutory right, for a period of 30 working days, to inspect the accounts before the audit is completed, as well as to put questions to the council's auditor and/or lodge any formal objection to the accounts. As has been publicly advertised, for 2020/21 this period begins on 31 August 2021 and ends on 11 October 2021.

Concluding remarks

I would like to take the opportunity to thank all the staff who contributed to the timely completion of the Statement of Accounts.

Janice Gotts
Executive Director of Finance and Section 151 Officer

B Statement of responsibilities for the statement of accounts

The Council's Responsibilities

The council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this council that officer is Janice Gotts (Section 151 Officer);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Section 151 Officer's Responsibility

The Section 151 Officer is responsible for the preparation of the council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). In preparing this Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the code.

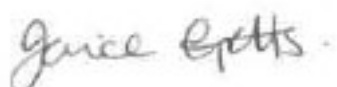
The Section 151 Officer has also:

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

Certification and Approval

I certify that this Statement of Accounts shows the true and fair position of the council at the reporting date and of its income and expenditure for the year ended 31 March 2021.

Janice Gotts



Executive Director of Finance and Section 151 Officer

Date: 23rd August 2021

I confirm that these audited accounts were approved by the Audit Committee at the meeting held on

Cllr Andrew Weatherill

Chair of Audit Committee Date: TBC

C Auditor's report

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D1 Expenditure and funding analysis

This Analysis shows how annual expenditure is used and funded from resources (government grants, rent, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. Although not formally classed as one of the Core Financial Statements, it is a key part of the Statement of Accounts and so is presented together with them.

2019/20				2020/21		
Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Between the Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to General Fund Balances £'000	Adjustments Between the Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
1,378	115	1,493	Community Support	1,537	7	1,544
613	-20	593	Environmental & Health Protection	802	-39	763
642	579	1,221	Housing	837	591	1,428
673	692	1,365	Planning & Local Development	766	706	1,472
4,469	327	4,796	Environmental Services Organisation	4,237	296	4,533
204	-4	200	Development	151	-3	148
639	-8	631	Democratic Services	692	-16	676
780	138	918	Operational Property	604	670	1,274
1,132	-	1,132	Shared Services	1,241	311	1,552
513	-9	504	Accountancy & Audit	-87	-11	-98
691	-25	666	Revenues & Benefits	521	-48	473
270	244	514	Corporate Management	511	122	633
1,083	-345	738	Corporate Income & Expenditure	1,085	-575	510
-1,405	1,405	-	Depreciation & Other	-1,517	1,517	-
11,682	3,089	14,771	Net Cost Of Services	11,380	3,528	14,908
-11,282	-3,797	-15,079	Other Income and Expenditure	-16,318	5,082	-11,236
400	-708	-308	Surplus(-) or Deficit	-4,938	8,610	3,672
-5,730			Opening General Fund Balance	-5,330		
400			Surplus(-) or Deficit on General Fund in Year	-4,938		
-5,330			Closing General Fund Balance	-10,268		

D2 Comprehensive income and expenditure statement

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

2019/20				2020/21		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,591	-98	1,493	Community Support	1,597	-53	1,544
784	-191	593	Environmental & Health Protection	1,006	-243	763
2,021	-800	1,221	Housing	2,175	-747	1,428
2,182	-817	1,365	Planning & Local Development	2,416	-944	1,472
6,072	-1,276	4,796	Environmental Services	5,938	-1,405	4,533
208	-8	200	Organisation Development	156	-8	148
660	-29	631	Democratic Services	923	-247	676
1,041	-123	918	Operational Property	1,398	-124	1,274
1,132	-	1,132	Shared Services	1,558	-6	1,552
551	-47	504	Accountancy & Audit	19,514	-19,612	-98
17,838	-17,172	666	Revenues & Benefits	16,557	-16,084	473
549	-35	514	Corporate Management	800	-167	633
1,076	-338	738	Corporate Income & Expenditure	510	-	510
35,705	-20,934	14,771	Cost Of Services	54,548	-39,640	14,908
615	-1,074	-459	Other Operating Expenditure (Note 11)	971	-479	492
901	-3,915	-3,014	Financing and Investment Income and Expenditure (Note 12)	4,339	-4,893	-554
7,719	-19,325	-11,606	Taxation and Non-Specific Grant Income and Expenditure (Note 13)	12,727	-23,901	-11,174
		-308	Surplus(-) or Deficit on Provision of Services			3,672
			Other Comprehensive Income and Expenditure:			
		-4,749	Surplus(-) or Deficit on revaluation of property, plant and equipment assets (Note 25a)			-2,813
		64	Surplus(-) or Deficit on revaluation of available for sale financial assets (Note 25b)			-12
		-7,140	Actuarial Gains(-) or Losses on Pension Assets and Liabilities (Note 25d)			4,527
		-11,825	Total Other Comprehensive Income and Expenditure			1,702
		-12,133	Total Comprehensive Income and Expenditure			5,374

D3 Movement in reserves statement

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

Useable reserves include the Capital Receipts Reserve which holds the balance of receipts from disposals of assets. Unusable Reserves hold unrealised gains or losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between Accounting Basis and Funding Basis under Regulations".

The Statement shows how the movement 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.

Movement in Reserves Statement 2020/21	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Amount as per Balance Sheet at 31st March 2020 brought forward	-5,330	-25,025	-534	-30,889	-64,968	-95,857
Movement in Reserves during 2020/21						
Total Comprehensive Income and Expenditure	3,672	-	-	3,672	1,702	5,374
Adjustments between accounting basis and funding basis under regulations (Note9)	-8,610	7,250	-207	-1,567	1,567	-
Increase(-)/Decrease in 2020/21	-4,938	7,250	-207	2,105	3,269	5,374
Amount as per Balance Sheet at 31st March 2021 carried forward	-10,268	-17,775	-741	-28,784	-61,699	-90,483

Movement in Reserves Statement 2019/20	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Amount as per Balance Sheet at 31st March 2019 brought forward	-5,730	-28,674	-433	-34,837	-48,887	-83,724
Movement in Reserves during 2019/20						
Total Comprehensive Income and Expenditure	-308	-	-	-308	-11,825	-12,133
Adjustments between accounting basis and funding basis under regulations (Note9)	708	3,649	-101	4,256	-4,256	-
Increase(-)/Decrease in 2019/20	400	3,649	-101	3,948	-16,081	-12,133
Amount as per Balance Sheet at 31st March 2020 carried forward	-5,330	-25,025	-534	-30,889	-64,968	-95,857

D4 Balance sheet

The Balance Sheet shows the value of the council's assets and liabilities as at the 31 March. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories.

The first category of reserves are usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve that may be used to fund capital expenditure or to repay debt).

The second category of reserves are unusable reserves, that hold unrealised gains or losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting and funding basis under regulations".

31st March 2020 £'000		Notes	31st March 2021 £'000
43,856	Property, Plant and Equipment	14	52,226
277	Heritage Assets	15	277
51,390	Investment Property	16	49,014
136	Intangible Assets	17	200
226	Long Term Investments	18a	238
-	Long Term Debtors	18a	-
95,885	Long Term Assets		101,955
29,000	Short Term Investments	18a	4,000
6	Inventories		12
8,976	Short Term Debtors	19	16,876
5,125	Cash and Cash Equivalents	20	20,875
43,107	Current Assets		41,763
-5,461	Short Term Creditors	22	-12,127
-5,944	Grants Receipts in Advance	32	-5,044
-11,405	Current Liabilities		-17,171
-791	Provisions	23	-685
-30,939	Pension Liability	38	-35,379
-31,730	Long Term Liabilities		-36,064
95,857	Net Assets		90,483
-30,889	Usable Reserves	MIRS	-28,784
-64,968	Unusable Reserves	25	-61,699
-95,857	Total Reserves		-90,483

D5 Cashflow 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 (see Note 26) 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 (see Note 27) represent the extent to which cash flows have been made for resources that are intended to contribute to the council's future service delivery.

Financing activities (see Note 28) are activities that result in changes to amounts of principal that will be received from external providers of finance. The council is debt free and has now repaid the last of its outstanding finance lease liabilities. This means that the only entries under this heading are technical items relating to the agency status of the cash flows from the Collection Fund in respect of Council Tax and Business Rates.

This consolidated statement summarises the inflows and outflows of revenue and capital cash arising from transactions with third parties. These are further detailed in Notes 26–28.

2019/20 £'000		2020/21 £'000
-308	Net (surplus) or deficit on the provision of services	3,672
-4,517	Adjustments to net surplus or deficit on the provision of services for non cash movements	-10,387
1,069	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	1,122
-3,756	Net cash flows from Operating Activities (Note 26)	-5,593
11,777	Investing Activities (Note 27)	-18,304
227	Financing Activities (Note 28)	8,147
8,248	Net (increase) or decrease in cash and cash equivalents	-15,750
-13,373	Cash and cash equivalents at the beginning of the reporting period	-5,125
-5,125	Cash and cash equivalents at the end of the reporting period (Note 20)	-20,875

E Notes to the accounting statements

1 Statement of Accounting Policies

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and the accounting policies set out at Note 1. The notes to the core financial statements that follow set out supplementary information to assist readers of the accounts.

1.1 General Principles

The Statement of Accounts summarises the council's transactions for the 2020/21 financial year and its financial position at 31 March 2021. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015. Those regulations require that they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code") supported by International Financial Reporting Standards (IFRS).

The Code specifies the principles and practices of accounting required to give a "true and fair" view of the financial position and transactions of a local authority, including group financial statements where a local authority has material interests in subsidiaries, associates or joint ventures.

The accounts are disclosed in accordance with the historic cost convention except for most non-current assets and investments and other financial assets that are disclosed in accordance with other requirements in the Code, such as fair value.

1.2 Accruals of Income and Expenditure

Activity on items of income and expenditure are accounted for in the year it takes place, not simply when cash payments are made or received. In particular;

- Fees, charges and rents due from residents and customers are accounted for as income at the date the council provides the relevant goods or services. Where this is before 31 March but income had not been billed, a debtor is recorded in the Balance Sheet (above the de minimis of £10k for individual items). The debtors balance also includes payments in advance made by the council at the Balance Sheet date representing amounts prepaid to suppliers by the council that are not due until a subsequent financial year.
- An assessment is made annually as to what levels of debt are outstanding at the end of the financial year. The council's debtors are not subject to substantial fluctuations hence the council does not review all debts and assess the probability of collection of each. Instead past experience is used within materiality limits to judge the percentages of each type of debt that will probably not be recovered. A provision is made (the bad debt provision) for those debts for which recovery is deemed doubtful, the provision being recognised in the relevant service(s). This has the effect of reducing the debtors balance shown in the Balance Sheet. Once a debt is deemed irrecoverable it is written off.

- Supplies are recorded as expenditure when they are used – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet (minor items of limited materiality are excluded from this policy).
- Works are charged as expenditure when they are completed, before which they are carried as Assets Under Construction, within the balance of Property Plant & Equipment on the Balance Sheet.
- Interest received on investments is accounted for on the basis of the applicable interest rate for the relevant financial instrument rather than the cash flow fixed or determined by the contract. As the council is debt free it is not necessary to account for interest on borrowing.
- Where goods or services have been supplied but an invoice has not been processed for payment by 31 March a creditor for the relevant amount is recorded in the Balance Sheet (above the de minimis of £10k for individual items). The creditors balance also includes receipts in advance at the Balance Sheet date representing amounts prepaid to the council that are not due until a subsequent financial year.
- The actual cost of employees is recorded in the accounts. Accruals are made for the payment of pension and tax liabilities based on the notified March payments and included as creditors in the Balance Sheet. Accruals are made for salaries and other employee benefits (e.g. annual leave – see separate accounting policy ‘1.7 Employee Benefits’) earned but unpaid at the year end.
- Grants and contributions are accounted for on an accruals basis and recognised in the accounting statements when there is reasonable assurance that
 - i. the conditions for their receipt have been complied with,
 - ii. the grant or contribution will be received.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature within 3 months or less from the Balance Sheet date and that are readily converted to known amounts of cash with insignificant risk of change in value. Deposits in call accounts are classified as cash equivalents. Bank overdrafts form an integral part of the council’s cash management and as such are classified as cash equivalents.

1.4 Exceptional Items

Where income and expenditure transactions are material, their nature and amount are disclosed separately, either on the face of the CIES or in the notes to the accounts (see Note 5), depending on how significant the items are to an understanding of the council’s financial performance

1.5 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting 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.

There were no prior period disclosures in 2020/21.

1.6 Charges to Revenue for Non-current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible non-current assets attributable to the service.

The council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance, but in practice, given that the council is debt-free and no longer has any outstanding finance leases, no provision is currently required. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.7 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the council. An accrual is made against the service in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and flexi-time earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual made is required under statute to be reversed out of the General Fund balance by a credit to the Unusable Reserve - Accumulated Absences Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

These are charged on an accruals basis to the relevant service(s) line within the Surplus or Deficit on Provision of Services in the CIES when the council can no longer withdraw the offer of those benefits or when the council recognises costs of the restructure.

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

Post Employment Benefits

Under the Code, the council is required to account for retirement benefits when it is committed to pay them, even if the actual payment may be many years into the future.

The council participates in the Local Government Pension Scheme (LGPS) for pensions to employees and the scheme is managed by Northamptonshire County Council (NCC). The scheme operates on a defined benefit basis related to pay and service in accordance with International Accounting Standard (IAS) 19.

The assets attributable to the scheme are measured at fair value (defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) and include current assets and investments. The attributable liabilities 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 forecasts of projected earnings for current employees. Contribution rates, which are included in the Accounts, are determined by triennial actuarial valuations.

Liabilities are discounted to their value at current prices, using a discount rate of 2.3% (derived from a corporate bond yield curve using high quality bonds, based on the constituents of the iBoxx AA corporate bond index).

The assets of the Northamptonshire pension fund attributable to the council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

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

a) Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the 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 Surplus/Deficit on the Provision of Services in the CIES 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 in the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, taking into account changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

b) Remeasurements comprising:

- The return on assets – excluding amounts included in the net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains/losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

c) Contributions paid to the Northamptonshire pension fund:

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

1.8 Events after the Reporting Period

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

Two types of event can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the accounts are adjusted to reflect such events, and
- those that are indicative of conditions that arose after the reporting period – the accounts are not adjusted to reflect such events, but where such events would have a material effect a disclosure is made in the notes for the nature of events and their estimated financial effect.

The Statement of Accounts was signed off by the Section 151 Officer on 23 August 2021. Events taking place after that date are not reflected in the statements or disclosure notes.

1.9 Financial Instruments

Financial instruments are categorised as either financial assets or financial liabilities, and the accounting policies for both are stated below;

Financial Assets

Financial assets the council currently holds are divided into the following categories;

- Amortised Cost
- Fair Value through Profit or Loss

Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available. All financial assets are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of the financial instrument.

Loans and Receivables – Amortised Cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade debtors and investments are classified as loans and receivables. Loans and receivables are initially measured at fair value. Subsequent measurement is based on amortised cost. Where a receivable (i.e. debtor) has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the principal outstanding or the billed/invoiced amount.

Investments are shown in the Balance Sheet at cost. Where investments are fixed term deposits the accrued interest owing at the Balance Sheet date of 31 March is added to the value of the investment.

Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. For most of the investments that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable in instrument agreement. In line with regulations, any difference between the interest receivable based on the effective rate of interest and the interest rate in the instrument agreement is transferred to the Financial Instruments Adjustment Account in the Movement in Reserves Statements to negate the impact on the General Fund balance.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the CIES. The amount of the impairment is determined as the difference between the assets' carrying amount and the present value of its estimated future cash flows discounted at the assets original effective interest rate. The carrying amount of debtors is adjusted for bad debts (see separate accounting policy – 1.2 Accruals of Income and Expenditure).

Any gains and losses that arise on de-recognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the CIES.

Soft loans are defined as those loans granted by the council at an interest rate that is below the prevailing market rate. The calculated market rate of interest is credited to the CIES and the difference between this amount and the interest actually charged to the recipient of the loan is reversed out in the Movement in Reserves Statement to the Financial Instruments Adjustment Account in the Balance Sheet.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

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

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

The council holds shares in Aberdeen Diversified Income and Growth Trust PLC. Fair values are based on the principle that for instruments with quoted market prices, the fair value is the market price.

Any gains and losses that arise on the de-recognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the CIES, along with any accumulated gains/losses previously recognised in the Available for Sale Reserve.

Financial Liabilities

Financial Liabilities are obligations to deliver cash or another financial asset to another entity. These are recognised when the council becomes a party to the deal date of the financial instrument and are initially measured at fair value and carried at amortised cost.

The council does not have any borrowings. Payables (i.e. creditors) are categorised as financial liabilities. Where a payable (i.e. creditor) has a maturity of less than 12 months or is a trade or other payable, the fair value is taken to be the principal outstanding or the billed/invoiced amount. A financial liability is de-recognised only when the obligation is extinguished, i.e. when the obligation is discharged, cancelled or expires.

1.10 Government Grants and Contributions

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

- The council will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the council are not credited to the CIES until any conditions attached to the grant or contribution has been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contributions are required to be consumed by the council as specified or future economic benefits or service potential must be transferred to the transferor.

Amounts 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 condition is credited to the relevant service line (revenue grants attributable) or taxations and non-specific grant income line (non-ring-fenced revenue grants and all capital grants) in the CIES.

When capital grants or contributions are credited to the CIES, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where grants or contributions have yet to be used to finance capital expenditure, they are posted to Capital Grants Unapplied Account. When it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure in the Movement in Reserves Statement.

1.11 Heritage Assets

The council's heritage assets consist mostly of historic civic regalia, trophies and paintings that increase the knowledge, understanding and appreciation of the council's history and the local area and this makes their preservation for future generations important. Heritage assets are recognised and measured, including the treatment of revaluation gains and losses, in accordance with the council's accounting policies on property, plant and equipment, apart from valuations which are based on insurance values. These valuations are updated as necessary.

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment. Any impairment is recognised and measured in accordance with the council's general policies on impairment.

1.12 Intangible Assets

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

Recognition

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the council's goods or services.

Measurement

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the council can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at amortised cost.

Amortisation

The depreciable amount of an intangible asset is amortised over its useful life (a 3 year useful life is assumed for all intangible assets) to the relevant service line(s) in the CIES. Amortisation is not permitted to have an impact on the General Fund Balance. The amortisation is therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Impairment

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the CIES. Impairment losses are not permitted to have an impact on the General Fund Balance. The losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Disposal/De-recognition

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES. Disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

1.13 Interest in Companies and Other Entities

The council is required to comply with the accounting requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom if it has a material interest in subsidiaries, associates and joint ventures (jointly controlled entities) and has an ability, whether used or not, to control or exercise significant influence over the activities of such entities.

The council transferred its housing stock to Wellingborough Homes, (now Greatwell Homes), a Registered Social Landlord in 2007. The council has assessed whether the Company is a regulated influenced company under the Local Authorities (Companies) Order 1995 and deemed that it is not, and as a result have concluded that there is no requirement to consolidate Greatwell Homes' Accounts with the councils. Further details of their accounts may be obtained from Greatwell Homes, 12 Sheep Street, Wellingborough, NN8 1BL.

In 2011/12 the council created a Joint Venture Company, to be known as Wellingborough Norse Ltd, in partnership with Norse Commercial Services and transferred the operational management of the designated services to "Wellingborough Norse Ltd". The transfer was completed on the 1 March 2012. At transfer date the council received two shares in Wellingborough Norse Ltd (20% of share issue).

Wellingborough Bereavement Services Limited, trading as Nene Valley Crematorium, was incorporated on 30 December 2015 and is a wholly owned subsidiary of the council. The company directors are officers and members of the council.

The council reviews annually the extent to which other entities (over which the council has a controlling interest) need to be consolidated into group accounts. Disclosures in respect of these interests and the level of transactions are shown in Note 41.

1.14 Inventories and Long Term Contracts

Stocks are valued at the lower of actual cost or net realisable value. The FIFO (first in, first out) costing methodology is used.

The council does not undertake construction for its customers.

1.15 Investment Property

The council's non-current assets that are solely used to generate rental income and/or for capital appreciation in value and which are not used for the provision of services are classified as investment property.

Recognition

Expenditure on the acquisition, creation or enhancement of investment property is charged to capital where it is probable that the future economic benefit or service potential associated with the item flows to the council and the expenditure can be measured reliably, and is greater than the council's de minimis level of £10k. This includes internal staffing costs where they are directly attributable to a capital project. Expenditure that maintains but does not add to a non-current asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as a revenue expense when it is incurred.

Measurement

Investment properties are measured initially at cost and subsequently at their fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

Level 3 – unobservable inputs for the asset or liability.

Where an investment property is held under a lease (i.e. the council is the lessee), the measurement is based on the lease interest. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end by an independent valuer. The valuer is Mr Robert Keeves, MRICS of Underwoods LLP, Chartered Surveyors and Valuers. This means that a periodic revaluation approach (see accounting policy for Property, Plant and Equipment) is only used where the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal. Investment properties are not permitted to be reclassified as Assets Held for Sale. Revaluation and Disposal gains and losses on revaluation are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any proceeds greater than £10k the Usable Capital Receipts Reserve.

Income and Expenditure

Rentals received in relation to investment property and expenditure is recognised in the Financing and Investment Income line within the CIES.

1.16 Jointly Controlled Operations and Assets

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the council and other ventures, with the assets being used to obtain benefits for the ventures. The joint venture does not involve the establishment of a separate entity. The council does not have any jointly controlled assets, however if it did the council would only account for its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

Jointly controlled operations are activities undertaken by the council in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs. The Comprehensive Income and Expenditure Statement is debited with the expenditure it incurs and credited with the share of income it earns from the activity of the operation.

The council has jointly controlled operations with a number of local authorities and other organisations in the area:

- *District Law* – provides legal services for Wellingborough, Daventry, Corby and Kettering councils. Kettering acts as the host and Wellingborough pays an annual contribution.
- *North Northamptonshire Joint Planning & Delivery Unit* – provides strategic planning services for Wellingborough, Kettering, Corby and East Northamptonshire who act as the host and Wellingborough pays an annual contribution.
- *IT Services* – provides IT services for Wellingborough and East Northamptonshire Councils. East Northamptonshire acts as the host and Wellingborough pays an annual contribution.
- *Northamptonshire Waste Partnership* - provides a partnership to ensure continuing cooperation and longer term vision to deliver the Partnership's vision jointly to implement the policies set out in the 'Northampton Joint Municipal Waste Management Strategy'. The partners are Northamptonshire Councils. Northamptonshire County Council acts as the host and Wellingborough pays an annual contribution.

1.17 Leases

Leases are classified as finance leases where the terms of the lease transfer most of the risks and rewards incidental to ownership of the asset 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 Council as Lessee

Finance Leases

Property, Plant and Equipment or Investment Property 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 (if any) of the council are added to the carrying amount of the asset. Premiums paid on entry into a lease (if any) are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment or investment property – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

Property, Plant and Equipment and Investment Property recognised under finance leases is accounted for using the policies applied generally to such assets, for Property, Plant and Equipment subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements.

Depreciation, revaluation and impairment losses are therefore replaced by the Minimum Revenue Provision (MRP) 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 CIES 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). An investment property held under an operating lease is accounted for as if it was a finance lease.

The Council as Lessor

Finance Leases

The council currently does not have any finance leases where it is the lessor.

Operating Leases

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. 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 (if any) 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.

Lease Type Arrangements

Where the council enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset (e.g. an item of property, plant or equipment) in return for a payment or series of payments, the arrangement is accounted for as a lease as detailed above. The council currently does not have any lease type arrangements.

1.18 Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the council's arrangements for accountability and financial performance.

1.19 Property, Plant and Equipment (PPE)

Property, Plant and Equipment (PPE) assets are tangible assets that have physical substance and are held for use in the provision of goods or services or for administering purposes and that are expected to be used during more than one financial year.

Recognition

Expenditure on the acquisition, creation or enhancement of PPE 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 council and the cost of the item can be measured reliably and is greater than the council's de minimis level of £10k. This includes internal staffing costs where they are directly attributable to a capital project. Expenditure that maintains but does not add to a non-current 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.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price, and
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

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

- Depreciated historical cost - for infrastructure, community assets and assets under construction only.
- Existing Use Value defined in accordance with UKVS 1.3 Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards for assets providing service potential to the council where an active market exists.
- Depreciated Replacement Cost for assets where there is no market and/or the asset is specialised.
- Fair Value, defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The valuation of land and buildings (which are recorded separately) is undertaken by a professionally qualified valuer. The valuer is Mr Robert Keeves, MRICS of Underwoods LLP, Chartered Surveyors and Valuers. Valuations of PPE assets are subject to review within a rolling 5 year programme of revaluations. The residual lives and estimated useful lives of an asset, together with their depreciation policies, are reviewed on an annual basis.

Revaluation gains on PPE assets are posted to the Revaluation Reserve. Gains are credited to the appropriate line(s) in the Surplus or Deficit on Provision of Services (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised) where they arise from the reversal of a revaluation loss previously charged to the same asset.

Where decreases in value are identified, the revaluation loss is 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 insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Surplus or Deficit on Provision of Services

Revaluation gains and revaluation losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

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, in accordance with the Code of Practice applicable at that date.

Where PPE meet the criteria for Investment Property, the asset is reclassified to investment property. The asset is revalued immediately before reclassification to investment property with any remaining balance on the Revaluation Reserve 'frozen' until such time as it is reclassified.

Those non-current assets that are surplus to requirements (i.e. are not supporting services) but which do not meet the criteria to be classified as Assets Held for Sale or Investment Property are classified as Surplus Assets in the PPE section of the Balance Sheet.

Depreciation

The value of non-current assets is recognised in the Surplus or Deficit on Provision of Services in the CIES in the form of a depreciation charge using the straight-line method, based on the gross book value of the asset and its estimated useful life from the time of the most recent valuation.

The following standard periods are applied for the useful lives of each class of assets:

Operational Land and Buildings	Straight line up to 70 years
Vehicles, Plant and Equipment / Intangible Assets	Typically 3-7 years, but may be up to 20 years dependent on nature of individual asset and on a reducing balance basis
Infrastructure Assets	Straight line between 5-40 years

Variations to the above periods may occur if appropriate evidence is provided by a suitably qualified professional officer or external valuer.

Depreciation is not permitted to have an impact on the General Fund balance. The depreciation is therefore reversed out of the General Fund balance in the Movement in Reserve Statement and posted to the Capital Adjustment Account.

Depreciation is charged on all assets except for Investment Property, Community Assets and Assets Held for Sale; land assets that have an indefinite useful life are not depreciated. Newly acquired assets are not depreciated in the year of acquisition and assets under construction are not depreciated until they are brought into operational use. Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charged on non-current assets and the depreciation that would have been chargeable on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Impairment

PPE, are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- where there is a balance of revaluation gains for the assets in the Revaluation Reserve, the carrying amount of the assets is written down against that balance (i.e. up to the amount of any accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Surplus or Deficit on Provision of Services in the CIES.

Where an impairment loss is reversed (by a revaluation gain) subsequently on the same asset, the reversal is credited to the relevant service line(s) in the Surplus or Deficit on Provision of Services in the CIES, up to the amount of the original loss (adjusted for depreciation that would have been charged if the loss had not been recognised).

Impairments loss and reversals are not permitted to have an impact on the General Fund balance. The loss and reversals are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Components

Component parts of the council's PPE assets that are considered to be material and are above a de minimis level of 20% (based on cost of the component compared to the asset) have been separately identified and accounted for in the accounts with effect from 1 April 2010 and recorded in the council's asset register in accordance with the Code, where the component's useful life is different from that of the other components of the non-current asset.

A maximum of four components will be identified for a primary asset:

- Structure (Main shell of the building)
- Roof
- Lifts
- Services (Electrical, Plumbing, Heating)

Componentisation is applicable to enhancement and acquisition expenditure incurred, and revaluations carried out from 1 April 2010.

Each material component will be separately depreciated over its useful life. Where separate components have the same useful life, these components will be grouped together.

On componentisation the balances on the Revaluation Reserve for the total asset will be allocated to the structure (host) (whether the asset is treated as a single component or a number of components) because the structure will principally give rise to the revaluation gains or losses. As a result the other components will be valued at cost.

Where part of a PPE item is replaced, the cost of the replacement part is recognised (subject to meeting the capitalisation rules) in the carrying value of the non-current assets and the carrying amount of those parts that are replaced will be de-recognised in the accounts and asset register. The recognition and de-recognition of components takes place regardless of whether the replaced part had been depreciated separately.

Disposals/De-recognition

When a PPE asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the CIES as part of the gain or loss on disposal. The usable capital receipt from the disposal (if any) is credited to the CIES. Capital receipts from the disposal of non-current assets are accounted for on an accrual basis. Any revaluation gains on the asset held in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The net gain or loss on the disposal is reversed out of the revenue account as a reconciling item in the Movement in Reserves Statement and transferred to the Capital Adjustment Account.

Amounts in excess of £10k are classified as capital receipts and are credited initially to the Usable Capital Receipts Reserve.

Assets Held for Sale

Non-current assets (excluding investment property) that have been declared surplus by the council are classified as Assets Held for Sale in the Balance Sheet if they meet the strict criteria, detailed below, set out in the Code of Practice on Local Authority Accounting in the United Kingdom:

- asset is immediately available for sale
- sale is highly probable
- asset is actively marketed
- sale is expected to be completed within 12 months

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If an asset no longer meets the criteria to be classified as an Asset Held for Sale, then it will be reclassified back to non-current assets and valued at the lower of:

- its carrying amount before it was classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and
- its recoverable amount at the date of the decision to sell.

1.20 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the council becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Provisions are classified on the Balance Sheet as short term (due to be settled within 12 months of the financial year end) or long term (due to be settled over 12 months of the financial year end). For long term provisions where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The unwinding of the discount due to the passage of time is recognised as interest within Surplus or Deficit on the Provision of services.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in Note 39 to the accounts.

Contingent Assets

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

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

1.21 Reserves

The council sets aside specific amounts as revenue or capital reserves, as appropriate, for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement from General Fund balances. For each reserve established the purpose, usage and basis of transactions are identified in the notes to the financial statements.

Expenditure is charged to service revenue accounts and not directly to any reserve. The reserve is then appropriated back in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

The Capital Receipts Reserve is not available for revenue purposes and some of the reserves can only be used for statutory purposes. The reserves in the Balance Sheet at the end of the financial year are classified between Usable Reserves and Unusable Reserves.

Certain reserves in the Balance Sheet are kept to manage the accounting processes for certain transactions, these are grouped under Unusable Reserves in the Balance Sheet. These are detailed in the Note 25 to the financial statements.

The General Fund Reserve is not earmarked and is to allow for any future unknown contingencies that may arise. This reserve is recommended by the council's Section 151 Officer at what is deemed to be a prudent level and in accordance with the reserves policy agreed at council. In accordance with the council's Reserves Policy, as a minimum, the level of the General Fund working balance should not fall below £1.75m.

1.22 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

1.23 Value Added Tax

All income and expenditure in the financial statements excludes amounts related to VAT. VAT collected is payable to HM Revenue and Customs (HMRC) and VAT paid is recoverable. VAT will only be included in the CIES when it is irrecoverable from HMRC.

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

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), the council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

The relevant standards introduced in the 2021/22 Code are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

It is unlikely that the above changes will have any material impact on the council's financial statements.

3. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out in Note 1, pages 27 to 47, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The going concern assumption is a fundamental principle in the preparation of financial statements, under which an entity is ordinarily viewed as continuing in business for the foreseeable future and able to realise its assets and discharge its liabilities in the normal course of business. As a local authority the council's operation can only be discontinued by statute and, on this basis, must be viewed as a going concern (see Code 3.4.2.23). The Code (2.1.2.6) stipulates that transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern, and so this position is unaffected by the implications of the impending reorganisation of local government in Northamptonshire.
- There is a high degree of uncertainty about future levels of funding for local government. As part of the closure of accounts process the council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the council might be impaired as a result of a need to close facilities and reduce levels of service provision. The principal assumption is that the council will experience no significant changes in its operating levels beyond those approved as part of the budget setting process.
- Investment properties have been assessed using the identifiable criteria under the International Accounting Standards of being held for rental income or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation to determine if there is an operational reason for holding the property such as regeneration.
- Any potential legal claims by or against the council are not adjusted in the accounts but are disclosed as part of Contingent Liabilities and Assets as required under the CIPFA code.

4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

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

Assets are included on the basis of valuations and assessed useful lives determined by the Council's valuer, on the basis of standards of professional practice set out by the Royal Institute of Chartered Surveyors (RICS). The assumptions underlying such valuations (such as market conditions) and the assessment of useful lives are subject to revision and therefore the valuations would also change.

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
Arrears	At 31 March 2021, the council had a balance for sundry debtors of £5,840k. A review of significant balances indicated that an impairment of doubtful debts of £1,290k was appropriate. It is not certain that this impairment allowance would be sufficient as the council cannot assess with certainty which debts will be collected or not.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £1,290k to be set aside as an allowance.
Business Rates	Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2020/21 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2021.	The estimate has been calculated using the latest Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2021. The council's share (40%) of the balance of business rate appeals provisions held at this date amounted to £515k. This is a reduction compared to the previous year's figure based on claims evidence over previous years.
Property Plant and Equipment/ Depreciation	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to the individual asset. The current economic climate makes it uncertain that the council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. Whilst this risk is inherent in the valuation process, any change to the useful lives of assets and the subsequent depreciation charge will not impact on the council's usable reserve balances, as depreciation charges do not fall on the tax payer and are removed in the Movement of Reserves Statement

Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase; changes in retirement ages; mortality rates and expected returns on pension fund assets. A firm of consulting actuaries (Hymans Robertson LLP) are engaged to provide the council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured; these changes are detailed within Note 38. For instance, a 0.5% decrease in the discount rate assumption (used for discounting the scheme liabilities) would result in an increase in the pension liability of £7,803k.
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5. Material Items of Income and Expense

The council has a number of jointly controlled operations as detailed in Accounting Policy 1.16 'Jointly Controlled Operations and Assets'.

Also included in the 2020/21 Cost of Services in the CIES, the council has made the following material annual contributions:

	2019/20 £'000	2020/21 £'000
District Law	173	157
Joint Planning Unit	64	110
IT Services	486	554
Castle Theatre	608	482
Leisure Contract	40	-
Wellingborough Norse Ltd	4,835	4,782

Changes in the valuations of investment property has resulted in an upward revaluation of £1.009m recognised as part of the Financing and Investment Income and Expenditure line within the Surplus or Deficit on Provision of Services in the CIES. The £1.009m is not permitted to have an impact on the General Fund Balance. The gains are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

The council paid a total sum of £15.435m in Housing Benefit payments to Wellingborough residents to meet the cost of rent payments (£16.832m in 2019/20). The council received Housing Benefit Grant of £15.065m from Central Government to defray the cost (£16.330m in 2019/20).

6. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section 151 Officer, on 23 August 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The Structural Changes Order to create two new Unitary authorities in Northamptonshire was approved in parliament in February 2020. Any transfer of functions under combinations of public sector bodies, such as the creation of the North Northamptonshire unitary authority, does not negate the presumption of going concern.

There have been no events since the Balance Sheet date which have required adjustment of the financial statements, nor any events which, although they did not require adjustment, were relevant to a proper understanding of the authority's financial position at that date.

There is a section in the Narrative Statement regarding the re-organisation of local government in Northamptonshire and the outcome of this in May 2019 and the impact on this council for future years.

On 1 April 2021 all the functions and services along with its assets and liabilities 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.

7. Note to the Expenditure and Funding Analysis

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Amounts 2020/21	Adjustments for Capital Purposes (Note a)	Net Change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments
	£'000	£'000	£'000	£'000
Community Support	12	-5	-	7
Environmental & Health Protection	-	-39	-	-39
Housing	601	-10	-	591
Planning & Local Development	752	-46	-	706
Environmental Services	296	-	-	296
Organisation Development	-	-3	-	-3
Democratic Services	-	-16	-	-16
Operational Property	670	-	-	670
Shared Services	311	-	-	311
Accountancy & Audit	-	-11	-	-11
Revenues & Benefits	-	-48	-	-48
Corporate Management	148	-26	-	122
Corporate Income & Expenditure	-67	-508	-	-575
Depreciation & Other	1,517	-	-	1,517
Net Cost of Services	4,240	-712	-	3,528
Other income and expenditure from the Expenditure and Funding Analysis	4,382	700	-	5,082
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the provision of Services	8,622	-12	-	8,610

Comparative figures for 2019/20 are shown on the following page.

2019/20 for comparison:

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Amounts 2019/20	Adjustments for Capital Purposes (Note a)	Net Change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments
	£'000	£'000	£'000	£'000
Community Support	117	-2	-	115
Environmental & Health Protection	-	-20	-	-20
Housing	587	-8	-	579
Planning & Local Development	720	-28	-	692
Environmental Services	327	-	-	327
Organisation Development	-	-4	-	-4
Democratic Services	-	-8	-	-8
Operational Property	140	-2	-	138
Shared Services	-	-	-	-
Accountancy & Audit	-	-9	-	-9
Revenues & Benefits	-	-25	-	-25
Corporate Management	250	-6	-	244
Corporate Income & Expenditure	-	-345	-	-345
Depreciation & Other	1,405	-	-	1,405
Net Cost of Services	3,546	-457	-	3,089
Other income and expenditure from the Expenditure and Funding Analysis	-4,695	898	-	-3,797
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the provision of Services	-1,149	441	-	-708

Adjustments for Capital Purposes

a) Adjustments for capital purposes – this column adds in depreciation and impairment and 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.

Net Change for the Pensions Adjustments

- b) 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 authority 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.

Other Differences

- c) 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.

8. Expenditure and Income Analysed by Nature

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

Expenditure/Income	2019/20 £'000	2020/21 £'000
Expenditure:		
Employee benefits expenses	4,821	5,588
Other services expenses	11,477	33,730
Benefits payments	16,832	15,435
Depreciation, amortisation, impairment	3,477	4,135
Interest payments	-	-
Precepts and levies	575	695
NDR Tariff payments	7,718	12,726
Loss on the disposal of assets	40	276
Total Expenditure	44,940	72,585
Income:		
Fees, charges and other service income	-6,956	-8,708
Interest and investment Income	-390	-222
Income from council tax and non-domestic rates	-17,220	-21,467
Housing benefit grant	-18,055	-15,065
Government grants and contributions	-2,627	-23,451
Total Income	-45,248	-68,913
(Surplus) or deficit on the provision of services	-308	3,672

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 recognised by the council in the year, in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Capital Receipts Reserve

The Capital Receipts Reserve holds 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

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.

Adjustments between Accounting Basis and Funding Basis under Regulations 2020/21	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<u>Adjustments to the Revenue Resources</u>				
Pension cost (transferred to (-) or from the Pensions Reserve)	87	-	-	-87
Council tax and NDR (transfers to (-) or from the Collection Fund)	-4,761	-	-	4,761
Renewable energy NNDR movement between years	-	-	-	-
Holiday pay (transferred to the Accumulated Absences reserve)	-9	-	-	9
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	-6,316	-	-	6,316
Total Adjustments to Revenue Resources	-10,999	-	-	10,999
<u>Adjustments between Revenue and Capital Resources</u>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	-	-	-	-
Capital expenditure financed from revenue ear marked reserve	-	-	-	-
Total Adjustments to Revenue Resources	-	-	-	-
<u>Adjustments to Capital Resources</u>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	9,432	-	-9,432
Other Capital Receipts	2,182	-2,182	-	-
Capital Grants to be used to finance future capital expenditure	207	-	-207	-
Use of the Capital Receipts Reserve to finance revenue expenditure	-	-	-	-
Cash payments in relation to deferred capital receipts	-	-	-	-
Total Adjustments to Capital Resources	2,389	7,250	-207	-9,432
<u>Total Adjustments (as Per Movement in Reserves Statement)</u>	-8,610	7,250	-207	1,567

Adjustments between Accounting Basis and Funding Basis under Regulations 2019/20	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<u>Adjustments to the Revenue Resources</u>				
Pension cost (transferred to (-) or from the Pensions Reserve)	-439	-	-	439
Council tax and NDR (transfers to (-) or from the Collection Fund)	938	-	-	-938
Renewable energy NNDR movement between years	11			-11
Holiday pay (transferred to the Accumulated Absences reserve)	-1	-	-	1
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	-976	-	-	976
Total Adjustments to Revenue Resources	-467	-	-	467
<u>Adjustments between Revenue and Capital Resources</u>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	-	-	-	-
Capital expenditure financed from revenue ear marked reserve	-	-	-	-
Total Adjustments to Revenue Resources	-	-	-	-
<u>Adjustments to Capital Resources</u>				
Use of the Capital Receipts Reserve to finance capital expenditure	-	4,724	-	-4,724
Other Capital Receipts	1,074	-1,074	-	-
Capital Grants to be used to finance future capital expenditure	101	-	-101	-
Use of the Capital Receipts Reserve to finance revenue expenditure	-	-	-	-
Cash payments in relation to deferred capital receipts	-	-1	-	1
Total Adjustments to Capital Resources	1,175	3,649	-101	-4,723
<u>Total Adjustments (as Per Movement in Reserves Statement)</u>	708	3,649	-101	-4,256

10. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in Earmarked Reserves to provide financing for future specific expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in 2019/20 and 2020/21.

Reserves	Balance 31st March 2019 £'000	Transfers in 2019/20 £'000	Transfers out 2019/20 £'000	Balance 31st March 2020 £'000	Transfers in 2020/21 £'000	Transfers out 2020/21 £'000	Balance 31st March 2021 £'000
Efficiency and Services Transformation	-355	-	-	-355			-355
Organisational Property	-250	-	-	-250	-50	92	-208
Investment Property	-186	-	-	-186			-186
ICT Infrastructure	-3	-	-	-3			-3
Homelessness	-233	-	128	-105		105	-
Members IT Allowance	-7	-	-	-7			-7
Business Rates Retention	-654		-	-654	-4,340		-4,994
Leisure Services	-180	-	180	-			-
Property Service Charges	-132	-270	192	-210	-76	29	-257
Community Rights	-30	-	-	-30			-30
Individual Electoral Registration	-90	-	42	-48			-48
VAT Reserve	-88	-	88	-			-
Neighbourhood Dev Reserve	-11	-	-	-11			-11
Custom & Self Build Reserve	-51	-	-	-51			-51
Brownfield Register Reserve	-20	-	-	-20			-20
New Burdens Impact Reserve	-16	-	-	-16			-16
Members Allowance Costs	-25	-	17	-8		7	-1
Voluntary Sector Reserve	-30	-	-	-30		30	-
Local Authority Parks Improvement	-12	-	12	-			-
The Castle	-25	-	11	-14			-14
Miscellaneous Revenue Grants Reserve	-177	-	-	-177		52	-125
Earmarked Reserves	-2,575	-270	670	-2,175	-4,466	315	-6,326
General Fund	-3,155	-	-	-3,155	-787	-	-3,942
	-5,730	-270	670	-5,330	-5,253	315	-10,268

The nature and purpose of each reserve is shown below:

- **Efficiency and Services Transformation** – Reserve to fund budget pressures that emerge during the year and also to invest in services in order to facilitate change.
- **Organisational Property** - This reserve will be used to fund essential maintenance to our operational property portfolio, for example boiler repairs and other Health and Safety urgent repairs, which are, by definition, unfunded.
- **Investment Property** - This reserve will be used to fund essential maintenance to our investment property portfolio, which has not been identified within the planned preventative maintenance programme.

- **Business Rates Retention** – This reserve was created from business rates growth and is intended to absorb timing differences as a result of the changes to how business rates are funded.
- **Property Service Charges** – Investment property tenants make a contribution for repairs and maintenance, any residual balances are transferred to the reserve to fund future projects.
- **Miscellaneous Revenue Grants Reserve** – Created in 2010/11 it reflects grants received for which there are no conditions to repay but have not yet been spent.

11. Comprehensive Income and Expenditure Statement - Other Operating Expenditure

2019/20 £'000		2020/21 £'000
575	Parish Council Precepts	695
40	Gains(-)/losses on the disposal of non current assets	276
-1,043	Right to Buy and Vat Shelter	-469
-31	Other Income relating to Capital	-10
-459		492

12. Comprehensive Income and Expenditure Statement - Financing and Investment Income and Expenditure

2019/20 £'000		2020/21 £'000
3	Interest payable and similar charges	-
898	Pensions interest cost and expected return on pensions	700
-390	Interest receivable and similar income	-222
-3,525	Income and expenditure in relation to investment properties and changes in their fair value.	-4,672
-	(Gains) or losses on disposal of non current assets	3,640
-3,014		-554

13. Comprehensive Income and Expenditure Statement - Taxation and Non-Specific Grant Income

2019/20 £'000		2020/21 £'000
-4,284	Council Tax Income	-4,540
7,719	NNDR Tariff Payment	12,727
-11,578	NNDR Income	-11,484
-8,143	Total Taxation Income	-3,297
-8	Revenue Support Grant	-227
-1,029	New Homes Bonus	-932
-	Other Government Grants	-151
-1,357	Section 31 Grant	-5,445
-2,394	Total Non-Specific Grants	-6,755
-1,069	Capital Grants and Contributions	-1,122
-11,606	Total Income	-11,174

14. Property, Plant and Equipment

Movement in Balances

Movement in Balances 2020/21	Other Land and Buildings	Vehicles Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 31st March 2020	38,568	3,359	3,421	1,783	2,431	49,562
Additions / Donations	2,294	59	-	205	4,917	7,475
Revaluation increases / decreases(-) recognised in the Revaluation Reserve	1,541	-	-	-	-	1,541
Revaluation increases / decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-23	-	-	-	-	-23
Derecognition - Disposals	-	-	-	-	-	-
Derecognition - Other	-98	-	-	-205	-	-303
Assets reclassified within PPE	5,732	-	1,519	-	-7,251	-
Assets reclassified to(-) / from Intangible Assets	-132	-	-	-	-	-132
Assets reclassified to(-) / from Investment Property	-42	-	-	-	-	-42
Other movements in cost or valuation	130	-	-	-	-	130
At 31st March 2021	47,970	3,418	4,940	1,783	97	58,208
Accumulated Depreciation and Impairment						
At 31st March 2020	-351	-2,629	-2,722	-	-4	-5,706
Depreciation Charge	-1,107	-237	-106	-	-	-1,450
Depreciation written out to Revaluation Reserve	1,165	-	-	-	-	1,165
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Derecognition - disposals	-	-	-	-	-	-
Derecognition - Other	9	-	-	-	-	9
Impairment losses / reversals(-) recognised in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses / reversals(-) recognised in the Surplus/ deficit on the Provision of Service	-	-	-	-	-	-
Assets reclassified within PPE	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-
At 31st March 2021	-284	-2,866	-2,828	-	-4	-5,982
Net Book Value as per Balance Sheet						
At 31st March 2020	38,217	730	699	1,783	2,427	43,856
At 31st March 2021	47,686	552	2,112	1,783	93	52,226

Comparative figures for 2019/20 are shown on the following page.

2019/20 for comparison:

Movement in Balances 2019/20	Other Land and Buildings	Vehicles Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 31st March 2019	33,293	2,957	3,399	1,758	1,452	42,859
Additions / Donations	1,989	326	-	6	1,470	3,791
Revaluation increases / decreases(-) recognised in the Revaluation Reserve	3,162	-	-	25	-	3,187
Revaluation increases / decreases(-) recognised in the Surplus/Deficit on the Provision of Services	-250	-	-	-	-	-250
Derecognition - Disposals	-	-	-	-	-	-
Derecognition - Other	-19	-	-	-6	-	-25
Assets reclassified within PPE	393	76	22	-	-491	-
Assets reclassified to(-) / from Intangible Assets	-	-	-	-	-	-
Assets reclassified to(-) / from Investment Property	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-
At 31st March 2020	38,568	3,359	3,421	1,783	2,431	49,562
Accumulated Depreciation and Impairment						
At 31st March 2019	-852	-2,497	-2,539	-	-	-5,888
Depreciation Charge	-1,015	-133	-183	-	-	-1,331
Depreciation written out to Revaluation Reserve	1,503	-	-	-	-	1,503
Depreciation written out to the Surplus/Deficit on the Provision of Services	24	-	-	-	-	24
Derecognition - disposals	-	-	-	-	-	-
Derecognition - Other	-14	-	-	-	-	-14
Impairment losses / reversals(-) recognised in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses / reversals(-) recognised in the Surplus/ deficit on the Provision of Service	-	-	-	-	-	-
Assets reclassified within PPE	-	-	-	-	-	-
Other movements in depreciation and impairment	3	1	-	-	-4	-
At 31st March 2020	-351	-2,629	-2,722	-	-4	-5,706
Net Book Value as per Balance Sheet						
At 31st March 2019	32,441	460	860	1,758	1,452	36,971
At 31st March 2020	38,217	730	699	1,783	2,427	43,856

Depreciation

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

Property, Plant and Equipment:

Vehicles, plant and equipment	0 - 20 years
Infrastructure assets	5 - 40 years
Buildings	0 - 70 years

Community Assets may be subject to depreciation, but there were no assets to which this applied in 2020/21.

Assets Under Construction are not subject to depreciation.

In respect of components the elements identified are, in addition to the structure:-
 Roof 20 - 40 years
 Lifts 10 - 20 years
 Services (electrical, plumbing, heating) 15-25 years

Capital Commitments

At 31 March 2021, the council has entered into a number of contracts for the construction or enhancement of property, plant and equipment and future years. The total outstanding for the major commitments is £1.243m.

Revaluations

As per accounting policy 1.19, the council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations are carried out externally. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

Revaluations	Other Land and Buildings	Vehicles Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	3,418	4,940	1,783	97	10,238
2020/21	44,296	-	-	-	-	44,296
2019/20	1,355	-	-	-	-	1,355
2018/19	899	-	-	-	-	899
2017/18	235	-	-	-	-	235
2016/17	1,185	-	-	-	-	1,185
Total Cost or Valuation	47,970	3,418	4,940	1,783	97	58,208

15. Heritage Assets

Heritage Assets are those that are intended to be preserved in trust for future generations due to their cultural, environmental or historical associations. They are held by the council principally for their contribution to knowledge and culture. Heritage Assets may include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, orders and decorations (medals), museum and gallery collections and works of art. There have been no additions to the Heritage Assets during 2020/21.

Heritage Assets	Other Land and Buildings	Art Works and Historic Documents	Civic Regalia	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
31st March 2019	135	32	110	277
Additions	-	-	-	-
Revaluations	-	-	-	-
31st March 2020	135	32	110	277
Additions	-	-	-	-
Revaluations	-	-	-	-
31st March 2021	135	32	110	277

16. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the CIES:

Investment Property	2019/20 £'000	2020/21 £'000
Rental income from Investment Property	-2,822	-2,833
Direct operating expenses arising from investment property	939	940
Net Gain(-)/Loss	-1,883	-1,893

There are no restrictions on the council's ability to realise the value inherent in its investment property or on the council's right to the remittance of income and the proceeds of disposal.

The following table summarises the movement in the fair value of investment property in 2019/20 and 2020/21:

Investment Property	2019/20 £'000	2020/21 £'000
Balance at start of year	49,693	51,390
Additions:		
Purchases	-	-
Subsequent Expenditure	55	213
Disposals	-	-3,640
Net gains/losses from fair value adjustments	1,642	1,009
Transfers:		
to/from Property, Plant and Equipment	-	42
Balance at year end	51,390	49,014

The council has no contractual obligations to purchase, construct or develop investment property.

Investment property is valued each year in accordance with the relevant accounting policy. The value will change by asset type and current prevailing market prices, and as such is recorded at fair value in the opinion of our independent valuer. Any gains or losses on valuation will only be realised when the assets are disposed of.

Details of the council's Investment Properties and information about the fair value hierarchy as at 31 March 2021 are shown below.

Recurring fair value measurements using:	Quoted prices in active markets for identical assets	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31st March 2021
	(Level 1) £'000	(Level 2) £'000	(Level 3) £'000	£'000
Industrial	3,435	23,834	-	27,269
Development Land	165	6,442	-	6,607
Offices	330	1,431	-	1,761
Retail	2,748	8,213	-	10,961
Community	145	1,467	-	1,612
Garages	-	20	-	20
Other	-	784	-	784
Total	6,823	42,191	-	49,014

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

17. 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 or accounted for as part of the hardware item of Property, Plant and Equipment. All items in the current portfolio of Intangible Assets were purchased from external suppliers; there are no internally generated assets.

All software is given a finite useful life, based on assessments of the period over which the software is expected to be of use to the council.

Intangible Assets	2019/20 £'000	2020/21 £'000
Balance at start of year		
Gross carrying amounts	759	759
Accumulated amortisation	-549	-624
Net carrying amount at start of year	210	135
Additions:		
Internal development	-	132
Purchases	-	-
Amortisation for the period	-74	-67
Net carrying amount at end of year	136	200
Comprising:		
Gross carrying amounts	759	892
Accumulated amortisation	-624	-692

18. Financial Instruments

18a Categories of Financial Instruments

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

Financial Instruments	Long Term		Current	
	31st March 2020 £'000	31st March 2021 £'000	31st March 2020 £'000	31st March 2021 £'000
Investments and Bank Deposits				
Amortised Cost - Loans and Receivables	-	-	25,000	1,000
Financial assets measured at fair value through profit or loss	226	238	-	-
Total Investments	226	238	25,000	1,000
Debtors				
Amortised Cost - Loans and Receivables	-	-	2,467	426
Total Debtors	-	-	2,467	426
Other Long Term Liabilities				
Finance lease liabilities	-	-	-	-
Total other long term liabilities	-	-	-	-
Creditors				
Financial liabilities carried at contract amount	-	-	-511	-10,168
Total creditors	-	-	-511	-10,168

Short Term Investments	Long Term		Current	
	31st March 2020 £'000	31st March 2021 £'000	31st March 2020 £'000	31st March 2021 £'000
Fixed Term Investments	-	-	29,000	4,000
Other deposits (Call Accounts - see Note 20)	-	-	862	14,737
Total Short Term Investments	-	-	29,862	18,737

Reclassifications of Financial Instruments

In 2020/21 the council did not reclassify any financial instruments.

18b Income, Expense, Gains or Losses

Income, Expense Gains or Losses 2020/21	Financial Liabilities	Financial Assets		Total
	Finance Lease Liabilities	Amortised Cost - Loans and receivables	Financial assets measured at fair value through profit or loss	
	£'000	£'000	£'000	
Interest expense	-	-	-	-
Impairment gains	-	-	-	-
Total expense in Surplus or deficit on the Provision of services	-	-	-	-
Interest Income (Note 12)	-	-222	-	-222
Total income in Surplus or Deficit on the Provision of Services	-	-222	-	-222
Gains/ (losses) on revaluation (Note 25b)	-	-	12	12
Surplus/(deficit) arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	12	12
Net gain or (loss) for the year.	-	-222	12	-210

Income, Expense Gains or Losses 2019/20	Financial Liabilities	Financial Assets		Total
	Finance Lease Liabilities	Amortised Cost - Loans and receivables	Financial assets measured at fair value through profit or loss	
	£'000	£'000	£'000	
Interest expense	-	-	-	-
Impairment gains	-	-	-	-
Total expense in Surplus or deficit on the Provision of services	-	-	-	-
Interest Income (Note 12)	-	-390	-	-390
Total income in Surplus or Deficit on the Provision of Services	-	-390	-	-390
Gains/ (losses) on revaluation (Note 25b)	-	-	-64	-64
Surplus/(deficit) arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-64	-64
Net gain or (loss) for the year.	-	-390	-64	-454

18c Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at contracted amounts (the council does not have any financial instruments that are carried at amortised cost). As a result of financial instruments being carried at contracted amounts there is no difference between the fair value and carrying amount on the Balance Sheet.

The council does not have any borrowings. Available for sale assets (quoted securities) are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument. The gains or losses arising on changes to the fair value of available for sale assets are recognised in the Available for Sale Financial Instruments Reserve (Unusable Reserve).

The two tables below illustrate the carrying amount and fair value of the council's financial liabilities and assets:

	31st March 2020		31st March 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities	-1,734	-1,734	-10,168	-10,168

	31st March 2020		31st March 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Amortised Cost - Loans and receivables	27,406	27,406	1,664	1,664
Amortised Cost - Long term debtors	-	-	-	-

19. Debtors

The analysis of short-term debtors (net of provision for bad and doubtful debts) held on the Balance Sheet is shown in the table below:

31st March 2020 £'000		31st March 2021 £'000
432	Central government bodies	6,646
5,016	Other local authorities	5,679
3,528	Other entities and individuals	4,551
8,976	Total	16,876

20. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents held on the Balance Sheet is made up of the following elements:

31st March 2020 £'000		31st March 2021 £'000
4,266	Current Bank Accounts	6,138
859	Other demand deposits	14,737
5,125	Total Cash and Cash equivalents	20,875

21. Assets Held for Sale

The council did not record any assets during 2019/20 or 2020/21 which are recognised as “Assets Held for Sale” as per current accounting policy 1.19:

22. Creditors

The analysis of short-term creditors held on the Balance Sheet is shown in the table below:

31st March 2020 £'000		31st March 2021 £'000
-1,788	Central Government bodies	-1,488
-1,514	Other local authorities	-552
-6	NHS bodies	-
-2,153	Other entities and individuals	-10,087
-5,461	Total	-12,127

23. Provisions

2019/20				Provisions	2020/21			
CPO	Other	NNDR Appeals	Total		CPO	Other	NNDR Appeals	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
-	-	-1,273	-1,273	Balance at 1st April	-	-	-791	-791
-	-			Additional provision made in year				
		192	192	Reduced provision in year	-130	-40	-76	-246
-	-	290	290	Amounts used in year	-	-	352	352
-	-	-791	-791	Balance at 31st March	-130	-40	-515	-685

The CPO provision was created in order to compensate the legal owner following a potential claim in respect of a property which the council has acquired under Compulsory Purchase Order.

The NNDR appeals provision represents the council's share of appeals made in respect of rateable values as defined by the Valuation Office Agency (VOA), in accordance with the local management of business rates.

24. Usable Reserves

Movements in the council's Usable Reserves are detailed in the Movement in Reserves Statement and Note 9. The balance of Usable Reserves as at 31 March 2021 was £28.784m (31 March 2020 £30.889m).

25. Unusable Reserves

The council holds a number of Unusable Reserves on the Balance Sheet. The table below shows a summary of the balances.

31st March 2020	Unusable Reserves		31st March 2021
£'000		See Note	£'000
-19,396	Revaluation Reserve	25a	-21,781
-70	Available for Sale Financial Instruments Reserve	25b	-82
-76,262	Capital Adjustment Account	25c	-79,806
30,939	Pensions Reserve	25d	35,379
-	Deferred Capital Receipts Reserve		-
-261	Collection Fund Adjustment Account	25e	4,500
82	Accumulated Absences account		91
-64,968			-61,699

25a Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The 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 £'000		Revaluation Reserve	2020/21 £'000	
	-14,858	Balance at 1st April		-19,396
-5,017		Upward revaluation of assets	-3,598	
268		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	785	
	-4,749	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		-2,813
207		Difference between fair value depreciation and historic cost depreciation.	370	
5		Accumulated gains on assets sold or scrapped	58	
	211	Amount written off to the Capital Adjustment Account		428
	-19,396	Balance at 31st March		-21,781

25b Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

2019/20 £'000	Available for Sale Financial Instruments	2020/21 £'000
-134	Balance at 1st April	-70
64	Revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	-12
-70	Balance at 31st March	-82

25c 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 which are charged to the CIES (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 property. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

2019/20		Capital Adjustment Account	2020/21	
£'000			£'000	
	-72,291	Balance at 1st April		-76,262
		Reversal of items relating to capital expenditure debited and credited to the Comprehensive Income and Expenditure Statement		
1,405		Charges for depreciation and impairment of non-current assets	1,517	
294		Revaluation losses on Property, Plant and Equipment	130	
1,846		Revenue expenditure funded from capital under statute.	2,660	
		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		
40			3,934	
	3,585			8,241
	-222	Adjusting amounts written out to the Revaluation Reserve		-428
	3,363	Net written out amount of the cost of non-current assets consumed in the year		7,813
		<u>Capital financing applied in the year:</u>		
		Use of the Capital Receipts reserve to finance new capital expenditure		
-4,724			-9,432	
		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		
-968			-916	
-		Application of grants to capital financing from the Capital Grants Unapplied Account		-
-		Statutory provision for the financing of capital investment charged against the General Fund Balance		-
	-5,692			-10,348
		Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		
	-1,642			-1,009
	-76,262	Balance at 31st March		-79,806

25d Pension 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 CIES 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 when it eventually pays 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.

2019/20 £'000	Pension Reserve	2020/21 £'000
37,640	Balance at 1st April	30,939
-7,140	Actuarial (-) gains or losses on pensions assets and liabilities	4,527
2,309	Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	1,827
-1,870	Employer's pensions contributions and direct payments to pensioners payable in the year	-1,914
30,939	Balance at 31st March	35,379

25e Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the CIES as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2019/20 £'000	Collection Fund Adjustment Account	2020/21 £'000
677	Balance at 1st April	-261
-938	Amount by which council tax and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	4,761
-261	Balance at 31st March	4,500

26. Cash Flow Statement – Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2019/20 £'000	Operating Activities	2020/21 £'000
-308	Net (surplus) or deficit on the provision of services	3,672
	<u>Adjust net surplus or deficit on the provision of services for non cash movements:</u>	
-1,331	Depreciation	-1,450
-294	Impairment and downward valuations	-130
-74	Amortisation	-67
-50	(Increase)/decrease in impairment for bad debts	416
-3,854	(Increase)/decrease in creditors	-5,766
-342	Increase/(decrease) in debtors	7,484
482	Increase/(decrease) in provisions	106
-227	Adjustment for movements in Debtors and Creditors in respect of Local Taxation that are financing activities	-8,147
-1	Increase/(decrease) in inventories	5
-439	Movement in pension liability	87
-40	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	-3,934
1,642	Movement in value of investment properties	1,009
11	Other non-cash items charged to the net surplus or deficit on the provision of services	-
-4,517	Adjustments to net surplus or deficit on the provision of services for non cash movements	-10,387
	<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities:</u>	
1,069	Capital grants included in "Taxation & non specific grant income"	1,122
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
1,069	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	1,122
-3,756	Net cash flows from Operating Activities	-5,593

The cash flows for operating activities include the following items:

2019/20 £'000	Operating Activities (Interest)	2020/21 £'000
-377	Interest Received	-208
3	Interest paid	-
-13	Dividends received	-14
-387	Net cash flows from operating activities (interest)	-222

27. Cash Flow Statement – Investing Activities

2019/20 £'000	Investing Activities	2020/21 £'000
3,846	Purchase of property, plant and equipment, investment property and intangible assets	7,818
37,000	Purchase of short-term and long-term investments	37,000
-	Other payments for investing activities	-
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
-28,000	Proceeds from short-term and long-term investments	-62,000
-1,069	Capital Grants and Contributions Received	-1,122
-	Other receipts from investing activities (including capital grants)	-
11,777	Net cash flows from investing activities	-18,304

28. Cash Flow Statement – Financing Activities

2019/20 £'000	Financing Activities	2020/21 £'000
-	Cash receipts of short and long-term borrowing	-
-1,135	Other receipts from financing activities	-
-	Cash payments for the reduction of the outstanding liabilities relating to finance leases	-
-	Repayments of short- and long-term borrowing	-
1,362	Other payments for financing activities	8,147
227	Net cash flows from financing activities	8,147

29. Members Allowances

The council paid the following amounts to Members of the council during 2019/20 and 2020/21.

Members Allowances	2019/20 £'000	2020/21 £'000
Basic Allowances	161	161
Mayor/Deputy Mayor allowances	13	13
Special Responsibility allowances	44	49
Expenses	6	1
Total	224	224

30. Officers' Remuneration

The remuneration paid to the council's senior employees is as follows:

Officers Remuneration		Salary, Fees and Allowance s £	Expenses Allowance s £	Employer Pension contribution £	Total £
Managing Director/HoPS	2020/21	102,977	2,156	12,830	117,963
	2019/20	93,677	2,237	15,550	111,464
	2020/21	651	-	-	651
	2019/20	3,410	55	-	3,466
As Returning Officer	2020/21	-	-	-	-
	2019/20	36,000	1,144	5,976	43,120
Director (Resigned 09/09/2019)	2020/21	-	-	-	-
	2019/20	36,000	1,144	5,976	43,120
Director/S151 Officer	2020/21	104,974	805	15,981	121,759
	2019/20	83,756	1,511	13,904	99,171
Total in 2020/21		208,602	2,961	28,810	240,373
Total in 2019/20		216,844	4,947	35,430	257,221

Other employees receiving more than £50,000 remuneration (excluding employer's pension contributions) are detailed below. The remuneration paid to the employees shown here includes redundancy payments paid to those employees who left the council as a result of restructuring.

Remuneration Band		2019/20	2020/21
£	£	Number of Employees	Number of Employees
50,000	54,999	1	3
55,000	59,999	4	2
60,000	64,999	-	2
65,000	69,999	-	3
70,000	74,999	-	-
75,000	79,999	-	-

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
£0 - £20,000	-	-	-	-	-	-	-	-
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	1	-	-	-	1	-	£118,576
Total	-	1	-	-	-	1	-	£118,576

31. External Audit Costs

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

External Audit Costs	2019/20 £'000	2020/21 £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	35	67
Fees payable to for additional audit services not included as part of the annual audit fee	-	-
Fees payable for the certification of grant claims and returns for the year	12	13
	47	80

32. Grant Income

The council credited the following grants and contributions to the CIES in 2019/20 and 2020/21:

Grant Income	2019/20 £'000	2020/21 £'000
Credited to Taxation and Non Specific Grant Income		
Retained Business Rates	-3,846	1,243
Section 31 Grant	-1,370	-5,445
New Homes Bonus	-1,029	-932
Council Tax Income	-4,284	-4,540
Other Government Grants	-	-151
Revenue Support Grant	-8	-227
Capital Grants and Contributions	-1,069	-1,122
Total	-11,606	-11,174
Credited to Services		
Benefit Administration	-522	-535
Housing Benefit Rent Allowances & Rent Rebates	-16,330	-15,065
Discretionary Housing Payments	-	-
Other Government Grants	-332	-400
Other Grants	-	-19,602
Total	-17,184	-35,602

The council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

Grants Received in Advance	2019/20 £'000	2020/21 £'000
Section 106 contributions		
Stanton Cross Development	-2,561	-2,564
Other	-3,317	-2,396
Special Protection Area contributions	-66	-84
Total	-5,944	-5,044

33. 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.

Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

Central Government

Central Government has effective control over the general operations of the council – it is responsible for providing the statutory framework, within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. Council Tax bills, Housing Benefits). Grants received from government departments are set out in the subjective analysis in Note 32, Grant Income.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2020/21 is shown in Note 29. During 2020/21, no grants were given to and no works or services were commissioned from, companies in which any members or their related parties had a significant interest, influence or control.

The council transferred its housing stock to Wellingborough Homes (now Greatwell Homes), a Registered Social Landlord in December 2007.

Officers

Chief Officers were asked at the end of the year to disclose whether they, or any member of their immediate family, had any significant financial dealings with the council during the year. Replies were reviewed and no material transactions existed.

Other Public Bodies / Entities Controlled or Significantly Influenced by the Council

The council entered into a contractual arrangement with Wellingborough Norse Ltd from 1 March 2012 details of which are included in the notes relating to Group Accounts.

On 30 December 2015, the council created a new trading company called “Wellingborough Bereavement Services Ltd”. The company is a wholly owned subsidiary of the council and officers and members have been appointed as Directors of the company, further information regarding the company is available in Note 41a.

There were no other Public Bodies or Entities that were controlled or significantly influenced by the council during 2020/21.

Capital Expenditure and 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.

The CFR is analysed in the table below.

Capital Expenditure and Funding	2019/20 £'000	2020/21 £'000
Opening Capital Financing Requirement	-	-
Capital Investment		
Property Plant and equipment	3,791	7,475
Investment Properties	55	213
Intangible Assets	-	-
Revenue Expenditure Funded from Capital under Statute	1,846	2,660
Total Capital Investment	5,692	10,348
Sources of Finance		
Capital receipts	-4,724	-9,432
Government grants and other contributions	-968	-916
Other Capital Income		
Total Sources of Finance	-5,692	-10,348
Closing Capital Financing Requirement	-	-

34. Leases

Council as Lessee

Finance Leases

The council acquired Faraday Court business units under finance leases. The valuation of the assets acquired under the Faraday Court lease is nil (based on the lease interest). As a result no asset or long-term liability has been recorded on the council's Balance Sheet.

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered in to, such as adjustments following rent reviews. The lease payments made for the Faraday Court lease have been classified as contingent rent, because as indicated above there is no long-term liability for the interest in the property. In 2020/21 £289,958 contingent rents were payable by the council (2019/20 £211,462).

Operating Leases

During 2015/16, the council entered into an operating lease in respect of printing and copying equipment. The agreement commenced on 1 December 2015 and is for four years to 30 November 2019. The agreement was initially extended to August 2020 and is currently under review. The annual charge to the Comprehensive Income and Expenditure Account is £11,228.

Council as Lessor

Finance Leases

The council does not hold any finance lease where it acts as lessor.

Operating Leases

The council leases out property (classified as investment property) under operating leases for the purpose of generating income.

The council also leases out Trafalgar House (included under PPE in the balance sheet) to Wellingborough Norse Ltd as part of the agreement for the transfer of services from the 1 March 2012 (as detailed in Note 41 – Group Accounts). The lease was due for renewal on 1 March 2017 and has currently been extended for a further five years to 28 February 2022. The income received for 2020/21 was £90,000 (2019/20 £90,000).

Trafalgar House	31st March 2020 £'000	31st March 2021 £'000
Not later than one year	90	90
Later than one year and not later than five years	180	90
	270	180

The future minimum lease payments, for the investment property portfolio, receivable under non-cancellable leases in future years are:

Investment Property	31st March 2020 £'000	31st March 2021 £'000
Not later than one year	-2,667	-2,665
Later than one year and not later than five years	-3,052	-3,348
Later than five years	-64,179	-63,868
	-69,898	-69,881

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. Contingent rents are considered immaterial and have therefore not been included in the amounts in the table above.

35. Impairment Losses

At the end of 31 March 2021 the council has undertaken an assessment as to whether there is any indication that an asset may be impaired. No events have been identified and as such there are no impairments in 2020/21 (this was also the case in 2019/20).

37. Termination Benefits

The council has paid out £119k in termination costs as detailed in Note 30.

38. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The council participates in two post-employment schemes:

1. The Local Government Pension Scheme

- This is administered locally by Northamptonshire County Council – it is a funded defined benefit final salary scheme, meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions' liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due.
- The Northamptonshire 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 which consists of seven members of Northamptonshire County Council, three members from the borough/district councils, one Universities and Colleges representative, one other employer's representative and two employees representatives.
- 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 Account the amounts required by statute as described in the accounting policies Note 1.7.

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

Comprehensive Income and Expenditure Statement	Local Government Pension Scheme	
	2019/20 £'000	2020/21 £'000
Cost of Services:		
Current service costs	1,411	1,193
Past service costs/(gains)		-66
Effect of settlements	-	-
Financing and investment Income and Expenditure		
Net interest cost	898	700
Total Post-employment Benefit Charged to the Surplus or deficit on the provision of services	2,309	1,827
Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability:		
Return on scheme assets	5,905	-11,771
Actuarial gains (losses) arising from changes in financial assumptions	-5,876	16,311
Changes in demographic assumptions	-2,711	1,062
Other remeasurement gains/losses	-4,458	-1,075
Total Remeasurement of the net defined benefit liability:	-7,140	4,527
Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement	-4,831	6,354
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of services for post employment benefits in accordance with the Code	-2,309	-1,827
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to scheme	-1,809	-1,864
Retirement benefits payable to pensioners	-61	-50

Pensions Assets and Liabilities Recognised in the Balance Sheet	Pension Scheme		Discretionary Benefits Arrangements		TOTAL	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Present value of the defined benefit obligation	-78,446	-94,762	-844	-724	-79,290	-95,486
Fair value of pension scheme assets	48,351	60,107	-	-	48,351	60,107
Net liability arising from the defined benefit obligation	-30,095	-34,655	-844	-724	-30,939	-35,379

Reconciliation of the Movements in the Fair Value of Scheme Assets	2019/20 £'000	2020/21 £'000
Opening value of scheme assets as 1st April	54,171	48,351
Interest income	1,290	1,100
Remeasurement - plan assets	-5,905	11,771
Employer contributions	1,870	1,864
Contributions by scheme participants	217	238
Benefits paid	-3,292	-3,267
Service cost settlement effects	-	-
Closing balance at 31st March	48,351	60,057

Reconciliation of Defined Benefit Obligations	TOTAL	
	2019/20 £'000	2020/21 £'000
Opening balance as 1st April	91,811	79,290
Current service cost	1,411	1,193
Past service costs/(gains)	-	-66
Effect of settlements	-	-
Interest cost	2,188	1,800
Contributions by scheme participants	217	238
Actuarial gains (losses) arising from changes in demographic assumptions	-2,711	1,062
Actuarial gains (losses) arising from changes in financial assumptions	-5,876	16,311
Other remeasurement gains/(losses)	-4,458	-1,075
Losses / (Gains) on Curtailments	-	-
Liabilities Extinguished on Settlements	-	-
Benefits paid	-3,292	-3,292
Closing balance at 31st March	79,290	95,461

Pension Scheme Assets comprised;

Local Government Pension Scheme assets: Dissagregation by class	Quoted prices in active markets	Quoted prices not in active markets	Quoted prices in active markets	Quoted prices not in active markets
	2019/20 £'000	2019/20 £'000	2020/21 £'000	2020/21 £'000
Cash and cash equivalents	738	-	952.7	-
Equity Instruments by industry type:				
Consumer	1,202	-	0.3	-
Manufacturing	523	-	-	-
Energy and utilities	327	-	-	-
Financial institutions	479	-	-	-
Health and care	330	-	-	-
Information technology	363	-	-	-
Other	-	-	-	-
Total equity instruments	3,224	-	0.3	-
Debt Securities:				
Corporate bonds	-	-	-	-
Government bonds	-	5,225	-	6,108
Other	-	-	-	-
Total Debt Securities	-	5,225	-	6,108
Property by geography:				
UK property	-	3,643	-	3,489
Overseas Property	-	251	-	451
Total property	-	3,894	-	3,940
Private equity:				
All private equity	-	1,060	-	1,790
Investment funds and Unit Trusts by type:				
Equities	-	27,799	-	38,034
Bonds	-	3,580	-	5,587
Infrastructure	-	2,909	-	3,773
Other	-	-	-	-
Total investment funds	-	34,288	-	47,394
Derivatives:				
Forward foreign exchange contracts	-	-	-	-
Total assets	3,962	44,467	953.0	59,232

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuary have been:

Actuarial Assumptions	Local Government Pension Scheme	
	2019/20	2020/21
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	21.5 years	21.7 years
Women	23.7 years	24.1 years
Longevity at 65 for future pensioners:		
Men	22.8 years	22.5 years
Women	25.1 years	25.8 years
Rate of inflation (CPI)	2.00%	3.30%
Rate of increase in salaries	2.40%	3.35%
Rate of increase in pensions	1.90%	2.85%
Rate of discounting scheme liabilities	2.30%	2.00%
Take up of option to convert annual pension into retirement lump sum		
Pre April 2008 Service	50%	50%
Post April 2008 Service	75%	75%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis above has been determined based on reasonably possible changes of assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for women and men. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis is consistent with methods used in previous years.

Impact on the Council's Cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Northamptonshire Pension Fund 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 on 31 March 2022.

Statements

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for 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 to certain public servants.

The council anticipates paying £1.864m of contributions into the scheme during 2021/22.

The weighted average duration of the defined benefit obligation for scheme members is 17 years, 2020/21 (17 years 2019/20).

39. Contingent Liabilities

At 31 March 2021, the council had the following material contingent liabilities:

- In December 2007 the Borough Council of Wellingborough signed a warranty in favour of Greatwell Homes (previously known as Wellingborough Homes) as part of its housing stock transfer. As part of this warranty the council agreed for a period of 20 years to indemnify the company for any expenditure above an agreed threshold for the cost of works relating to the removal of asbestos in the stock transferred. The original threshold agreement was £2.340m. This is monitored annually and is unlikely to be breached in the coming years. However, there is a potential liability for the council for the future and as such it should be recognised as a contingent liability.
- As a result of a faulty electricity meter being identified at the multi storey car park, it is possible the council has been incorrectly charged by the utility company. This error has been traced back to 2014 and whilst the issue is in dispute, there remains a possibility the council could be liable for approximately £130k. The estimated figure is based on current usage and should be recognised as a contingent liability.

40. Nature and Extent of Risks arising from Financial Instruments

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

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

The council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies stated within the annual Treasury Management Strategy, approved by the council in June 2020. This document provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch and Moody's and Standard and Poor's Ratings Services. The Annual Treasury Management Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the council are as detailed below:

Financial Asset Category	Criteria	Maximum Investment
Deposits with Banks	As assessed by our treasury management advisors:	£
	Part Nationalised UK banks	7m
	UK domiciled banks with a minimum Fitch rating of A- or equivalent	7m
	Non UK banks, domiciled in a country which has a minimum sovereign long term Fitch rating of AA- (or equivalent)	3m
Deposits with building societies	Building Societies are assessed by their asset base:	£
	Building societies with assets >£1bn	3m
	Building societies with assets >£500m <£1bn	1m

The council does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

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

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies of £18.737m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A risk of non-recovery applies to all of the council's deposits, but there was no evidence at the 31 March 2021 that this was likely to crystallise.

The following analysis summarises the council's potential maximum exposure to credit risk on other financial assets, based on experience of default and collection rates over the last three financial years, adjusted to reflect current market conditions:

	Amount at 31st March 2021	Historical experience of default	Historical experience adjusted for market conditions at 31st March 2021	Estimated maximum exposure to default and un-collectability as at 31st March 2021	Estimated maximum exposure at 31st March 2020
	£'000	%	%	£'000	£'000
	A	B	C	(A x C)	
Customers	2,849	9.25%	12.44%	354	244

The council does not generally allow credit for customers, such that £30,889 of the £144,962 balance, summarised below, is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

Outstanding Debt Analysis	31st March 2020 £'000	31st March 2021 £'000
Less than three months	162	110
Three to six months	112	50
Six months to one year	-13	-12
More than one year	16	-3
	277	145

Liquidity Risk

The council is debt free, which means it has no borrowings to finance capital expenditure. The council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The council manages its liquidity position through risk management procedures such as the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategy reports. It also maintains detailed cash flow planning to manage its day to day liquidity. The council has an overdraft facility, has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and the Public Works Loan Board (PWLb) also acts as a lender of last resort to councils.

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

Market Risk

Interest Rate Risk

The council is exposed to risk in terms of its exposure to interest rate movements on its investments only, as it has no borrowings. Movements in interest rates have a complex impact on the council. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall.

Changes in interest receivable on variable rate investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

Local authorities should have due regard for the risks associated with the financial instruments that they hold. The procedures for risk management are set out through a legal framework in the *Local Government Act 2003* and the associated regulations. These require the council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Active treasury management allows continual re-assessment of the impact that movements in interest rates have both in respect of feeding into the setting of the annual budget and also used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

According to this assessment strategy, at 31 March 2021, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	147
Impact on Surplus or Deficit on the Provision of Services	147
Decrease in fair value of fixed rate investment assets	40
Impact on Other Comprehensive Income and Expenditure	40
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	-

The impact of a 1% fall in interest rates would be the reverse of the above.

Price Risk

The council does not generally invest in equity shares but does have shareholdings to the value of £237,500 in Aberdeen Diversified Income & Growth (previously known as Black Rock Income Strategies Trust) as at the 31 March 2021 (£225,500 at 31 March 2020). Consequently, the council is exposed to losses or surpluses arising from movements in the prices of these shares. These shares are classified as 'Available for Sale', meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure. This represented an overall increase of 5.3% in year.

Foreign Exchange Risk

The council has no financial exposure to loss arising from movements in exchange rates.

41. Group Accounts

The council has business relationships with a number of entities over which it has varying degrees of control or influence. These are classified into the categories of subsidiaries, associates or joint ventures. The meanings of these terms are outlined below:

- **Subsidiary** - A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the council), known as the parent.
- **Associate** - An associate is an entity over which an investee and investor (the council) has significant influence.
- **Joint Venture** - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

a) Wellingborough Bereavement Services Ltd:

On 30 December 2015, Wellingborough Bereavement Services Ltd, trading as Nene Valley Crematorium, was incorporated and commenced trading in September 2016. The company is a wholly owned subsidiary of the council and for the purposes of group accounts is classified as a subsidiary and is therefore consolidated into the group accounts on a line by line basis.

The following additional information is disclosed to aid an understanding of the nature of the group relationship.

- i. The registered name of the company is Wellingborough Bereavement Services Ltd,
- ii. Nature of the business – the principal activities of the company are to offer long-term comfort within the local community for the presently bereaved and for generations of families into the future and to ensure that cremations take place in a respectful and effective way.
- iii. The immediate parent undertaking is Borough Council of Wellingborough,
- iv. The ultimate parent undertaking is Borough Council of Wellingborough,
- v. The company's ultimate controlling party is Borough Council of Wellingborough.
- vi. Payments made to Wellingborough Bereavement Services – The council has made no payments to the company but has incurred cost on their behalf. As such a debtor amount of £16k (2019/20 £86k) has been included in the council's core financial statements to recognise these transactions. This has been removed from the group accounts, together with the corresponding creditor, which will appear in the single entity financial statements for Wellingborough Bereavement Services Ltd, in order to recognise that these items are internal to the group.

b) Wellingborough NORSE Ltd:

On the 1 March 2012 the council entered into an agreement with Wellingborough Norse Ltd relating to services previously carried out by the 'environmental' and 'facilities management' sections of the council. The council has a 20% share of Wellingborough Norse Ltd., and as such the council does have significant influence over Wellingborough Norse Ltd. This assumption is supported by representation on the Wellingborough Norse Ltd board, together with the fact that the majority of Wellingborough Norse Ltd.'s business is with the council. Based on this, the council's accounting relationship with Wellingborough Norse Ltd has been determined as that of an 'Associate' and is consolidated using the equity method.

Tables are shown below which set out the extent and implications of the council's interest in Wellingborough Norse for the core financial statements of the council's 20% interest in the company.

In addition the council also receives a 50/50 profit or loss share at the end of the financial year. The total profit for 2019/20 has been reported as £83,222, the council's share of this is £41,611.

The following additional information is disclosed to aid an understanding of the nature of the group relationship.

- i. The registered name of the company is Wellingborough Norse Ltd,
- ii. Nature of the business – the principal activity of the company is that of refuse, cleansing and maintenance services,
- iii. The immediate parent undertaking is Norse Commercial Services Ltd,
- iv. The ultimate parent undertaking is Norse Group Ltd,
- v. The company's ultimate controlling party is Norfolk County Council, by virtue of them owning 100% of the ordinary share capital of Norse Group Ltd,
- vi. Payments made to Wellingborough Norse Ltd in respect of services provided are included within the Cost of Services in the Comprehensive Income and Expenditure Statement. Total payments to Wellingborough Norse Ltd were £4.782m in 2020/21 and £4.835m in 2019/20, these are included in the accounting statements as follows:

Service	2019/20 £,000	2020/21 £,000
Corporate & Democratic Core	140	140
Cultural & Related Services	1,055	1,055
Environmental & Regulatory	2,695	2,695
Financing & Investment Income & Expenditure	29	29
Highways, Roads & Transport Services	358	305
Planning & Development Services	79	79
Recharged Cost Centres	479	479
Grand Total	4,835	4,782

At 31 March 2021 Wellingborough Norse Limited owed to the council £1,573 (2019/20 £273,413). There was nothing owed by the council to Wellingborough Norse Limited (2019/20 £22,345).

F1 Collection fund

The Collection Fund reflects the statutory requirements for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR)

2019/20		2020/21			
£'000		£'000	£'000	TOTAL £'000	
	INCOME FOR THE YEAR				
	Income from Council Tax	-			3
	Section 13 Reliefs				
	Income from Non Domestic Rates		-		2
	TOTAL INCOME FOR THE YEAR (a)				
	EXPENDITURE FOR THE YEAR (b)				
	Apportionment of Previous Year's				
-738	Central Government	9	-	9	
-569	Billing Authority	94	-	94	
-2	County Council	127	-	127	
27	Police and Crime Commissioner		-	4	
	Fire & Rescue	-	-	-	
-1,275		234		234	4
	Precepts, Demands and Shares (c)				
	Central Government		-		2
	Billing Authority				2
	County Council				2
	Police and Crime Commissioner				2
	Fire & Rescue	-			2
	Charges to Collection Fund (d)				
	Less : Write offs of uncollectable amounts	-		440	5
212	Less : Increase/ Decrease (-) in Bad Debts	162	-	162	5
-1,207	Less : Increase/ Decrease (-) in Provision	-689	-	-689	5
	Less: Transitional Protection Payments	111	-	111	
	Less : Cost of Collection Allowance	107	-	107	
	Other Transfers to the General Fund in with non-domestic rates regulation				
-19	Renewable Energy	45	-	45	
-532		-264			
1,616	SURPLUS/ DEFICIT (-) FOR THE YEAR (a-)	-11,590	-1,222	-12,812	
-1,921	SURPLUS/ DEFICIT (-) b/fwd 1st April	983	-1,288	-305	
-305	SURPLUS/ DEFICIT (-) c/fwd 31st March	-10,607	-2,510	-13,117	
	Apportionment of Surplus/Deficit (-)				
196	Central Government	-5,491	-	-5,491	
-545	County Council	-767	-1,807	-2,574	
261	Billing Authority	-4,243	-257	-4,500	
-172	Police and Crime Commissioner	-106	-359	-465	
-45	Fire & Rescue	-	-87	-87	
-305		-10,607	-2,510	-13,117	

F2 Notes to the collection fund

1 Introduction

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the government.

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

Collection Fund surpluses or deficits declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For Wellingborough, the Council Tax precepting bodies are Northamptonshire County Council (NCC) and the Police, Fire and Crime Commissioner for Northamptonshire (PFCC), previously Northamptonshire Fire & Rescue Service (NF&R).

In 2013/14 the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give councils a greater incentive to grow businesses in the borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base and impact of appeals.

The scheme allows the council to retain a proportion of the total NNDR received. Wellingborough share is 40% with the remainder paid to central government (50%), NCC (9%) and Police, Fire and Crime Commissioner (1%). These percentages differ from last year when Northamptonshire was part of a Government business rates pilot which meant the County Council retained 34% and the Government 25%.

NNDR surpluses or deficits declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions.

The national Code of Practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the council's accounts. The Collection Fund Balance Sheet meanwhile is incorporated into the council's Consolidated Balance Sheet.

2 Income from Business Ratepayers

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

When the scheme was introduced, central government set a baseline level for each council identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amounts. Tariffs due from authorities payable to central government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Wellingborough paid an estimated tariff to the General Fund in 2020/21 to the value of £8.107m (£7.719m in 2019/20).

The business rates shares payable for 2020/21, including surplus or deficit contributions, were estimated before the start of the financial year as £14.398m (£6.303m in 2019/20) to central government, £2.717m (£9.428m in 2019/20) to NCC, £292k (£282k for 2019/20) to PFCC and £11.595m (£10.674m in 2019/20) to the Borough Council of Wellingborough. The payment to Wellingborough includes the tariff payment of £8.107m (£7.719m in 2019/20) which leaves a retained income of £3.399m. These sums have been paid in 2020/21 and charged to the collection fund in year.

The total income from business rate payers collected in 2020/21 was £17.159m (£29.564m in 2019/20).

In addition to the tariff, a 'safety net' figure is calculated at 92.5% of the baseline amount which ensures that authorities are protected to this level of Business Rates income. For Wellingborough, the value of the safety net figure is £2.239m (£2.475m in 2019/20). The comparison of business rates income to safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief not allowed for when the safety net was set. The council does not qualify for a safety net payment for 2020/21.

Along with the local management of business rates, authorities are also expected to finance appeals made in respect of rateable values as defined by the VOA and hence business rates outstanding as at 31 March 2021. As such, authorities are required to make a provision for these amounts. Appeals are charges and are provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2020/21 has been calculated at £1.287m which is a £0.689m reduction when compared with 2019/20.

For 2020/21 the total non-domestic rateable value at the year-end is £73.068m (£72.766m in 2019/20). The national multipliers for 2020/21 were 49.9p for qualifying small business and the standard multiplier being 51.2p for all other businesses (49.1p and 50.4p respectively in 2019/20).

3 Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent number of Band D dwellings).

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 Reduction Scheme which is administered in each council.

The Council Tax base for 2020/21 was 25,469 (25,113 in 2019/20). The tax base for 2020/21 was approved at council on 28 January 2020 and was calculated as follows:

2019/20 Band D Equivalents	Band	Estimated number of taxable properties after effect of discounts	Ratio	2020/21 Band D Equivalents
10	A(-)	22	5/9	12
4,922	A	7,685	6/9	5,123
6,373	B	8,394	7/9	6,529
5,598	C	6,451	8/9	5,734
3,613	D	3,653	9/9	3,653
2,733	E	2,225	11/9	2,720
1,185	F	807	13/9	1,165
873	G	502	15/9	836
60	H	32	18/9	64
25,367				25,836
-254	Non-Collection Provision 2020/21			-367
25,113	Council Tax Base			25,469

4 Contributions to Collection Fund Surpluses and Deficits

The council has a statutory requirement to prepare an estimate each January of the surplus or deficit expected to arise at the end of that financial year. In January 2020 it was estimated the Collection Fund would have a Council Tax surplus of £nil and a Business Rates surplus of £0.234m, a combined collection fund surplus of £0.234m (£1.275m deficit in January 2019). The following amounts were due to preceptors in 2020/21.

2019/20 £'000	Collection Fund Balance	2020/21 £'000
-738	Central Government	9
-2	Northamptonshire County Council	127
27	Northamptonshire Police & Crime Commissioner	4
7	Northamptonshire Fire & Rescue	-
-569	Borough Council of Wellingborough	94
-1,275	Total Surplus/(-Deficit)	234

5 Council Tax/NNDR Bad Debt Provision and NNDR provision for valuation appeals – Accounting Policy

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

(a) Bad debts on Council Tax Arrears

2019/20 £'000		2020/21 £'000
2,677	Balance at 1st April	2,703
-224	Write-offs during the year for previous years	-738
250	Contribution to provision during the year	440
2,703	Balance at 31st March	2,405

The council's proportion of these write offs and increase in provision are shown below.

2019/20 £'000		2020/21 £'000
272	Balance at 1st April	276
-23	Write-offs during the year for previous years	-75
26	Contribution to provision during the year	46
276	Balance at 31st March	246

(b) Bad debts on NNDR Arrears.

2019/20 £'000		2020/21 £'000
205	Balance at 1st April	315
-76	Write-offs during the year for previous years	-
186	Contribution to provision during the year	162
315	Balance at 31st March	477

The council's proportion of these write offs and increase in provision are shown below.

2019/20 £'000		2020/21 £'000
82	Balance at 1st April	126
-30	Write-offs during the year for previous years	-
74	Contribution to provision during the year	65
126	Balance at 31st March	191

(c) NNDR Appeals.

The Collection Fund account also provides for provision for appeals against the rateable value set by the Valuation Office Agency (VOA) not settled as at 31 March 2021.

2019/20 £'000		2020/21 £'000
3,184	Balance at 1st April	1,977
-1,207	Contribution to/(from) provision during the year	-689
1,977	Balance at 31st March	1,288

The council's proportion of this provision is shown below.

2019/20 £'000		2020/21 £'000
1,273	Balance at 1st April	791
-482	Contribution to/(from) provision during the year	-275
791	Balance at 31st March	516

G1 Group accounts

The following Group Statements and Notes consolidate:

- the council's single entity financial Statements and Notes,
- the financial Statements and Notes of Wellingborough Bereavement Services Limited (a subsidiary of the council), and
- the council's interest in Wellingborough Norse Limited (an associate of the council, in which it holds a 20% interest).

Additional information on the nature of the relationships is contained in Note 41 above.

GROUP Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with accounting standards, 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 the Movement of Reserves Statement. The Group CIES includes the operations of Wellingborough Bereavement Services Ltd and the council's share of the Wellingborough Norse Ltd profits and tax expenses.

2019/20				2020/21		
Gross Expendit	Gross incom	Net Expendit		Gross Expendit	Gross income	Net Expendit
£'000 <i>Restated</i>	£'000 <i>Restated</i>	£'000 <i>Restated</i>		£'000	£'000	£'000
1,591	-98	1,493	Community Support	1,597	-53	1,544
784	-191	593	Environmental & Health Protection	1,006	-243	763
2,021	-800	1,221	Housing	2,175	-747	1,428
2,182	-817	1,365	Planning & Local Development	2,416	-944	1,472
6,695	-2,190	4,505	Environmental Services	6,654	-2,541	4,113
208	-8	200	Organisation Development	156	-8	148
660	-29	631	Democratic Services	923	-247	676
1,041	-123	918	Operational Property	1,398	-124	1,274
1,132	-	1,132	Shared Services	1,558	-6	1,552
551	-47	504	Accountancy & Audit	19,514	-19,612	-98
17,838	17,172	666	Revenues & Benefits	16,557	-16,084	473
549	-35	514	Corporate Management	800	-167	633
1,076	-338	738	Corporate Income & Expenditure	510	-	510
36,328	21,848	14,480	Cost Of Services	55,264	-40,776	14,488
615	-1,074	-459	Other Operating Expenditure (Note 11)	971	-479	492
901	-3,915	-3,014	Financing and Investment Income and Expenditure (Note 11)	4,339	-4,893	-554
7,719	19,325	-11,606	Grant Income and Expenditure	12,727	-23,901	-11,174
		-599	Surplus(-) or Deficit on Provision of Services			3,252
		-17	Share of Surplus (-) / Deficit on the provision of services by Tax expenses of Associate (Group note2)			-21
		3				4
		-613	Group Surplus (-) / Deficit Other Comprehensive Income and Expenditure:			3,235
		-4,749	Surplus(-) or Deficit on revaluation of property, plant			-2,813
		64	Surplus(-) or Deficit on revaluation of available for sale			-12
		-7,140	Actuarial Gains(-) or Losses on Pension Assets and Liabilities			4,527
		-11,825	Total Other Comprehensive Income and Expenditure			1,702
		-12,438	Total Comprehensive Income and Expenditure			4,937

GROUP Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the council and the Group, analysed into 'Usable Reserves' (i.e. those that can be utilised to fund expenditure or reduce taxation) and other reserves. The surplus (-) or deficit on the Provision of Service line shows the true economic cost of providing the Group's services, more details of which are shown in the Group CIES. Additional information on the structure of this Statement is contained within the council's Movement in Reserves Statement, presented earlier in this Statement of Accounts.

Group Movement in Reserves Statement 2020/21	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Reserves of Subsidiary	Council's Share of Reserves of Associate	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amount as per Balance Sheet at 31st March 2020 brought forward	-5,330	-25,025	-534	-30,889	-65,453	-96,342	-431	-183	-96,956
Movement in Reserves during 2020/21									
Total Comprehensive Income and Expenditure	3,672	-	-	3,672	1,702	5,374	-420	-17	4,937
Adjustments between accounting basis and funding basis under regulations (Note9)	-8,610	7,250	-207	-1,567	1,567	-	69	-	69
Increase(-)/Decrease in 2020/21	-4,938	7,250	-207	2,105	3,269	5,374	-351	-17	5,006
Amount as per Balance Sheet at 31st March 2021 carried forward	-10,268	-17,775	-741	-28,784	-62,184	-90,968	-782	-200	-91,950

Group Movement in Reserves Statement 2019/20	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Reserves of Subsidiary	Council's Share of Reserves of Associate	Total Reserves
<i>Restated</i>	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amount as per Balance Sheet at 31st March 2019 brought forward	-5,730	-28,674	-433	-34,837	-48,887	-83,724	-140	-169	-84,033
Movement in Reserves during 2019/20									
Total Comprehensive Income and Expenditure	-308	-	-	-308	-12,310	-12,618	-291	-14	-12,923
Adjustments between accounting basis and funding basis under regulations (Note9)	708	3,649	-101	4,256	-4,256	-	-	-	-
Increase(-)/Decrease in 2019/20	400	3,649	-101	3,948	-16,566	-12,618	-291	-14	-12,923
Amount as per Balance Sheet at 31st March 2020 carried forward	-5,330	-25,025	-534	-30,889	-65,453	-96,342	-431	-183	-96,956

GROUP Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the council and the Group at the Balance Sheet date. The net assets (i.e. assets less liabilities) are matched by the Group's reserves, reported in two categories. Details of the Usable and Unusable Reserves are contained within Notes 24 and 25 to the council's Core Financial Statements and Note 3 to the Group Accounts.

31st March 2020 £'000 <i>Restated</i>		Notes	31st March 2021 £'000
43,878	Property, Plant and Equipment		52,292
277	Heritage Assets	15	277
51,390	Investment Property	16	49,014
146	Intangible Assets	17	218
226	Long Term Investments	18a	238
183	Investment in Associate		200
-	Long Term Debtors	18a	-
96,100	Long Term Assets		102,239
29,000	Short Term Investments	18a	4,000
6	Inventories		95
9,013	Short Term Debtors	Group Note 7	16,965
5,682	Cash and Cash Equivalents	Group Note 8	21,639
43,701	Current Assets		42,699
-7,100	Short Term Creditors	Group Note 9	-12,368
-4,495	Grants Receipts in Advance	32	-5,044
-11,595	Current Liabilities		-17,412
-791	Provisions	23	-685
-30,944	Pension Liability	38	-35,376
-31,735	Long Term Liabilities		-36,061
96,471	Net Assets		91,465
-31,503	Usable Reserves	MIRS	-29,766
-64,968	Unusable Reserves	25	-61,699
-96,471	Total Reserves		-91,465

GROUP Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the council and Group during the reporting period. The statement shows how the council and the Group generate and use cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Additional information on the structure of this Statement is contained within the council's Cash Flow Statement and in Notes 26-28 to the Core Financial Statements.

2019/20 £'000		2020/21 £'000
<i>Restated</i>		
-599	Net (surplus) or deficit on the provision of services	3,252
-3,305	Adjustments to net surplus or deficit on the provision of services for non cash movements	-10,618
1,069	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	1,122
-2,835	Net cash flows from Operating Activities (Group Note 10)	-6,244
11,779	Investing Activities	-18,198
227	Financing Activities (Note 28)	8,485
9,171	Net (increase) or decrease in cash and cash equivalents	-15,957
-14,853	Cash and cash equivalents at the beginning of the reporting period	-5,682
-5,682	Cash and cash equivalents at the end of the reporting period (Note 20)	-21,639

G2 Notes to the group accounting statements

1. Statement of Accounting Policies

Both Wellingborough Bereavement Services Ltd and Wellingborough Norse Ltd prepare their accounts under UK GAAP, whereas the council prepares its financial statements based on International Financial Reporting Standards. As far as can be ascertained, this gives rise to no material difference between the accounting principles of the other group entities and the council.

2. Group Comprehensive Income and Expenditure Statement

The Group CIES has been prepared incorporating the operations of Wellingborough Bereavement Services Ltd and the council's share of Wellingborough Norse Ltd.'s surplus on the provision of services and its tax liability. This differing treatment reflects the differing status of each entity within the group, being a subsidiary and an associate respectively.

3. Group Balance Sheet.

The Group Balance Sheet has been prepared incorporating the assets of Wellingborough Bereavement Services Ltd and the council's share of Wellingborough Norse Ltd.'s net assets under the heading of Investment in Associates. This again reflects the differing status of each entity. The analysis of Usable Reserves is constituted as follows:-

	31st March 2020 £'000	31st March 2021 £'000
	<i>Restated</i>	
Borough Council of Wellingborough	-30,889	-28,784
Wellingborough Bereavement Services Ltd	-431	-782
Wellingborough Norse Ltd	-183	-200
	-31,503	-29,766

4. Cash Flow

The cash flows of Wellingborough Bereavement Services Ltd are incorporated into the Group Statement. No adjustment to the council's Cash Flow Statement is required in respect of its holding in Wellingborough Norse Ltd. The council's holding in Wellingborough Norse Ltd has no implications for the Cash Flow Statement, given that cash transactions are neutral between the two bodies.

5. Significant Influence Over Associate

The council has a 20% share of Wellingborough Norse Ltd., and as such the council does have significant influence over Wellingborough Norse Ltd. This assumption is supported by representation on the Wellingborough Norse Ltd board, together with the fact that the majority of Wellingborough Norse Ltd.'s business is with the council.

6. Reporting Date

The reporting date of all group entities is 31 March each year.

7. Debtors

The analysis of short-term debtors (net of provision for bad and doubtful debts) held on the Balance Sheet is shown in the table below:

31st March 2020 £'000 <i>Restated</i>		31st March 2021 £'000
432	Central government bodies	6,646
5,016	Other local authorities	5,679
3,565	Other entities and individuals	4,640
9,013	Total	16,965

8. Cash & Cash Equivalents

The balance of Cash and Cash Equivalents held on the Balance Sheet is made up of the following elements:

31st March 2020 £'000		31st March 2021 £'000
4,823	Current Bank Accounts	6,902
860	Other demand deposits	14,737
5,682	Total Cash and Cash equivalents	21,639

9. Creditors

The analysis of short-term creditors held on the Balance Sheet is shown in the table below:

31st March 2020 £'000 <i>Restated</i>		31st March 2021 £'000
-1,788	Central Government bodies	-1,488
-1,514	Other local authorities	-552
-6	NHS bodies	-
-2,343	Other entities and individuals	-10,328
-5,651	Total	-12,368

10. Cash Flow Statement – Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2019/20 £'000 <i>Restated</i>	Operating Activities	2020/21 £'000
-599	Net (surplus) or deficit on the provision of services	3,252
	<u>Adjust net surplus or deficit on the provision of services for non cash movements:</u>	
-1,349	Depreciation	-1,462
-294	Impairment and downward valuations	-130
-74	Amortisation	-67
-50	(Increase)/decrease in impairment for bad debts	416
-3,845	(Increase)/decrease in creditors	-5,817
879	Increase/(decrease) in debtors	7,536
482	Increase/(decrease) in provisions	106
-227	Adjustment for movements in Debtors and Creditors in respect of Local Taxation that are financing activities	-8,147
-1	Increase/(decrease) in inventories	88
-439	Movement in pension liability	87
-40	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	-3,934
1,642	Movement in value of investment properties	706
11	Other non-cash items charged to the net surplus or deficit on the provision of services	-
-3,305	Adjustments to net surplus or deficit on the provision of services for non cash movements	-10,618
	<u>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities:</u>	
1,069	Capital grants included in "Taxation & non specific grant income"	1,122
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
1,069	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	1,122
-2,835	Net cash flows from Operating Activities	-6,244

H Glossary of terms

Accounting Period

This is the period of time covered by the accounts. For the Borough Council of Wellingborough this is a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date, that being 31 March.

Accruals basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Valuation

The council's pension fund is administered by Northamptonshire County Council. They employ an actuary to undertake a valuation of the fund for each employer, by comparing the value of the pension scheme's assets with its liabilities. The actuary then calculates how much needs to be paid into the scheme by the employer and members to ensure there will be adequate funds to pay the pensions when they become due. This valuation is carried out every three years, the next being due in 2022.

Actuarial Gains and Losses

Wellingborough's pension fund experiences annual changes in what the actuary calculates its assets and liabilities are, and as such what deficit or surplus arises. This tends to be because events have not coincided with the actuarial assumptions made at the last valuation, such as the number of staff employed by the council or the life expectancy of former employees; or the actuarial assumptions have changed such as the likely interest to be earned from invested funds.

Agency Arrangements

Services performed by, or for another authority or public body, where the agent is reimbursed for the cost of the work done.

Amortisation

The term used to describe the charge made for the cost of using intangible assets. The charge for the year will represent the amount of economic benefits consumed (e.g. wear and tear).

Asset

An asset is something the council owns. The Asset may be a physical one, such as a building or an intangible one, such as a software licence. Assets are also classed as either current or long term:

- A current asset is one that will be used or cease to have a material value by the end of the next financial year.
- A long term asset provides a benefit to the council for a period greater than one year.

Balance Sheet

A statement summarising the council's financial position at the end of the accounting period. The statement shows the council's assets and liabilities.

Billing Authority

Borough Council of Wellingborough is classed as a Billing Authority as it has the responsibility of collecting the Council Tax and Non-Domestic Rates. It collects the Council Tax on behalf of the County Council and Police, Fire and Crime Commissioner and the Non-Domestic Rates on behalf of the County Council and Central Government.

Budget

A statement defining in financial terms the council's plans to spend over a specified period, normally the accounting period. The budget is prepared as part of the process of setting the Council Tax.

Capital Expenditure & Financing

Expenditure on the acquisition, or enhancement of a non-current asset, which adds to and not merely maintains the value of existing assets. This is not the same as revenue expenditure that is normally spent on assets consumed in the financial year. Capital spend is funded from various sources of money, including revenue, capital receipts, capital grants, and reserves

Capital Financing Costs

Each service is charged with an annual capital charge to reflect the cost of using non-current assets (e.g. buildings or vehicles) in pursuit of providing services. This is usually referred to as depreciation or amortisation.

Capital Receipts

This is money received from the sale of a capital non-current asset, such as land, buildings and vehicles. The council can use the proceeds from the disposal of non-current assets to finance new capital investments, but the proceeds cannot be used to finance revenue expenditure. In certain cases the government has set out rules that govern when a receipt can or cannot be used and these are referred to as usable and non-usable receipts (set aside receipts).

Capital Adjustment Account

This account absorbs the difference arising from the different rates at which non-current assets are accounted for as being consumed and at which resources are set aside to finance their acquisition.

Capital Grants Unapplied

These are capital grants that the council has received, that have not yet been used to finance capital expenditure.

Capital Programme

The planned capital schemes the council intends to carry out over a specified period of time.

Carrying Amount

The net cost of an asset as shown in the Balance Sheet.

Chartered Institute of Public Finance and Accountancy (CIPFA)

Professional accountancy body specialising in the public sector.

Collection Fund

A separate statutory fund to detail the transactions in relation to income and expenditure relating to Council Tax, National Non-Domestic Rates (NNDR or Business Rates as they are often referred to) and the residual Community Charge.

Commutation

Amount of money that must be set aside at 31 March at the current interest rates to provide for sums such as the pension funds on a future date. The lower the interest rates the higher the amount required, and vice versa.

Contingent Liabilities / Assets

A contingent liability / asset is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the council's control, or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient reliability.

Contingent Rent

Lease payments that increase or decrease as a result of factors occurring subsequent to the inception of the lease, other than the passage of time. Examples of contingent rents are rentals linked to an inflation index, rentals based on the level of lettings achieved from the leased premises, and rentals based on usage.

Council Tax

This is the banded property tax levied on domestic properties in the Borough. The banding is based on estimated property values.

Corporate / Democratic Core

This comprises all activities which local authorities engage in specifically because they are elected, multi purpose authorities. These are concerned with the costs of corporate policy making and member based activities. Other costs relate to the general running of the council including corporate management, public accountability and treasury management. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Creditor

Amounts owed by the council for goods or services they have received for which payment has not been made.

Current Service Cost (Pensions)

The increase in the present value of the pension schemes liabilities.

Code

The Code is a code of practice that has been developed by the CIPFA/LASAAC Joint Committee in accordance with the IFRS, as adapted and interpreted for local authorities. (This Code has replaced the SORP).

Debtor

Amounts owed to the council for goods or services the council has provided for before 31 March but for which payment has not been received by that date.

Deferred Capital Receipts

These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of council houses.

Deferred Liabilities

These are liabilities that are payable beyond the next year; they are primarily for mortgage payments.

Defined Benefit Scheme

Also known as a Final Salary Scheme. Pension scheme arrangement where the benefits payable to the members are determined by the scheme rules. In most cases there is a compulsory members' contribution but over and above this all costs of meeting the quoted benefits are the responsibility of the employer.

Depreciation

This is a charge made to the service revenue accounts each year to reflect the reduction in the value of the asset used in the delivery of services whether arising from use, or obsolescence through technological or other charges.

Fair Value

This is the amount that an asset could be bought or sold for between parties; the current market value of an asset can be evidence that the asset has been valued fairly.

Financial Instruments

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (e.g. loans receivable) and financial liabilities (e.g. borrowings).

Finance Lease

A lease which transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

Flexible Use Of Capital Receipts

The use of the proceeds of the sales of fixed assets, which could normally only be used either for capital expenditure or to repay debt, to finance revenue costs, under the terms of an initiative announced by the government as part of the 2016/17 local government finance settlement.

Government Grants

Grants made by the government towards either revenue or capital expenditure to support the cost of the provision of services. These grants may be specifically towards the cost of particular schemes or to support the revenue spend of the council.

Gross Book Value

The historical cost or the revalued amount of the asset before depreciation.

Historical Cost Adjustment

This is the difference between Historical Cost Depreciation and the actual depreciation charged (Current Cost) calculated on revalued assets.

Impairment

A material reduction in the value of an asset during the accounting period. This can be caused by a consumption of economic benefits (such as physical damage through fire or flood) or a fall in price of a specific asset. A general reduction in asset values is accounted for as impairment through valuation loss.

Infrastructure assets

Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the assets created. Examples of infrastructure assets are roads and footpaths.

International Financial Reporting Standards (IFRS)

The accounting standards issued by the International Accounting Standards Board setting out the approved accounting treatment.

Liability

A liability is where the council owes payment to an individual or an organisation.

Materiality

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to a council's revenue account each year to provide for future debt repayments. As Wellingborough is debt free the MRP is zero.

Net Book Value

This is the value of an asset that is counted in the Balance Sheet. It represents its historical or re-valued cost less the accumulated depreciation of the asset.

Net Realisable Value

The market value of the asset in its existing use (or open-market value in the case of a non-operational asset), less any expenses incurred in realising the asset.

Net Worth

The total value of an organisation expressed as total assets less total liabilities.

Non-Current Assets

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

Non-Domestic Rate (NDR)

A levy on businesses, based on a national rate in the pound set by the government multiplied by the rateable value of the premises they occupy. NDR is collected by billing authorities on behalf of the County Council and Central Government.

Non Operational Assets

Non-current assets held by the council but are not directly occupied used or consumed in the delivery of services.

Operating Lease

A lease where the ownership of the asset remains with the lessor.

Operational Asset

Non-current assets held and occupied, used or consumed by the council in the direct delivery of services.

Precept

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from taxpayers on their behalf.

Property, Plant and Equipment

Assets that yield benefits to the council and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

Provision

Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

Rateable Value (RV)

The annual assumed rental value of a property that is used for business purposes.

Realised Valuations

Any revaluations in the Revaluation Reserve relating to individual assets when they are disposed of are transferred to the Capital Adjustment Account this transfer is referred to as Realised Valuation. This ensures the Revaluation Reserves balance represents revaluations on assets that the council still holds.

Revenue Funded from Capital Under Statute (REFCUS)

Capital expenditure for which no capital asset is created, but which may properly be financed over a period of years. They include private sector renewal grants and advances to other parties to finance capital investment.

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.

Reserves

Funds set aside for expenditure in future years. Certain reserves (earmarked) have constraints on how they can be spent.

Revaluation Reserve

This reserve records unrealised revaluation gains / losses from holding non-current assets.

Revenue Expenditure

Expenditure on the day-to-day costs of providing services.

Revenue Support Grant (RSG)

Grant from central government towards the cost of service provision.

Section 151 Officer

The officer with specific legal responsibility for the financial matters of the council.

Service Reporting Code of Practice (SeRCOP)

Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) is reviewed annually to ensure that it develops in line with the needs of modern local government, transparency, best value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Society of Local Authority Chief Executives (SOLACE)

The membership body for Local Authority Chief Executives.

Stocks

Items bought for consumption or resale, or raw materials, currently being held.

Trading Accounts

Trading accounts exist where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or from other organisations.

Transfer Payments

Relates to payments for which no goods or services are received by the council e.g. Rent Allowances.

UK GAAP

The accounting treatments that companies in the UK would generally be expected to apply in the preparation of their financial statements

Valuation Loss

Impairment of an asset is a downward valuation due to a general fall in prices, supported by a valuer's certificate. Valuation losses are charged initially to any balance in the revaluation reserve, and subsequently to the comprehensive income and expenditure account. Impairment charges do not however, fall on the taxpayer, and the impact is reversed in the movement of reserves statement.

