



# Statement of Accounts 2019/20

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## **Narrative Report**

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

Achieving the year end close down within the targets set, is the result of hard work and dedication of the staff in Financial Services.

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

- Understand the overarching financial position of the Council and outturn for 2019/20,
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in the appropriate manner; and
- Be assured that the financial position of the Council is sound and secure.

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

The narrative report gives readers a brief overview of the most significant matters reported in the accounts and an explanation in overall terms of the Council's financial position. It is based on the key principles identified in the Code of Practice on Local Authority Accounting 2019/20. The Council's financial statements are prepared on a going concern basis, that is on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. Any transfer of functions under combinations of public sector bodies, such as local government reorganisation, do not negate the presumption of going concern.

The narrative report provides information about Corby, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2020.

This is followed by an explanation of the Financial Statements, including information on significant transactions during 2019/20.

## **An Introduction to Corby**

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

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

## Key Facts about Corby

The profile of the local population dictates the direction and substance of the services provided by the Council, for example demand is increasing for children's and adult social care. The Office for National Statistics Mid-Year Estimates for 2017 reported that Corby's estimated population was 69,600. Corby has a relatively young age profile, with more people aged 0 – 15 years compared to aged 65 or over. This trend goes against national averages.

Economic data tells us:

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

## Key Information about Corby Borough Council

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

### *Political Structure in the 2019/20 Municipal Year*

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

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

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

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

### *Management Structure*

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

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

### *Council Employees*

At the start of April 2019 the Council employed 544 people (excluding school-based employees). The Council is currently developing its Employee Development Scheme where employee appraisals are undertaken each year to ensure staff are aware of their roles and responsibilities, and what is expected of them to meet the objectives in their service areas. Key issues such as training, development and performance are discussed at the appraisals with a review at six months.

### *The Council's Corporate Plan*

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

### *Our New Ambition is...*

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

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

### *Our New Mission...*

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

**Promoting Healthier, Safer and Stronger Communities**

**Regeneration and Economic Growth**

**Inspiring a Future**

**Delivery Excellence**

**Environment and Climate Change**

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

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

## **The 2019/20 Revenue Budget Process**

The 2019/20 revenue budget process was undertaken using a tried and tested method of review and challenge by the Senior Management Team and Members to identify and agree budget savings and/or pressures, which were put forward for public consultation in December 2018.

On 27th February 2019 Full Council agreed the budget proposals for the General Fund with a net expenditure budget of £10.514m. Council also approved the Treasury Management Strategy, Capital Programme for 2019/23 along with the Housing Revenue Accounts budget for 2019/20.

### *Council Tax*

Council Tax policy was to freeze Council Tax for 2019/20 compared to 2018/19 at Corby Borough Council. Northamptonshire County Council (NCC) froze their precepts (including 2% Adult Social Care contribution). Police and Crime Commissioner for Northamptonshire (PCCN) increased their precepts by £24 for 2019/20. The comparison of Council Tax levels from 2018/19 to 2019/20 is shown below:

<b>Band D Council Tax by Tax</b>	<b>2018/19 (£)</b>	<b>2019/20 (£)</b>
Corby Borough Council (exc. Parish precepts)	189.50	189.50
Northamptonshire County Council	1,236.35	1,236.10
Police and Crime Commissioner for Northamptonshire	221.04	245.04
Northamptonshire Fire and Rescue	-	60.76
	<b>1,646.89</b>	<b>1,731.40</b>

### *Medium Term Financial Strategy for 2019/20 to 2023/24*

The Medium Term Financial Strategy (MTFS) covers the five year period of 2019/20 to 2023/24. This sets out a detailed projection for the General Fund, Housing Revenue Account and the Capital Programme. Government funding cutbacks and future income risks mean that whilst the General Fund is in a reasonably healthy position for the next 2 to 3 years, careful monitoring and a responsible approach to budgeting and reserves will be required. The HRA continues to look healthy. The Capital Programme is generally limited to housing schemes and grant funded or essential expenditure.

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

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

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

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

#### *Budget Monitoring*

Revenue and capital budget monitoring information is reported to OCPC throughout the year, where any areas of concern can be requested to be reviewed by Overview and Scrutiny Panel. However, during 2019/20 no areas were referred to this committee, which demonstrates that the budget monitoring process facilitates a good level of challenge.

### **Capital Strategy and Capital Programme 2019/20 to 2023/24**

The Capital programme was approved at Council on 27th February 2019 and provided the framework within which the Council's capital investment plans were to be delivered.

The Council is embarking on an ambitious five-year capital programme of £34.313m. This will support the Council's Corporate ambition through regeneration and growth. The major schemes included are:

- Housing Improvements in Existing Stock £13.564m - to maintain the current housing stock to decent standards and to minimise the time any property is void, and
- New Social Housing Build Programme £12.250m - development of new social housing units, including the redevelopment of Neville House.

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

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Housing Cap. Programme</b>						
Housing improvements	3,469	3,117	2,326	2,326	2,326	13,564
New build programme	3,390	2,215	2,215	2,215	2,215	12,250
	<b>6,859</b>	<b>5,332</b>	<b>4,541</b>	<b>4,541</b>	<b>4,541</b>	<b>25,814</b>
<b>Funded by</b>						
Revenue funding	2,700	2,700	2,326	2,326	2,326	12,378
Right to Buy sales	2,215	2,215	2,215	2,215	2,215	11,075
Borrowing	1,175	0	0	0	0	1,175
Use of Reserves	769	417	0	0	0	1,186
	<b>6,859</b>	<b>5,332</b>	<b>4,541</b>	<b>4,541</b>	<b>4,541</b>	<b>25,814</b>
<b>Gen.Fund Cap. Programme</b>						
Capital growth bids	5,174	0	0	0	0	5,174
Woodland improvements	63	63	63	63	63	315
Replacement wheelie bins	52	52	52	52	52	260
Disabled Facilities Grant	400	400	400	400	400	2,000
ICT hardware replacement	150	150	150	150	150	750
	<b>5,839</b>	<b>665</b>	<b>665</b>	<b>665</b>	<b>665</b>	<b>8,499</b>
<b>Funded by</b>						
Grants & contributions	463	463	463	463	463	2,315
S106 contributions	147	0	0	0	0	147
Use of resources	5,027	0	0	0	0	5,027
Further funding required	202	202	202	202	202	1,010
	<b>5,839</b>	<b>665</b>	<b>665</b>	<b>665</b>	<b>665</b>	<b>8,499</b>

## Financial Performance of the Council 2019/20

### Revenue Outturn Position

The Council revenue outturn position is shown in the table below. The original GF budget set at Council in February 2019 was £10.514m, with an additional £866k agreed as budget carried forward from 2018/19, revising the budget to £11.380m. Through robust monitoring the Council achieved an under spend against revenue budgets on its General Fund and HRA. The outturn for the Council is a contribution to General reserves of £686k and £275k to the HRA reserves to ensure the council has sufficient resources in the future to cover a number of risks on the horizon (e.g. Government austerity measures, welfare reform, the economy, investment in Council buildings).



### General Fund

	Revised Budget £'000	Outturn £'000	Variance £'000
Chief Executive	1,304	1,304	0
Neighbourhood Pride	632	615	(17)
Planning & Environmental Services	6,472	6,095	(377)
Culture & Leisure	3,806	3,996	190
Corporate Services	1,423	1,261	(162)
CB Property	(4,820)	(5,035)	(215)
Human Resources	111	80	(31)
Other (miscellaneous items)	2,453	2,377	(75)
<b>General Fund Total</b>	<b>11,380</b>	<b>10,693</b>	<b>(686)</b>

The main variances relate to four areas:

- Environment - additional licences income and other net savings of £52k, street scene savings for refuse and grounds maintenance of £114k and recycling cost savings of co-mingled waste of £241k due to significant market fluctuations.
- Culture & Leisure - a £60k loss of net income at Lodge Park Sports Centre and East Carlton Park workshops, £80k additional utilities costs at the pool, £40k for catering management at the pool and the golf course and a £10k cost for safety of play area zip wires.
- Corporate Services - salary savings of £82k and a £100k higher than initially expected benefits admin subsidy grant at year end.
- CB property - additional income of £263k for the purchase of the Brakey Road investment property, partially offset by net rental income and maintenance pressures of £48k across the property portfolio.

### HRA

	Revised Budget £'000	Outturn £'000	Variance £'000
Responsive repairs	4,007	3,944	(63)
Pre-planned maintenance	1,539	1,466	(73)
General maintenance	4,950	4,735	(215)
Sheltered housing	236	190	(46)
Hostels / single person accommodation	(44)	(53)	(9)
Community / Emergency alarms	203	205	2
Other services- communal flat services	(7)	(44)	(37)
Other / technical	7,340	7,342	2
Income	(18,295)	(18,131)	163
<b>HRA Total</b>	<b>(70)</b>	<b>(345)</b>	<b>(275)</b>

The main variances relate to one area:

General maintenance – relates to salary savings.

### Capital

The Council agreed a budget in February 2019 of £7.5m, together with £5.2m carried forward from 2018/19 capital programme, the revised budget was £12.7m.

During the year additional projects were undertaken of £17.6m, making the capital investment programme for 2019/20 £30.3m.

The Council has spent £18.9m on capital works, £11.4m below budget, of which £9.3m will be carried forward into the capital programme of 2020/21.

### *Balance Sheet*

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

### *Provisions*

Business Rates Appeals provision - Short term provisions have increased from £0.6m to £0.8m, this is solely down to Business rate appeals, the increase in provision has been made upon the best estimate of the actual liability at the year-end in known appeals based on information provided by the Valuation Office (VO).

### *Treasury*

Cash and cash equivalents have increased from £10.9m to £16.6m. Total Borrowing for the year end position is £129.5m (£57.7m General Fund borrowing and £71.8m HRA borrowing).

### *Pensions Liability*

The in-year valuation in relation to the Local Government Defined Benefit Pension has reduced the deficit in this financial year by £9.821m to £38.312m in 2019/20, from £48.133m in 2018/19. Further details of the Defined Benefit Pension Plan are shown within note36.

### *Revaluation of Assets*

Each year the Council revalues 20% of its property and land portfolio as required by the Code of Practice. This has resulted in an upwards revaluation of £5.7m, increasing the value of the authority's property, plant and equipment. Of which £1.6m relates to Council Dwellings and £4.1m relates to other land and buildings.

## **Non-Financial Performance of the Council 2019/20**

### *Achievements*

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

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

## **Corporate Risks**

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

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

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

Other, less significant risks include:

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

## **Outlook for the Future**

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

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

### *a) Local Government Reorganisation*

From 1st April 2021 Corby Borough Council will merge with Kettering Borough Council, East Northamptonshire Council, Borough Council of Wellingborough and part of Northamptonshire County Council to form the new unitary authority of North Northamptonshire. A shadow authority was elected in May 2020.

### *b) Brexit*

Following the referendum result on 23 June 2016 which meant that the United Kingdom was to leave the European Union (EU), the Prime Minister triggered Article 50 on 29 March 2017 which formally began this process. On 20 March 2019, the Prime Minister wrote to the European Council President asking to extend Article 50 until 30 June 2019. Following a meeting of the European Council on 10 April 2019, the UK and the EU 27 countries agreed to extend Article 50 until 31st October 2019. The implications of leaving the EU are not fully known but there could be a potential impact for the district due to reductions in EU funding, a change in interest rates, an increase in expenditure and an increase in the cost of basic goods which could impact on residents. As there is still a degree of doubt, the risk associated with leaving the EU is not measurable. The impact will be closely monitored and any adverse effect considered and reported through the appropriate channels.

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

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

### *d) Business Rates Retention*

It is the intention that local government will in future retain 75% of business rates revenues to fund local services, in addition the Uniform Business Rate will be abolished and any local area will be able to cut business rates at their discretion.

### *e) Fair Funding Review*

Consultation has been undertaken by the Ministry of Housing, Communities and Local Government (MHCLG) in relation to fair funding and will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence. Collective and individual responses were made in relation to this consultation for Northamptonshire and Corby, however the timing for implementing the Fair Funding Review is still to be confirmed.

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## **Receipt of Further Information**

Council Tax payers have a statutory right to inspect the accounts and to question the external auditor prior to the closure of the audit, for a period of 30 working days starting from 27<sup>th</sup> Sept 2021 to 5<sup>th</sup> Nov 2021.

## The Financial Statements

The Council's financial statements for 2019/20 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2019/20 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.  
The primary financial statements are supported by explanatory notes, including details of the accounting policies adopted by the Council.

### **The Comprehensive Income and Expenditure Statement (CIES)**

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

### **Movement in Reserves Statement (MiRS)**

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

### **Balance Sheet**

The Balance Sheet shows the value at the 31 March of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts reserve that may only be used to fund Capital expenditure or repay debt). The second category of reserves are unusable and includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

### **The Cash Flow Statement**

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

### **The Housing Revenue Income and Expenditure Account (HRA)**

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

### **Collection Fund**

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

### **Annual Governance Statement (AGS)**

The Annual Governance Statement identifies the systems that the Council has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded.

## Statement of Responsibilities

### The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Corporate Services (Chief Finance Officer).
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### The Chief Finance Officer's Responsibilities

The Director of Corporate Services is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

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

The Director of Corporate Services has also:

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

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of Corby Borough Council as at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

**Name** Janice Gotts

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

**Date**

## **Delegation to Approve the 2019/20 Accounts**

The delegation to approve the 2019/2020 accounts moved to the North Northamptonshire Council from the 1st April 2021. As the statutory financial officer for the North Northamptonshire Council, I hereby certify that, to the best of my knowledge, the statement of accounts presents a true and fair view of the financial position of Corby Borough Council as at 31st March 2020 and its income and expenditure for the year ended 31 March 2020. The certified statement of accounts was authorised on 8<sup>th</sup> November 2021.

**Name** Janice Gotts

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

**Date**

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**Independent Auditor's Report  
to the Members of Corby Borough Council**

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## Comprehensive Income and Expenditure Statement (CIES)

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

2018/19				2019/20		
Gross Exp.	Gross Inc.	Net		Gross Exp.	Gross Inc.	Net
£000	£000	£000		£000	£000	£000
1,618	(304)	1,313	Chief Executive	1,833	(467)	1,367
1,418	(906)	512	Neighbourhood pride	1,632	(1,034)	598
9,484	(4,088)	5,396	Planning & Environmental Services	10,284	(3,821)	6,463
5,307	(3,168)	2,139	Culture & Leisure	7,800	(3,520)	4,280
15,446	(13,899)	1,547	Corporate Services	14,139	(12,731)	1,408
2,885	(3,882)	(997)	CB Property	1,806	(2,394)	(587)
17	(8)	8	Human Resources	64	(19)	45
18,648	(22,337)	(3,689)	Housing revenue account (HRA)	15,387	(19,041)	(3,654)
1,031	(112)	920	Other	542	(82)	460
<b>55,854</b>	<b>(48,704)</b>	<b>7,150</b>	<b>Cost of Services</b>	<b>53,488</b>	<b>(43,108)</b>	<b>10,380</b>
645	(951)	(305)	Other Operating Exp/(Inc) (note11)	581	(1,358)	(777)
3,834	(1,974)	1,860	Financing & Investment Inc & Exp (note12)	4,763	(19,283)	(14,519)
10,509	(21,582)	(11,073)	Taxation & Non-specific Grant Inc (note13)	11,114	(20,802)	(9,688)
<b>70,842</b>	<b>(73,211)</b>	<b>(2,369)</b>	<b>(Surplus) / deficit on provision of services</b>	<b>69,947</b>	<b>(84,550)</b>	<b>(14,604)</b>
		(28,390)	(Surplus)/deficit Reval. of Non-current Assets			(10,242)
		3,193	Actuarial Loss/(gain) on Pension. Asset & Liab			(11,928)
		<b>(25,197)</b>	<b>Other Comprehensive Inc &amp; Exp</b>			<b>(22,170)</b>
		<b>(27,566)</b>	<b>TOTAL COMPREHENSIVE INC &amp; EXP</b>			<b>(36,773)</b>

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. 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. These are different from the statutory amounts required to be charged to the General Fund Balance and for council tax setting and dwellings rent setting purposes. The Net increase/ decrease before transfers to Earmarked Reserves line shows the statutory General Fund (GF) Balance and Housing Revenue Account (HRA) Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

	GF Bal	GF ear- mark- ed	HRA Bal	HRA ear- mark- ed	Major repairs res.	Capital receipt res.	Capital grants unapp- lied	TOTAL USE- ABLE RES.	Unus- able Res.	TOTAL RES.
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>2019/20</b>										
<b>BAL AT 31/03/2019</b>	645	13,972	3,463	9,859	349	6,510	1,823	36,622	216,543	253,165
Surplus/(Deficit) on provision of services	12,911	0	1,693	0	0	0	0	14,604	0	14,604
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	22,170	22,170
<b>Total CIES</b>	<b>12,911</b>	<b>0</b>	<b>1,693</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,604</b>	<b>22,170</b>	<b>36,773</b>
Adjs between accounting basis and funding basis under regs (Note9)	(11,063)	0	131	0	725	321	(669)	(10,556)	10,556	0
<b>Earmarked</b>	(14)	14	(1,500)	1,500	0	0	0	0	0	0
<b>Net inc/(dec) in year</b>	<b>1,834</b>	<b>14</b>	<b>324</b>	<b>1,500</b>	<b>725</b>	<b>321</b>	<b>(669)</b>	<b>4,047</b>	<b>32,726</b>	<b>36,773</b>
<b>BAL AT 31/03/2020</b>	<b>2,477</b>	<b>13,986</b>	<b>3,787</b>	<b>11,359</b>	<b>1,074</b>	<b>6,830</b>	<b>1,154</b>	<b>40,667</b>	<b>249,269</b>	<b>289,936</b>
<b>2018/19</b>										
<b>BAL AT 31/03/2018</b>	800	15,703	3,401	9,196	1,011	5,500	1,999	37,611	187,990	225,601
Surplus/(Deficit) on provision of services	651	0	1,718	0	0	0	0	2,369	0	2,369
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	25,197	25,197
<b>Total CIES</b>	<b>651</b>	<b>0</b>	<b>1,718</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,369</b>	<b>25,197</b>	<b>27,566</b>
Adjs between accounting basis and funding basis under regs (Note9)	(2,537)	0	(993)	0	(662)	1,010	(176)	(3,358)	3,358	0
<b>Earmarked</b>	1,731	(1,731)	(663)	663	0	0	0	0	0	0
<b>Net inc/(dec) in year</b>	<b>(155)</b>	<b>(1,731)</b>	<b>62</b>	<b>663</b>	<b>(662)</b>	<b>1,010</b>	<b>(176)</b>	<b>(989)</b>	<b>28,555</b>	<b>27,566</b>
<b>BAL AT 31/03/2019</b>	<b>645</b>	<b>13,972</b>	<b>3,463</b>	<b>9,859</b>	<b>349</b>	<b>6,510</b>	<b>1,823</b>	<b>36,622</b>	<b>216,543</b>	<b>253,165</b>

## Balance Sheet

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

31 March 2019 £000		Notes	31 March 2020 £000
347,251	Property, Plant & Equipment	14	358,091
216	Heritage Assets	40	216
70,352	Investment Property	15	93,403
461	Intangible Assets	16	259
332	Long Term Debtors	18	332
<b>418,612</b>	<b>Long Term Assets</b>		<b>452,300</b>
6,500	Short Term Investments	17	0
47	Inventories	-	64
6,262	Short Term Debtors	18	5,280
10,887	Cash and Cash Equivalents	19	16,135
<b>23,696</b>	<b>Current Assets</b>		<b>21,480</b>
(19,700)	Short Term Borrowing	17	(19,700)
(12,720)	Short Term Creditors	20	(8,718)
(634)	Provisions	21	(795)
<b>(33,054)</b>	<b>Current Liabilities</b>		<b>(29,213)</b>
(2,103)	Long term Finance Lease	34	(1,819)
(102,639)	Long Term Borrowing	17	(110,008)
(48,133)	Net Pensions Liability	36	(38,312)
(3,215)	Grants receipts in Advance	32	(4,491)
<b>(156,090)</b>	<b>Long Term Liabilities</b>		<b>(154,630)</b>
<b>253,165</b>	<b>Net Assets</b>		<b>289,936</b>
36,622	Useable Reserves	22	40,667
216,543	Unusable Reserves	23	249,269
<b>253,165</b>	<b>Total Reserves</b>		<b>289,936</b>

I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

**Janice Gotts**

**Executive Director of Finance (Section 151 Officer)**

**North Northamptonshire Council**

## Cash Flow Statement

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

2018/19 £000		2019/20 £000
<b>(2,369)</b>	<b>Net Surplus / (Deficit) on the provision of services</b>	<b>(14,604)</b>
(9,449)	Adj's to net surplus/deficit on provision of services for non-cash movements	(1,736)
(5,685)	Adj's for items included in the net surplus or deficit on the provision of services that are investing and financing activities	5,751
<b>(17,504)</b>	<b>Net cash flows from Operating Activities (Note 24)</b>	<b>(10,589)</b>
6,603	Investing Activities (Note 25)	12,710
7,562	Financing Activities (Note 26)	(7,369)
<b>(3,340)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(5,248)</b>
(7,548)	Cash and cash equivalents at the beginning of the reporting period	(10,887)
<b>(10,887)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(16,135)</b>

## **Note 1. Accounting Policies**

### **Accounting Policies in respect of Concepts and Principles**

#### **General Principles**

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020 it has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20. It also complies with guidance notes issued by CIPFA on the application of accounting standards (Standard Statements of Accounting Practice and Financial Reporting Standards) to local authority accounts.

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

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

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

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

#### **Going Concern: Local Government Reform in Northamptonshire**

##### **Basis of preparation**

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

The functions and services of Corby Borough Council transferred to North Northamptonshire Council on 1st April 2021 in accordance with The Northamptonshire Structural Changes Order 2020 (Statutory Instrument 2020 No 156 Establishing the Financial Baseline for North Northamptonshire).

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

- 2020/21 Budget
- Balance sheet (including reserves and balances)
- Capital Programme
- Dedicated Schools Grant
- Public Health Grant.

The disaggregation work was overseen by a member led task and finish group which was supported by relevant senior officers including the Chief Financial Officer.

The budget formulation work was overseen by a separate member led task and finish group, as well as the shadow executive, which again were supported by senior officers.



A critical piece of work was to disaggregate the County Council budget and balance sheet to provide an indicative baseline of what the costs, assets and liabilities are of providing County Council services in 2020/21 had there been a split between the West and the North. The disaggregation was based on a number of agreed principles and provides for what the cost of services should be as a starting position for the West and North. A summary of these key principles is set out in the table below.

<b>Revenue and Capital Disaggregation</b>	<b>Balance Sheet Disaggregation</b>
Place of ordinary residence Geographical location requirement Population Funding formulae Staff numbers	Geographical location Link to capital programme/capital financing Cost drivers Link to service disaggregation Caretaker authority District/Borough areas

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

*North Northamptonshire Budget 2021/22 and Medium-Term Financial Plans*

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

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

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

- safe and legal service provision,
- a balanced net revenue budget of £293m,
- Covid-19 pressures of £17m,
- a contingency of £6m,
- a 4-year capital investment programme (including HRA) of £219m (funded by £43m of borrowing),
- an Affordable Borrowing Limit of £824m for 2021/22
- general fund reserves of £22m (equivalent of 7.5% of net revenue budget) and earmarked reserves of £124m, including £20m of HRA reserves, at 1st April 2021.

In addition, the forecast liquidity position the new council inherited is positive, on 31st March 2021 the level of cash and investment held by sovereign councils which transferred to North Northamptonshire was around £156m. The forecast cash position 12 months from signing the accounts (end of April 22) is estimated to be positive the estimated level of cash is estimated to be £90m. The principles for the disaggregation of Northamptonshire County Council's loan portfolio between North Northamptonshire and West Northamptonshire has been agreed in principle and remains subject to final sign off. The cashflow forecast assumes loans amounting to around £37m are repaid during 2021/22 and aren't refinanced. The Councils estimated level of external borrowing over the next 12 months is significantly less than the affordable borrowing limit.

The forecast available reserves as at the end of April 2022 remain consistent to those reported to the Shadow Authority at its meeting on 25th February 2021 the estimated reserves as at March 2022 are £98.1m and £95.6m at March 2023.

In November 2020 the Northamptonshire Children's Trust was established. This follows Northamptonshire County Council being issued statutory directions from the Department for Education which required the Council to voluntarily establish a Children's Trust. The Children's Trust is a wholly owned and 'compliant company to perform specified children's social care functions on behalf of the Council in Northamptonshire with the statutory responsibility for children's services retained by the Council. The Trust was established as a company limited by guarantee on 1st November 2020 and is a wholly owned subsidiary of the Northamptonshire County Council, who are responsible for its underwriting liabilities. From 1st April the ownership and responsibilities of the Trust transferred to North and West Northamptonshire Council's. The Trust operates as a separate entity in its own right and within the terms of the contractual agreement.

#### *Key Risks and Uncertainties*

The financial position of the new council includes a number of risks and uncertainties. These include the impact of Covid 19 on services provision and the economy, potential changes to government funding arising from the Fair Funding, Business Rates Retention and New Homes Bonus reviews from 2022/23 agreement between North and West on the areas of disaggregation outstanding in relation to the balance sheet, the completion of the predecessor council's 2020/21 external audit process and the inherent risks of establishing a new organisation. These risks are actively being monitored, managed and mitigated.

#### *Further Information*

For more information on the North Northamptonshire Council budget refer to the budget report approved by Shadow Authority on 25th February 2021 at the following web link:

<https://cmis.northamptonshire.gov.uk/cmis5live/MeetingsCalendar/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/3662/Committee/456/Default.aspx>

#### *Conclusion*

Having regard to the Code and its reporting requirements the Council concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of approval of the financial statements. This is based on the financial and liquidity position of North Northamptonshire Council, taking into account the balanced budget, positive assurance by North Northamptonshire Council's Chief Finance Officer on the robustness of budget estimates and adequacy of reserves of the new council and cash and investment balances of £90m at 30 April 2022.

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

#### **a) Accruals of Income and Expenditure**

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a delay between the date supplies are received and their consumption, they are carried as inventory on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

## **b) Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the investment date and that are readily convertible to cash with insignificant risk of change in value.

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

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

### *Non Domestic Rates (NDR)*

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

### *Council Tax*

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

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

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

## **d) Contingent Liabilities and Assets**

A contingent liability shall be disclosed where a liability exists but a reliable estimate cannot be made. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. A provision is recognised in the financial statements of the period in which the change in probability occurs.

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

## **e) Post Employment Benefits**

### *Local Government Pension Scheme*

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

- Liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate
- The assets of the scheme attributable to the Council are included at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

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

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

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

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

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

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

#### *Termination benefits*

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

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

#### *Short-term employee benefits*

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

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

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

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

**g) Exceptional Items**

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

**h) Financial Instruments**

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

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

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

Financial assets are classified into two types:

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

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

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

*Loans and receivables*

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

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

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

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

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

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

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

#### *Available for sale financial assets*

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

*Financial liabilities are initially recognised at fair value.*

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

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

#### *Other financial liabilities*

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

Interest is recognised using the effective interest method.

#### *Financial Instruments – Risks*

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

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

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

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

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

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

In addition, the Council has adopted the CIPFA Prudential Code and reviews and monitors the level of exposure to investments which mature beyond one year and the use of specified and non-specified investments. The Authority has actual borrowing in 2016/17, which has currently been assessed as affordable under the prudential code.

#### **i) Government Grants and Contributions**

Applications for grant support are made to Government departments and other organisations such as the European Union and the lottery boards, whenever the opportunity becomes available.

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

#### **j) Intangible Assets**

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

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

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

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

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

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

#### **k) Inventories**

General Inventory is shown on the Balance Sheet at actual cost basis. This does not accord with the Code of Practice which recommends that inventory is carried at the lower of cost and net realisable value. Cost is the price paid less any rebates, trade discounts or subsidies. It also includes delivery charges and import duties but does not include value added taxes or advertising and administration costs. The amounts involved are not material. The general inventory held by the Council ranges from IT consumables to souvenirs and maps, and, therefore, there is little or no wastage. As a result, the Council does not maintain a provision for obsolete inventory. Cost is based on the first-in, first-out (FIFO) principle.

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

## **l) Investment Properties**

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

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

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

## **m) Leases**

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

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

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

### *The Authority as Lessee*

#### *Finance Leases*

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

Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

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

#### *Operating Leases*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

### *The Authority as Lessor*

#### *Finance Leases*

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or



Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. (When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve).

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

#### *Operating Leases*

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

#### **n) Assets Held for Sale**

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

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

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

#### **o) Property, Plant & Equipment**

##### *Recognition*

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

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

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

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

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

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

*Measurement*

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

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

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. [Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.]

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

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

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

*Impairment*

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

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

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

Where an impairment loss is charged to the Comprehensive Income and Expenditure Statement but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

*Disposals*

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

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

*Depreciation*

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

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

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

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

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

*Asset under Construction*

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

**p) Heritage assets**

*Recognition*

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

*Measurement*

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

### *Civic Regalia, Paintings and Statues*

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

### *Heritage Centres*

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

### *Other Artefacts*

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

### *Impairment*

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment.

## **q) Provisions**

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

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

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

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

## **r) Reserves**

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

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

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

## **s) Revenue Expenditure funded from Capital under Statute**

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

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

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

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax.

#### **t) Value Added Tax**

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

#### **u) Joint arrangements**

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

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

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

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

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

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

#### **w) Fair value measurement of non-financial assets**

##### *Fair Valuation*

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

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

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

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

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

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

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 has introduced some changes to the accounting policies which will be required from 1 April 2020 and will be adopted by the Council from this date.

The changes are related to:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

The first two changes will not impact on the Council and it is unlikely that the last change will have any material impact on the Council's future Statement of Accounts.

Implementation of IFRS 16 (Leases) has been deferred to the 2021/22 Code of Practice. IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (with exemptions for low-value and short-term leases).

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

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

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

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

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

The items in the Council's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment,	The valuations have been provided amidst the economic uncertainty created as a result of the Novel Coronavirus (COVID-19) and thus valuations have been reported subject to a Material Valuation Uncertainty clause. The inclusion of the 'material valuation uncertainty' declaration however, does not mean that the valuation cannot be relied upon, rather that the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.	If market conditions are impacted by the COVID-19 pandemic, for every 1% change in value, would be equal to a change in the net assets of the Council of £3.5m
Investment Properties	The valuations have been provided amidst the economic uncertainty created as a result of the Novel Coronavirus (COVID-19) and thus valuations have been reported subject to a Material Valuation Uncertainty clause. The inclusion of the 'material valuation uncertainty' declaration however, does not mean that the valuation cannot be relied upon, rather that the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case.	If market conditions are impacted by the COVID-19 pandemic, for every 1% change in value, would be equal to a change in the net assets of the Council of £0.7m.
Pensions Liability	Estimations of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. This information is provided to the authority by the actuaries.	The effects on the net pensions liability of changes in individual assumptions can be measured, these changes are detailed within Note36.

## **Note 5. Material Items of Income and Expenditure**

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e. extraordinary). During 2019/20 no such items of income or expenditure were incurred (2018/19; nil).

## **Note 6. Events after the Balance Sheet Date**

The draft Statement of Accounts was authorised for issue by the Council's appointed (delegated) statutory Finance Officer on 24<sup>th</sup> Sept 2021 and was done so after due consideration to any post balance sheet events at that point in time.

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

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

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



	2019/20					Net Expenditure in the Comprehensive Income and Expenditure Statement £000
	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis			Total Adjustments £000	
		Adjustments for Capital Purposes (Note A) £000	Net change for the Pensions Adjustments (Note B) £000	Other Differences (Note C) £000		
Chief Executive	1,329	0	38	0	38	1,367
Neighbourhood pride	525	24	48	0	72	598
Planning & Environmental services	5,939	436	88	0	524	6,463
Culture & Leisure	3,546	540	194	0	734	4,280
Corporate Services	1,088	122	199	0	321	1,408
CB property	(781)	129	64	0	193	(587)
Human resources	24	0	21	0	21	45
Housing Revenue account (HRA)	(3,142)	(963)	450	0	(513)	(3,654)
Other	456	0	5	0	5	460
<b>Cost of Services</b>	<b>8,984</b>	<b>288</b>	<b>1,108</b>	<b>0</b>	<b>1,396</b>	<b>10,380</b>
Other income and expenditure	(12,656)	(14,736)	999	1,409	(12,328)	(24,984)
<b>(Surplus) or Deficit</b>	<b>(3,672)</b>	<b>(14,448)</b>	<b>2,107</b>	<b>1,409</b>	<b>(10,932)</b>	<b>(14,604)</b>
<b>Opening General Fund and HRA Balances (Includes Earmarked Res)</b>	<b>(27,939)</b>					
Surplus/(Deficit) on General Fund in Year	(3,672)					
<b>Closing General Fund and HRA Bal</b>	<b>(31,611)</b>					

	2018/19					Net Expenditure in the Comprehensive Income and Expenditure Statement £000
	Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis			Total Adjustments £000	
		Adjustments for Capital Purposes (Note A) £000	Net change for the Pensions Adjustments (Note B) £000	Other Differences (Note C) £000		
Chief Executive	1,276	0	6	31	37	1,313
Neighbourhood pride	556	24	41	(110)	(45)	512
Planning & Environmental services	5,564	78	82	(328)	(168)	5,396
Culture & Leisure	3,551	(1,045)	159	(526)	(1,412)	2,138
Corporate Services	1,403	772	(78)	(550)	144	1,547
CB property	(4,930)	(2,717)	12	6,637	3,932	(998)
Human resources	80	0	4	(76)	(72)	8
Housing Revenue Account (HRA)	(83)	(811)	344	(3,139)	(3,606)	(3,690)
Other	2,201	0	603	(1,884)	(1,218)	919
<b>Cost of Services</b>	<b>9,620</b>	<b>(3,699)</b>	<b>1,173</b>	<b>55</b>	<b>(2,471)</b>	<b>7,149</b>
Other income and expenditure	(8,739)	1,833	1,123	(3,736)	(780)	(9,518)
<b>(Surplus) or Deficit</b>	<b>881</b>	<b>(1,866)</b>	<b>2,296</b>	<b>(3,681)</b>	<b>(3,251)</b>	<b>(2,369)</b>
<b>Opening General and HRA Fund Balances (Includes Earmarked Res)</b>	<b>(29,102)</b>					
Surplus/(Deficit) on General Fund in Year	881					
<b>Closing General and HRA Fund Bal</b>	<b>(28,221)</b>					

## Notes to the EFA

### *NoteA Adjustments for Capital Purposes*

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

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

### *NoteB Net Change for the Pensions Adjustment*

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

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

### *NoteC Other Differences*

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

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

## Note 8. Expenditure and Income Analysed by Nature

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

2018/19		2019/20
£000s		£000s
	<b>Expenditure</b>	
18,270	Employee Benefits expenses	18,378
31,056	Other services expenses	24,311
445	Support services recharges	5,021
5,211	Depreciation, amortisation, impairment	5,778
3,582	Interest Payments	3,595
10,662	Precepts and levies	11,289
84	Loss on disposal of assets	0
407	Payments to Housing Capital Receipts Pool	406
1,123	Pension Interest Costs	1,168
0	Transfer to collection fund	0
<b>70,842</b>	<b>Total Expenditure</b>	<b>69,947</b>
	<b>Income</b>	
(33,891)	Fees, charges and other services income	(29,402)
(330)	Interest and investment income	(319)
(18,563)	Income from council tax, non-domestic rates	(19,029)
(17,952)	Government grants and contributions	(15,479)
(120)	Gain on the disposal of assets	(1,358)
2,432	Depreciation, amortisation, impairment	(0)
(4,732)	Support Services Recharges	(0)
(3,057)	Inc/Exp and change in Fair Value of Inv. Properties	(18,964)
<b>(73,211)</b>	<b>Total Income</b>	<b>(84,550)</b>
<b>(2,369)</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>(14,604)</b>

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

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

### **General Fund Balance**

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

### **Housing Revenue Account (HRA) Balance**

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

### **Major Repairs Reserve**

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

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied Reserve**

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

## 2019/20

	GF £000	HRA £000	MRR £000	CRR £000	CGU £000	Unusable £000
<b>Adj involving Cap Adj Account:</b>						
Charges deprec & impair non-current assets	2,244	3,299	0	0	0	(5,544)
Revaluation on non-current assets	0	0	0	0	0	0
Movements in the market value of inv prop	(14,736)	0	0	0	0	14,736
Amortisation of intangible fixed assets	83	152	0	0	0	(235)
Capital grants and contributions applied	0	0	0	0	0	0
REFCUS	0	0	0	0	0	0
Non-current assets w/o on disposal to CIES	489	3,801	0	0	0	(4,291)
<b>Insertion of items not dr/cr to CIES</b>						
Statutory prov for financing of capital investment	(1,655)	0	0	0	0	1,655
Capital exp charged against the GF & HRA bals	0	0	0	0	0	0
<b>Adj involving Cap Grants Unapplied A/c:</b>						
Capital grants & contr unapplied cr to CIES	26	0	0	0	(26)	0
App of grants to cap fin transferred to CAA	0	0	0	0	0	0
Repayment of grant	644	0	0	0	(644)	0
<b>Adj involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds cr as part of the gain/loss on disposal to the CIES	(885)	(4,866)	0	5,751	0	0
Asset sales admin costs	(102)	102	0	0	0	0
Used to finance new capital expenditure	0	0	0	(5,023)	0	5,023
Contr to fin payments to govt cap receipts pool	406	0	0	(406)	0	0
<b>Adj involving the Major Repairs Reserve:</b>						
Reversal of MRA credited to the HRA	0	(3,451)	3,451	0	0	0
Used to finance new capital expenditure	0	0	(2,726)	0	0	2,726
<b>CAPITAL TOTAL</b>	<b>(13,486)</b>	<b>(963)</b>	<b>725</b>	<b>321</b>	<b>(669)</b>	<b>14,072</b>
<b>Adj involving the Pensions Reserve:</b>						
Rev of items relating to retirement benefits dr/cr to the CIES	2,625	2,834	0	0	0	(5,459)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,612)	(1,740)	0	0	0	3,352
<b>Adj involving the Coll. Fund Adj A/c:</b>						
Amount by which Cou. tax & NNDR income cr to the CIES is diff from the amount taken to the GF in accordance with statutory requirements	1,409	0	0	0	0	(1,409)
<b>Adj involving the Acc. Absence Adj A/c:</b>						
Amount by which officer remun charged to the CIES on an accruals basis diff from remun chargeable in year in accordance with stat req	0	0	0	0	0	0
<b>PENSIONS AND OTHER TOTAL</b>	<b>2,422</b>	<b>1,094</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,516)</b>
<b>TOTAL ADJUSTMENTS</b>	<b>(11,063)</b>	<b>131</b>	<b>725</b>	<b>321</b>	<b>(669)</b>	<b>10,556</b>

## 2018/19

	GF £000	HRA £000	MRR £000	CRR £000	CGU £000	Unusable £000
<b>Adj involving Cap Adj Account:</b>						
Charges deprec & impair non-current assets	2,208	3,928	0	0	0	(6,136)
Revaluation on non-current assets	(1,696)	0	0	0	0	1,696
Movements in the market value of inv prop	435	0	0	0	0	(435)
Amortisation of intangible fixed assets	129	0	0	0	0	(129)
Capital grants and contributions applied	(688)	0	0	0	0	688
REFCUS	688	0	0	0	0	(688)
Non-current assets w/o on disposal to CIES	3,152	2,020	0	0	0	(5,172)
<b>Insertion of items not dr/cr to CIES</b>						
Statutory prov for financing of capital investment	(1,338)	0	0	0	0	1,338
Capital exp charged against the GF & HRA bals	(614)	(812)	0	1,426	0	0
<b>Adj involving Cap Grants Unapplied A/c:</b>						
Capital grants & contr unapplied cr to CIES	(886)	0	0	0	886	0
App of grants to cap fin transferred to CAA	(84)	0	0	0	(1,062)	1,146
<b>Adj involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds cr as part of the gain/loss on disposal to the CIES	(2,174)	(3,104)	0	5,278	0	0
Used to finance new capital expenditure	0	0	0	(4,951)	0	4,951
Contr to fin payments to govt cap receipts pool	611	132	0	(743)	0	0
<b>Adj involving the Major Repairs Reserve:</b>						
Reversal of MRA credited to the HRA	0	(4,053)	4,053	0	0	0
Used to finance new capital expenditure	0	0	(4,715)	0	0	4,715
<b>CAPITAL TOTAL</b>	<b>(257)</b>	<b>(1,889)</b>	<b>(662)</b>	<b>1,010</b>	<b>(176)</b>	<b>1,974</b>
<b>Adj involving the Pensions Reserve:</b>						
Rev of items relating to retirement benefits dr/cr to the CIES	2,998	2,575	0	0	0	(5,573)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,598)	(1,679)	0	0	0	3,277
<b>Adj involving the Coll. Fund Adj A/c:</b>						
Amount by which Cou. tax & NNDR income cr to the CIES is diff from the amount taken to the GF in accordance with statutory requirements	(3,680)	0	0	0	0	3,680
<b>Adj involving the Acc. Absence Adj A/c:</b>						
Amount by which officer remun charged to the CIES on an accrual's basis diff from remun chargeable in year in accordance with stat req	0	0	0	0	0	0
<b>PENSIONS AND OTHER TOTAL</b>	<b>(2,280)</b>	<b>896</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,384</b>
<b>TOTAL ADJUSTMENTS</b>	<b>(2,537)</b>	<b>(993)</b>	<b>(662)</b>	<b>1,010</b>	<b>(176)</b>	<b>3,358</b>

## Note 10. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts transferred back from earmarked reserves to meet General Fund expenditure (either revenue expenditure or direct revenue financing of capital).

	Bal 31.3.18 £000	Trans in £000	Trans out £000	Bal 31.3.19 £000	Trans in £000	Trans out £000	Bal 31.3.20 £000
Medium Term Funding	4,730	212	(2,333)	2,608	0	(5)	2,603
Future Interest rate	1,000	0	(0)	1,000	0	(0)	1,000
CBC Properties	200	0	(0)	200	0	(0)	200
Cube Sinking Fund	396	35	(20)	410	16	(0)	426
General Fund Rev Carry Forwards	656	536	(655)	537	2	(0)	539
Oakley Vale Bus Contribution	95	0	(0)	95	0	(0)	95
Loss of Rental	700	0	(0)	700	0	(0)	700
Business Rates Growth & Retention	2,735	2,768	(1,835)	3,667	0	(1)	3,666
Cube Repairs	504	0	(9)	494	0	(0)	494
Future Pool	354	0	(161)	193	0	(3)	190
Other Building Repairs - C&L Properties	300	0	(14)	286	0	(0)	286
Corby Innovation Hub	200	0	(200)	0	0	(0)	0
Other Building Repairs	472	0	(161)	311	0	(0)	311
New Homes Bonus	3,000	0	(0)	2,999	0	(1,900)	1,098
LG re-org	0	0	(0)	0	1,900	(0)	1,900
Revenue Grant	366	113	(7)	472	5	(0)	477
<b>General Fund Total</b>	<b>15,708</b>	<b>3,663</b>	<b>(5,394)</b>	<b>13,972</b>	<b>1,924</b>	<b>(1,910)</b>	<b>13,986</b>
HRA Solar FITs	2	0	(0)	2	0	(0)	2
Hou Prop Sinking	55	0	(0)	55	0	(0)	55
HRA Rev Carry Forwards	25	0	(25)	0	0	(0)	0
HRA Debt management	4,900	1,500	(0)	6,400	1,500	(0)	7,900
Housing Stock	4,214	0	(812)	3,401	0	(0)	3,401
<b>HRA Total</b>	<b>9,196</b>	<b>1,500</b>	<b>(837)</b>	<b>9,859</b>	<b>1,500</b>	<b>(0)</b>	<b>11,358</b>
<b>Total Earmarked</b>	<b>24,904</b>	<b>5,164</b>	<b>(6,232)</b>	<b>23,831</b>	<b>3,424</b>	<b>(1,912)</b>	<b>25,344</b>



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

### **Note 11. Other Operating Exp. included in the CIES**

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
(867)	(Gains)/losses on the disposal of non-current assets	(1,358)
407	Contribution to Housing Pooled Capital receipts	406
154	Parish Council precepts	175
<b>(305)</b>	<b>Total</b>	<b>(777)</b>

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

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
(330)	Interest and Investment income	(319)
3,589	Interest payable and similar charges	3,595
(3,057)	Income and expenditure in relation to inv prop and changes in their fair value	(18,964)
832	Loss/ (gain) on the disposal on investment properties	0
1,116	Pensions interest cost and expected return on pension assets	1,168
<b>2,150</b>	<b>Total</b>	<b>(14,519)</b>

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

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
(1,743)	Central Government grant	(1,773)
(3,768)	Council Tax income	(3,888)
(886)	Capital Grants and contributions	(0)
(1,463)	Collection Fund (surplus) / deficit	210
(13,332)	Retained business rates	(14,460)
9,895	Tariff payment	10,559
517	Levy payment	555
97	Small business rate relief grant (S.31)	(891)
(390)	Revenue Support Grant	(0)
<b>(11,073)</b>	<b>Total</b>	<b>(9,688)</b>

## Note 14. Property, Plant and Equipment

Movements in 2019/20	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, & Equipment £000	Infra- structure Assets £000	Surplus Assets £000	Comm-unity Assets £000	Assets Under Const- ruction £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation</b>								
Gross B'fwd	248,090	85,186	8,564	2	2,083	5,264	5,751	<b>354,940</b>
Additions	2,726	927	1,973	6	0	387	3,931	<b>9,951</b>
Revaluation to Reval Reserve	3,614	6,628	0	0	0	0	0	<b>10,242</b>
Revaluation to CIES	0	0	0	0	0	0	0	<b>0</b>
Disposals	(3,801)	(0)	(0)	(8)	(0)	(0)	(0)	<b>(3,809)</b>
Other de-recognition	(3,247)	(0)	(0)	(0)	(0)	(0)	(0)	<b>(3,247)</b>
Reclassifications	2,799	0	2,002	0	0	(2,002)	(2,799)	<b>0</b>
Reclassified Assets held for sale	0	0	0	0	0	0	0	<b>0</b>
<b>Gross C'fwd</b>	<b>250,180</b>	<b>92,741</b>	<b>12,539</b>	<b>0</b>	<b>2,083</b>	<b>3,650</b>	<b>6,882</b>	<b>368,076</b>
<b>Depreciation</b>								
Gross B'fwd	0	(370)	(6,394)	0	0	(925)	0	<b>(7,690)</b>
Depreciation in Year	(3,247)	(1,444)	(830)	(0)	(0)	(22)	(0)	<b>(5,544)</b>
Depreciation to Reval Reserve	0	0	0	0	0	0	0	<b>0</b>
Disposal	3,247	0	0	0	0	0	0	<b>3,247</b>
Other de-recognition	0	0	(234)	0	0	234	0	<b>0</b>
<b>Gross C'fwd</b>	<b>0</b>	<b>(1,814)</b>	<b>(7,458)</b>	<b>0</b>	<b>0</b>	<b>(714)</b>	<b>0</b>	<b>(9,986)</b>
<b>Net Book Value</b>								
<b>At 31 March 2020</b>	<b>250,180</b>	<b>90,927</b>	<b>5,081</b>	<b>0</b>	<b>2,083</b>	<b>2,936</b>	<b>6,882</b>	<b>358,091</b>
<b>At 31 March 2019</b>	<b>248,090</b>	<b>84,816</b>	<b>2,170</b>	<b>2</b>	<b>2,083</b>	<b>4,339</b>	<b>5,751</b>	<b>347,251</b>

Movements in 2018/19	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, & Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Comm-unity Assets £000	Assets Under Const-ruktion £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation</b>								
Gross B'fwd	220,410	80,862	5,966	2	2,083	5,259	7,732	<b>322,315</b>
Additions	4,285	706	2,598	0	0	5	4,212	<b>11,806</b>
Revaluation to Reval Reserve	23,151	5,239	0	0	0	0	0	<b>28,390</b>
Revaluation to CIES	0	1,696	0	0	0	0	0	<b>1,696</b>
Disposals	(2,058)	(84)	0	0	0	0	0	<b>(2,142)</b>
Other de-recognition	(3,891)	(3,233)	0	0	0	0	0	<b>(7,124)</b>
Reclassifications	6,193	0	0	0	0	0	(6,193)	<b>0</b>
<b>Gross C'fwd</b>	<b>248,090</b>	<b>85,186</b>	<b>8,564</b>	<b>2</b>	<b>2,083</b>	<b>5,264</b>	<b>5,751</b>	<b>354,940</b>
<b>Depreciation</b>								
Gross B'fwd	0	(2,020)	(5,873)	0	0	(821)	0	<b>(8,714)</b>
Depreciation in Year	(3,928)	(1,583)	(521)	0	0	(104)	0	<b>(6,136)</b>
Disposal	37	0	0	0	0	0	0	<b>37</b>
Other de-recognition	3,891	3,233	0	0	0	0	0	<b>7,124</b>
<b>Gross C'fwd</b>	<b>0</b>	<b>(370)</b>	<b>(6,394)</b>	<b>0</b>	<b>0</b>	<b>(925)</b>	<b>0</b>	<b>(7,690)</b>
<b>Net Book Value</b>								
<b>At 31 March 2019</b>	<b>248,090</b>	<b>84,816</b>	<b>2,170</b>	<b>2</b>	<b>2,083</b>	<b>4,339</b>	<b>5,751</b>	<b>347,251</b>
<b>At 31 March 2018</b>	<b>220,410</b>	<b>78,842</b>	<b>93</b>	<b>2</b>	<b>2,083</b>	<b>4,438</b>	<b>7,732</b>	<b>313,599</b>

### Revaluations

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

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

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

The significant assumptions applied in estimating the fair values are:

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

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

	Council Dwell	OLB	VPE	Infra	Surplus	Comm-unity	AuC	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Carried at Historical Cost</b>	-	-	<b>12,539</b>	<b>0</b>	-	<b>3,650</b>	<b>6,882</b>	<b>23,071</b>
Valued at Fair Value as at;								
31 March 2020	250,180	84,202	-	-	-	-	-	<b>334,382</b>
31 March 2019	-	3,899	-	-	-	-	-	<b>3,899</b>
31 March 2018	-	2,920	-	-	2,083	-	-	<b>5,003</b>
31 March 2017	-	1,376	-	-	-	-	-	<b>1,376</b>
31 March 2016	-	344	-	-	-	-	-	<b>344</b>
<b>Total Cost or Valuation (31/03/2020)</b>	<b>250,180</b>	<b>92,741</b>	<b>12,539</b>	<b>0</b>	<b>2,083</b>	<b>3,650</b>	<b>6,882</b>	<b>368,076</b>

## Note 15. Investment Property

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

2018/19 £000		2019/20 £000
4,716	Rental income from investment property	5,450
(1,103)	Direct operating expenses arising from investment properties	(1,222)
<b>3,613</b>	<b>Net gain/(loss)</b>	<b>4,228</b>

### Restrictions

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

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

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

2018/19 £000		2019/20 £000
<b>73,269</b>	<b>Balance at start of the year</b>	<b>70,352</b>
332	Additions	8,796
(2,802)	Disposals	(482)
(550)	Net gain/(loss) for fair value adj	14,736
115	Net gain/(loss) for fair value adj – assets held in trust	0
(12)	Reclassifications	(0)
<b>70,352</b>	<b>Balance at end of the year</b>	<b>93,403</b>

### *Fair Value Hierarchy*

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

### *Valuation Techniques to Determine Level 2 Fair Values for investment properties*

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

### *Highest and Best Use*

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

### *Valuers*

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

## **Note 16. Intangible Assets**

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generated software.

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

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

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

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
1,040	Gross carrying amounts	1,063
(464)	Accumulated amortisation	(602)
<b>576</b>	<b>Net carrying amount at the start of the year</b>	<b>461</b>
278	Additions	32
(263)	Disposals	(0)
(129)	Amortisation for the period	(235)
<b>461</b>	<b>Net carrying amount at the end of the year</b>	<b>259</b>
1,063	Gross carrying amounts	1,095
(602)	Accumulated amortisation	(837)
<b>461</b>	<b>Net carrying amount at end of the year</b>	<b>259</b>

## Note 17. Financial Instruments

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

<b>Non-current 2018/19 £000</b>	<b>Current 2018/19 £000</b>		<b>Non-current 2019/20 £000</b>	<b>Current 2019/20 £000</b>
		<b>Investments</b>		
0	6,500	Loans, shares and receivables	0	0
		<b>Debtors</b>		
332	2,330	Loans and receivables	332	6,880
-	10,887	Cash and Cash Equivalents	-	16,135
		<b>Borrowing</b>		
(102,639)	(19,700)	Fin. liabilities at amortised cost	(110,008)	(19,700)
		<b>Creditors</b>		
-	(0)	Cash and Cash Equivalents	-	(0)
(0)	(4,201)	Fin. Liabilities at amortised cost	(0)	(6,341)
<b>(102,307)</b>	<b>(4,184)</b>	<b>TOTAL</b>	<b>(109,676)</b>	<b>(3,025)</b>

### Fair Value of Assets and Liabilities

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

<b>Carrying value 2018/19 £000</b>	<b>Fair value 2018/19 £000</b>		<b>Carrying value 2019/20 £000</b>	<b>Fair value 2019/20 £000</b>
(102,639)	(132,458)	Borrowing, long term via PWLB	(110,008)	(158,750)

### Gains and losses on income and expense

<b>2018/19 £000</b>	<b>2018/19 £000</b>	<b>2018/19 £000</b>		<b>2019/20 £000</b>	<b>2019/20 £000</b>	<b>2019/20 £000</b>
<b>Fin Liab at amortis- ed cost</b>	<b>Fin Asset Loans and Receiv- ables</b>	<b>Total</b>		<b>Fin Liab at amortis- ed cost</b>	<b>Fin Asset Loans and Receiv- ables</b>	<b>Total</b>
3,589	0	3,589	Interest expenses	3,595	0	3,595
<b>3,589</b>	<b>0</b>	<b>3,589</b>	<b>Total expenditure in surp/def on PoS</b>	<b>3,595</b>	<b>0</b>	<b>3,595</b>
(0)	(330)	(330)	Interest income	(0)	(319)	(319)
<b>(0)</b>	<b>(330)</b>	<b>(330)</b>	<b>Total income in surp/def on PoS</b>	<b>(0)</b>	<b>(319)</b>	<b>(319)</b>
<b>3,589</b>	<b>(330)</b>	<b>3,259</b>	<b>Net gain/(loss) for the year</b>	<b>3,595</b>	<b>(319)</b>	<b>3,277</b>

## Note 18. Debtors- short and long term

2018/19			2019/20	
Short term £000	Long term £000		Short term £000	Long term £000
441	0	Central Govt bodies	1,253	0
274	0	Other Local Authorities	177	0
13	0	NHS bodies	0	0
5,534	332	Other Entities and Individuals	7,177	332
<b>9,403</b>	<b>332</b>		<b>8,607</b>	<b>332</b>
		Less provisions for bad debts;		
(332)	-	Council tax- general	(375)	-
(245)	-	Council tax- court costs	(245)	-
(423)	-	Business rates	(623)	-
(1,344)	-	Housing (HRA)	(1,287)	-
(798)	-	Sundry debtors	(797)	-
<b>(3,141)</b>	<b>-</b>		<b>(3,327)</b>	<b>-</b>
<b>6,262</b>	<b>332</b>	<b>Total</b>	<b>5,280</b>	<b>332</b>

## Note 19. Cash and Cash Equivalents

2018/19 £000			2019/20 £000
387	Cash / (overdraft)		3,635
10,500	Short term deposits (under 3 months maturity)		12,500
<b>10,887</b>	<b>Total</b>		<b>16,135</b>

## Note 20. Creditors

2018/19			2019/20	
Short term £000	Long term £000		Short term £000	Long term £000
4,590	0	Central Govt bodies	3,016	0
1,998	0	Other Local Authorities	1,474	0
0	0	NHS bodies	1	0
6,132	0	Other Entities and Individuals	4,227	0
<b>12,720</b>	<b>0</b>	<b>Total</b>	<b>8,718</b>	<b>0</b>

## Note 21. Provisions

	Balance as at 31 March 2019 £000	Increase/(decrease) in provision £000	Utilised £000	Balance as at 31 March 2020 £000
Business rates appeal	(635)	(480)	320	(795)

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

## Note 22. Useable Reserves

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

## Note 23. Unusable Reserves

2018/19 £000		2019/20 £000
54,410	Revaluation Reserve	64,652
208,167	Capital Adjustment Account	222,239
246	Deferred Capital Receipts Account	246
(48,134)	Pensions Reserve	(38,312)
1,916	Collection Fund Adjustment Account	507
(61)	Accumulated absences Account	(61)
<b>216,544</b>	<b>Total Unusable Reserves</b>	<b>249,271</b>

### Revaluation Reserve

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

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

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

2018/19 £000	Revaluation Reserve	2019/20 £000
<b>26,021</b>	<b>Balance at 1 April</b>	<b>54,411</b>
28,390	Upward revaluation of assets	10,242
0	Downward revaluation or impairment of assets not charged to the surplus/deficit on the provision of services	0
<b>28,390</b>	<b>(Surplus) or deficit in the revaluation of non-current assets</b>	<b>10,242</b>
0	Difference between fair value depreciation and historical cost depreciation - written off to Capital Adjustment Account	0
<b>54,411</b>	<b>Balance at 31 March</b>	<b>64,653</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.



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

2018/19 £000	<b>Capital Adjustment Account</b>	2019/20 £000
<b>206,200</b>	<b>Balance at 1 April 2019</b>	<b>208,168</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(6,135)	Charges for depreciation of non-current assets	(5,544)
1,261	Revaluation losses on property, plant and equipment	0
(138)	Amortisation of intangible assets	(235)
(688)	Revenue expenditure funded from capital under statute	(0)
(5,169)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(4,291)
<b>(10,869)</b>		<b>(10,069)</b>
	<b>Capital financing applied in the year:</b>	
4,951	Use of the Capital Receipts Reserve to finance new capital expenditure	5,023
4,714	Application of Grants to finance capital expenditure	2,726
1,833	Application of grants to capital fin from capital grants unapplied account	0
1,338	Statutory prov for the fin of cap investment charged against the GF (MRP)	1,655
-	Movement in market value of Inv Prop (dr/cr to CIES)	14,736
<b>12,837</b>		<b>24,141</b>
<b>208,168</b>	<b>Balance at 31 March</b>	<b>222,240</b>

#### *Deferred Capital Receipts Reserve*

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

2018/19 £000	<b>Deferred Capital Receipts Reserve</b>	2019/20 £000
<b>246</b>	<b>Balance at 1 April</b>	<b>246</b>
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0
0	Transfer to the Capital Receipts Reserve upon receipt of cash	0
<b>246</b>	<b>Balance at 31 March</b>	<b>246</b>

#### *Pensions Reserve*

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

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

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

<b>2018/19</b>	<b>Pensions Reserve</b>	<b>2019/20</b>
<b>£000</b>		<b>£000</b>
<b>(42,644)</b>	<b>Balance at 1 April</b>	<b>(48,133)</b>
	- Adj to opening bal as per actuary 19/20 IAS19 report	124
(3,193)	Actuarial (gains) or losses on pensions assets and liabilities	11,804
(5,573)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(5,459)
3,277	Employer's pensions contributions and direct payments to pensioners payable in the year	3,352
<b>(48,133)</b>	<b>Balance at 31 March</b>	<b>(38,312)</b>

#### *Collection Fund Adjustment Account*

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

<b>2018/19</b>	<b>Collection Fund Adjustment Account</b>	<b>2019/20</b>
<b>£000</b>		<b>£000</b>
<b>(1,763)</b>	<b>Balance at 1 April</b>	<b>1,917</b>
3,680	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic income calculated for the year in accordance with statutory requirements	(1,409)
<b>1,917</b>	<b>Balance at 31 March</b>	<b>508</b>

## Note 24. Cash flow - Operating Activities

The cash flows for operating activities include the following items:

2018/19 £000		2019/20 £000
<b>(2,616)</b>	<b>Net (surplus) / deficit on the provision of services</b>	<b>(14,604)</b>
(138)	Amortisation of intangible assets	(235)
(2,733)	Charges for depreciation and impairment on non-current assets	(5,544)
688	Govt grants applied	-
4,738	Profit/Loss on disposal of assets	-
(407)	Right to Buy pooling	-
(3,900)	Increase / (decrease) in debtors	(796)
(1,681)	(Increase) / decrease in creditors	214
(249)	Contribution to provisions for bad and doubtful debt	(186)
(11)	Increase / (decrease) in inventories	17
0	Major repairs allowance (MRA)	-
(5,573)	Net charges made for retirement benefits (IAS19)	(2,107)
(3,663)	Collection Fund adjustment	-
3,277	Employer's contribution payable to the pensions fund and retirement benefits payable direct to pensioners	(3,352)
449	(Increase) / decrease in provisions	(161)
-	- Carrying value of non current assets sold	(4,291)
-	- Other non-cash items charged to net surplus/deficit on provision of services	14,703
<b>(9,202)</b>	<b>Adjustment to net (surplus) / deficit on the PoS for non-cash movements</b>	<b>(1,736)</b>
(6,015)	Interest Paid	-
330	Interest Received	-
-	Proceeds from the sale of PPE/Inv.Prop/Intangible assets	5,751
<b>(5,685)</b>	<b>Adjustment for items included in the net surplus/deficit for Prov of Services that are investing and financing activities</b>	<b>5,751</b>
<b>(17,506)</b>	<b>Net cash flows from operating activities</b>	<b>(10,589)</b>
(6,015)	Interest Paid	(3,595)
330	Interest Received	319
<b>(5,685)</b>		<b>(3,277)</b>

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

2018/19 £000		2019/20 £000
13,249	Purchase of property, plant and equipment, investment property and intangible assets	18,779
0	Purchase of short-term and long -term investments	0
0	Other payments for investing activities	0
(4,942)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,751)
0	Purchases of short and long term investments	0
(330)	Proceeds from short-term and long-term investments	(319)
(1,374)	Other receipts from investing activities	(0)
<b>6,603</b>	<b>Net cash flows from investing activities</b>	<b>12,710</b>

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

2018/19 £000		2019/20 £000
822	Cash receipts of short and long term borrowing	(8,300)
6,740	Other payments for financing activities	0
-	Repayment of short and long term borrowing	931
<b>7,562</b>	<b>Net cash flows from financing activities</b>	<b>(7,369)</b>

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

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

2018/19	£		£	2019/20
1	50,000	but less than	55,000	2

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

Remuneration of Senior Employees

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

2018/19	Salary inc allow-ances	Expenses	Benefits in kind	Comp for loss of office	Total remuneration Inc allow-ances and fees	Employer pension contri-butions	Remun-eration including pension contri-butions
Post holder	£000	£000	£000	£000	£000	£000	£000
Chief Executive	104	0	0	0	104	33	137
Head of Housing	57	0	0	0	57	18	75
Corporate Director - Resource	79	1	0	0	80	25	105
Head of Environmental Services	63	1	0	0	64	20	84
Head of Culture & Leisure	63	0	0	0	62	20	82
Head of CB Properties	59	1	0	0	61	19	80

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

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

	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	Number compulsory	Number compulsory	Number other	Number other	Cost £000	Cost £000
£0 to <£20,000	0	0	6	0	47	0
£20,000 to <£40,000	0	0	1	1	30	22
£40,000 to <£60,000	0	0	0	0	0	0
>£60,000	0	0	0	0	0	0
	0	0	7	1	77	22

## Note 29. Members' Allowances

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

2018/19		2019/20
£000		£000
132	Basic Allowances	131
2	Expenses	6
43	Special Allowances	41
<b>176</b>		<b>178</b>

## Note 30. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. A 'related party' is defined as being an Organisation with which the Council has dealings and where either officers or members of the Council have a controlling interest or influence in the activities of that organisation. Disclosure allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

### *Central Government*

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

### *Local Authorities*

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

2018/19	Payments to / (from)	2019/20
£000		£000
76	Internal Audit Services - Welland Partnership	74
63	Joint Planning Unit - Kettering Borough Council, Borough Council of Wellingborough and Northamptonshire County Council	69
300	Encor Financial Services - East Northamptonshire Council	455
25	Central Admin Unit - East Northamptonshire Council, Borough Council of Wellingborough and Daventry District Council	24

### *Officers*

No material officers' interests were reported in 2019/20.

### Assisted Organisations

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

2018/19 £000		2019/20 £000
12	Beanfield Community Association	12
9	Stephenson Way Community Association	9
11	Corby Athletics Club	24
5	Team Work Trust	55
8	Oakley Vale Community Centre	8
-	Adrenaline Alley Trustee	15
-	Hope Church, Corby	1
-	Pen Green Children's Centre	23
-	Priors Hall Community Centre	15

### Group Accounts

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

### Note 31. External Audit Related Costs

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

2018/19 £000		2019/20 £000
40	Base audit (EY)	40
5	Grant claims (KPMG for HB subsidy claim)	12
0	Other fees	0
<b>46</b>	<b>Total</b>	<b>53</b>

## Note 32. Grant Income

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

2018/19 £000		2019/20 £000
	<b>Credited to taxation and non-specific grant income;</b>	
(390)	Revenue Support Grant (RSG)	(0)
(1,743)	New Homes Bonus	(1,773)
(390)	HCA	(0)
(496)	Other Third Party Contributions	(0)
-	Business Rate Reliefs	(891)
<b>(3,019)</b>	<b>Total</b>	<b>(2,665)</b>
	<b>Credited to Services;</b>	
(13,278)	Housing Benefit- DWP	(11,877)
(208)	Housing Benefit Admin grant- DWP	(214)
(30)	Local plans and env- Env Agency	(0)
(107)	Forest co-ordinator- HCA	(101)
(28)	Electoral registration- IER	(122)
(206)	Homelessness Support grant- DCLG	(269)
(0)	New Burdens- DCLG	(8)
(666)	Disabled Facilities grant- DCLG	(518)
-	Council Tax Admin Grant- DCLG	(71)
-	Cold Weather Payment- DCLG	(5)
-	Rough Sleepers- DCLG	(146)
(82)	S106 developer contributions (private sector)	(5)
(21)	Happening project- NCC	(19)
-	NNDR cost of collection	(88)
(45)	Other	(261)
<b>(14,671)</b>	<b>Total</b>	<b>(13,706)</b>

### *Developer Contributions*

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

2018/19 £000	S106 Grants Receipts in Advance	2019/20 £000
(62)	Community safety	(83)
(854)	Community facilities	(1,197)
(2,392)	Regeneration & infrastructure	(3,108)
(107)	Parks & play areas	(102)
<b>(3,415)</b>	<b>Total</b>	<b>(4,491)</b>



### Note 33. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2018/19 £000		2019/20 £000
145,375	<b>Opening Capital Financing Requirement</b>	145,724
	<b>Capital investment;</b>	
11,806	Property, Plant and Equipment	9,951
332	Investment Property	8,796
278	Intangible Assets	32
688	Revenue Expenditure Funded from Capital Under Statute	0
<b>13,104</b>	<b>Total Expenditure</b>	<b>18,779</b>
	<b>Sources of capital finance;</b>	
(4,715)	Major Repairs Reserve	(2,726)
(4,951)	Capital Receipts	(5,023)
(1,750)	Capital Grants and Other Contributions	(0)
(1,338)	Minimum Revenue Provision	(1,655)
<b>(12,755)</b>	<b>Total sources of capital finance</b>	<b>(9,405)</b>
<b>145,724</b>	<b>Closing Capital Finance Requirement</b>	<b>155,098</b>
<b>Explanation of movements in year</b>		
2,390	Increase/(decrease) in Finance Lease	0
(1,420)	Increase in underlying borrowing (unsupported)	(9,374)
<b>970</b>	<b>Increase/(Decrease) in Underlying Need to Borrow</b>	<b>(9,374)</b>

### Note 34. Leases

*Council as Lessee*

*Operating leases*

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

The future minimum lease payments due are:

2018/19 £000		2019/20 £000
16	Not later than one year	16
19	Later than one year and not later than five years	4
<b>35</b>	<b>Total</b>	<b>20</b>

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

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

#### *Finance leases*

The Council in 2004 entered into a 10 year contract for refuse collection, at which point the refuse vehicles owned by the Council were transferred to the service provider. The contract has now been extended for a further 2 years. This contract has now ended. In February 2019, the council entered into a shared service arrangement with Kettering Borough Council to deliver the refuse collection on behalf of the council. This arrangement includes the use of vehicles, plant and equipment over a 9 year lease contract. Therefore, the use of these assets are considered to be an embedded lease and the financial statements reflect the net impact as shown below:

<b>2018/19</b>	<b>Present Value of minimum lease payments</b>	<b>2019/20</b>
<b>£000</b>		<b>£000</b>
288	Not later than one year	284
1,100	Later than one year and not later than five years	1,121
1,002	Later than five years	698
<b>2,390</b>	<b>Total</b>	<b>2,103</b>
288	Current creditors	284
2,102	Long term creditors	1,819
<b>2,390</b>	<b>Total</b>	<b>2,103</b>

#### *Council as Lessee*

The Council leases out industrial and commercial units.

The future minimum lease payments receivable are:

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
4,329	Not later than one year	4,438
14,806	Later than one year and not later than five years	15,395
23,963	Later than five years	20,134
<b>43,098</b>	<b>Total</b>	<b>39,967</b>

The minimum lease payments receivable don't include rents that are contingent on events taking place after the lease was entered into, such as adjustment following rent reviews. In 2019/20 £270k contingent rent was receivable by the Council (2018/19 £698k).

### **Note 35. Impairment Losses**

During 2019/20 the Council has recognised impairments to Property, Plant and Equipment of £ nil (2018/19; £ nil).

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

### *Participation in Pension Schemes*

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

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

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

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

### *Discretionary post-retirement benefits*

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

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

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

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

### *McCloud and GMP cases*

The McCloud case judgement found that the claimants had been treated less favourably on the grounds of age in applying reforms to the Public Sector pension schemes. An estimated McCloud judgement allowance has been added to the formal valuation results by the Actuary, so the impact continues to be included within the balance sheet at 31 March 2020 (as per the 2019 accounting approach). This allowance has been reduced to reflect the recent proposed changes to McCloud eligibility. This reduction is shown as a Past Service Gain within the profit & loss account.

An allowance for changes to GMP indexation was incorporated into the 2019 actuarial valuation results and is therefore reflected in the March 2020 year-end obligation figures for the Council. Please note the GMP indexation issue affecting public service schemes is not equivalent to the GMP equalisation issue affecting many private sector schemes (often referred to as the 'Lloyds case').

The amounts in the financial statements as at 31 March 2020 are based on the last formal valuation of the Fund which was carried out as at 31 March 2019. The underlying assets and liabilities for retirement benefits attributable to the authority at 31 March 2020 are as follows:

2018/19 £000		2019/20 £000
	<b>Cost of Services:</b>	
(3,847)	Current Service Cost	(4,471)
(603)	Past Service Cost	180
	<b>Financing and Investment Income and Expenditure:</b>	
2,110	Interest income on planned assets	2,092
(3,233)	Interest costs on defined benefit obligations	(3,260)
<b>(5,573)</b>	<b>Total post-employment benefit charged to the deficit on the provision of services</b>	<b>(5,459)</b>
	<b>Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement:</b>	
	<b>Re-measurement of net defined benefit liability comprising:</b>	
3,908	· Return on plan assets (Excluding the amount included in the net interest expense)	(9,610)
-	· Actuarial gains/(losses) arising on changes in demographic assumptions	4,210
(6,924)	· Actuarial gains and losses arising on changes in financial assumptions	9,814
(53)	· Other experience *	7,390
<b>(3,069)</b>		<b>11,804</b>
<b>(8,642)</b>	<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>6,345</b>
	<b>Movement in Reserves Statement</b>	
2,296	Reversal of net charges made to the surplus/deficit on the provision of services	2,107
(3,277)	Employer's contributions payable to the scheme	(3,352)
<b>(1,384)</b>	<b>Total Movement in Reserves Statement</b>	<b>(1,245)</b>

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

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

*Assets and Liabilities Recognised in the Balance Sheet*

<b>2018/19</b>	<b>2019/20</b>
<b>£000</b>	<b>£000</b>
87,041 Present value of the defined benefit obligation	79,282
(133,271) Fair value of Funded Liabilities	(115,974)
(1,903) Fair value of Unfunded liabilities	(1,620)
<b>(48,133) Net liability arising from defined benefit obligation</b>	<b>(38,312)</b>

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

<b>2018/19</b>	<b>2019/20</b>
<b>£000</b>	<b>£000</b>
<b>81,288 Opening fair value of scheme assets balance as at 1 April</b>	<b>87,041</b>
Adjustment to opening assets	124
	<b>87,165</b>
2,110 Interest Income	2,092
<b><i>Remeasurement gain/(loss)</i></b>	
3,784 The return on plan assets (Excluding amount included in net interest expense)	(9,610)
3,277 Contributions by the employer	3,352
605 Contributions by employees into the scheme	634
(3,890) Benefits paid	(4,221)
(133) Unfunded (Discretionary) benefits paid	(130)
<b>87,041 Closing Balance at 31 March</b>	<b>79,282</b>

*Reconciliation of fair value of scheme liabilities*

<b>31 March 2019</b>	<b>31 March 2020</b>
<b>£000</b>	<b>£000</b>
<b>123,932 Opening balance as at 1 April</b>	<b>135,174</b>
3,847 Current Service Cost	4,471
603 Past Service	(180)
3,233 Interest Cost	3,260
605 Contributions by scheme participants	634
<b><i>Remeasurement (gains) and losses:</i></b>	
0 Actuarial losses/ (gains) from changes in demographic assumptions	(4,210)
6,924 Actuarial losses / (gains) from changes in financial assumptions	(9,814)
53 Other experience (see previous page for outline)	(7,390)
(4,023) Benefits paid	(4,351)
<b>135,174 Closing balance at 31 March</b>	<b>117,594</b>

### Fair value of employers assets

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

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

2018/19 active £000	2018/19 non- active £000	2018/19 Total £000	2018/19 %		2019/20 active £000	2019/20 non- active £000	2019/20 Total £000	2019/20 %
				<b>Equity securities;</b>				
9,562	0	9,562	11	Consumer	1,968	0	1,968	2
3,353	0	3,353	4	Manufacturing	856	0	856	1
4,973	0	4,973	6	Energy & Utilities	536	0	536	1
5,426	0	5,426	6	Fin. Institutions	785	0	785	1
3,418	0	3,418	4	Health & Care	540	0	540	1
4,681	0	4,681	5	Info. Tech.	594	0	594	1
0	0	0	0	Other	0	0	0	0
				<b>Debt securities;</b>				
0	0	0	0	Corp. Bonds (inv)	0	0	0	0
0	0	0	0	C. Bonds (non-inv)	0	0	0	0
0	7,459	7,459	9	UK govt	0	8,554	8,554	11
0	0	0	0	Other	0	0	0	0
				<b>Private equity;</b>				
0	1,573	1,573	2	All (UK & o/seas)	0	1,735	1,735	2
				<b>Property;</b>				
6,892	0	6,892	8	UK	0	5,964	5,964	8
218	0	218	0	Overseas	0	410	410	1
				<b>Inv funds / unit;</b>				
30,852	0	30,852	35	Equities	0	45,509	45,509	57
6,326	0	6,326	7	Bonds	0	5,860	5,860	7
0	0	0	0	Hedge funds	0	0	0	0
0	0	0	0	Commodities	0	0	0	0
387	0	387	0	Infrastructure	0	4,762	4,762	6
0	0	0	0	Other	0	0	0	0
				<b>Derivatives;</b>				
0	0	0	0	Inflation	0	0	0	0
0	0	0	0	Interest rates	0	0	0	0
0	0	0	0	Foreign exchange	0	0	0	0
0	0	0	0	Other	0	0	0	0
2,045	0	2,045	2	<b>Cash &amp; cash equiv</b>	1,208	0	1,208	2
<b>78,134</b>	<b>9,031</b>	<b>87,164</b>	<b>100</b>	<b>TOTAL ASSETS</b>	<b>6,487</b>	<b>72,795</b>	<b>79,282</b>	<b>100</b>

### Actuarial Assumptions

Liabilities, for the purposes of IAS19, have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, longevity etc. The liabilities have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2019. The results of this valuation were projected forward using approximate methods.

2018/19	County Fund – Main Assumptions	2019/20
2.8%	Rate of increase in salaries	2.4%
2.5%	Rate of increase in pensions	1.9%
2.4%	Rate of discounting scheme liabilities	2.3%
<b>Mortality assumptions:</b>		
	Longevity at 65 for current pensioners	
22.1 years	Men	21.5
24.2 years	Women	23.7
	Longevity at 65 for future pensioners	
23.9 years	Men	22.3
26.1 years	Women	25.1

*Sensitivity analysis:*

	Approximate Increase to Employer Liability %	Approximate monetary amount £000
<b>Change in assumptions at 31st March 2020</b>		
0.5% decrease in real discount rate	9%	10,157
0.5% increase in the salary increase rate	1%	916
0.5% increase in the pension increase rate	8%	9,160

*Impact on the Council's cash flows*

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

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

It is estimated that the Council's contribution for period to 31st March 2021 will be approximately £3.222m.

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

*Further information*

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

## **Note 37. Contingent Liabilities**

As at 31 March 2020, the Council had no material contingent liabilities.

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

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

## **Note 38. Contingent Assets**

As at 31 March 2020, the Council had no material contingent assets.

## **Note 39. Nature and Extent of Risks Arising from Financial Instruments**

Fair value of assets and liabilities carried at amortised cost.

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

Financial instruments classified at amortised cost are carried in the Balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2020, using the following methods and assumptions:

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

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

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

There have not been any assets and liabilities transferred between hierarchy levels during the financial year 2019/2020.



<b>LIABILITIES</b>	<b>Fair Value Level</b>	<b>Balance Sheet 31.3.2019 £000</b>	<b>Fair Value 31.3.2019 £000</b>	<b>Balance Sheet 31.3.2020 £000</b>	<b>Fair Value 31.3.2020 £000</b>
<b>Financial Liabilities held at amortised cost:</b>					
Long term loans from PWLB	2	(102,639)	(132,459)	(110,008)	(158,750)
<b>TOTAL</b>		<b>(102,639)</b>	<b>(132,459)</b>	<b>(110,008)</b>	<b>(158,750)</b>
Liabilities for which fair value is not disclosed		(23,901)		(26,041)	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(126,540)</b>	<b>(132,459)</b>	<b>(136,049)</b>	<b>(158,750)</b>
<b>Recorded on the balance sheet as:</b>					
Short term creditors		(4,201)		(6,341)	
Short term borrowing		(19,700)		(19,700)	
<b>TOTAL SHORT TERM FINANCIAL LIABILITIES</b>		<b>(23,901)</b>		<b>(26,041)</b>	
Long term borrowing		(102,639)		(110,008)	
Other long term liabilities		(0)		(0)	
<b>TOTAL LONG TERM FINANCIAL LIABILITIES</b>		<b>(102,639)</b>		<b>(110,008)</b>	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>(126,540)</b>		<b>(136,049)</b>	

<b>ASSETS</b>	<b>Fair Value Level</b>	<b>Balance Sheet 31.3.2019 £000</b>	<b>Fair Value 31.3.2019 £000</b>	<b>Balance Sheet 31.3.2020 £000</b>	<b>Fair Value 31.3.2020 £000</b>
<b>Financial Assets held at fair value:</b>					
Short term Investment	1	6,500	6,500	0	0
<b>Financial assets held at amortised cost:</b>					
Long term loans to local organisations	2	0	0	0	0
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Assets for which fair value is not disclosed		2,662		7,212	
<b>TOTAL FINANCIAL ASSETS</b>		<b>9,162</b>		<b>7,213</b>	
<b>Recorded on the balance sheet as:</b>					
Short term debtors		2,330		6,880	
Short term investments		6,500		0	
<b>TOTAL SHORT TERM FINANCIAL ASSETS</b>		<b>8,830</b>		<b>6,880</b>	
Long term debtors		332		332	
Long term investments		0		0	
<b>TOTAL LONG TERM FINANCIAL ASSETS</b>		<b>332</b>		<b>332</b>	
<b>TOTAL FINANCIAL ASSETS</b>		<b>9,162</b>		<b>7,213</b>	

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

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

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

### **Credit Risk**

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

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

	<b>Amount (A)</b> <b>31-Mar-2020</b> <b>£'000</b>	<b>Historical</b> <b>experience of</b> <b>default (B)</b> <b>%</b>	<b>Historical experience of</b> <b>default adj for market</b> <b>conditions (C)</b> <b>%</b>	<b>Estimated max</b> <b>exposure to</b> <b>default &amp; un-</b> <b>collectability</b> <b>(A x C)</b> <b>31-Mar-2020</b> <b>£'000</b>
Sundry debtors	6,526	5%	5%	326

### **Liquidity Risk**

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

The maturity analysis of significant financial liabilities is as follows:

<b>PWLB loan repayments</b>	<b>£'000</b>
Less than 1 year	0
1 to 2 years	0
2 to 5 years	12,075
6 to 10 years	1,667
10 to 15 years	15,000
15 to 20 years	19,331
20 years +	61,936
	<b>110,088</b>

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

## **Market Risk**

### *Interest Rate Risk*

Market risk is the risk of financial loss arising from market movements, for example interest rate movements. The continued low interest rates in 2019/20 have reduced interest income received by the Council. This risk is mitigated for future years. Budgets have been set, taking low interest rates into consideration. Also interest rates are at the bottom of the cycle, which means in effect that they cannot fall much further. If current interest rates rise by 0.5% the interest payable will increase by £5k per annum for each £1m borrowed.

All borrowing and investments by the Council are at fixed interest rates, therefore a 1% increase or decrease on actual rates in 2019/20 would not have affected the Council's bottom line.

### *Price Risk*

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

### *Foreign Exchange Risk*

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

## **Note 40. Heritage Assets**

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

	<b>Statue £000</b>	<b>Civic Regalia £000</b>	<b>Paintings £000</b>	<b>TOTAL £000</b>
1 <sup>st</sup> April '18 value	116	91	9	216
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Depreciation	0	0	0	0
31 <sup>st</sup> March '19 value	116	91	9	216

### *Statue, Civic Regalia and Paintings*

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

### *Heritage Centres*

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

## Note 41. Trading Accounts

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

<b>2019/20</b>	<b>Income £000</b>	<b>Exp. £000</b>	<b>TOTAL £000</b>
<b>Commercial property</b>			
Industrial / housing development sites	(219)	66	(153)
Oakley Hay industrial estate	(168)	191	24
St Marks business centre	(63)	36	(27)
Other shops and offices	(1,220)	398	(822)
Corby Hub	(578)	467	(112)
Curver Way industrial	(1,637)	37	(1,600)
Mitchell road	(1,564)	43	(1,521)
<b>Total commercial property</b>	<b>(5,450)</b>	<b>1,237</b>	<b>(4,213)</b>
Total refuse collection (2018/19 final year)	(0)	0	0
<b>Trading with external organisations</b>			
Highways maintenance (2018/19 final year)	(0)	0	0
<b>TOTAL- all trading operations</b>	<b>(5,450)</b>	<b>1,237</b>	<b>(4,213)</b>

<b>2018/19</b>	<b>Income £000</b>	<b>Exp. £000</b>	<b>TOTAL £000</b>
<b>Commercial property</b>			
Industrial / housing development sites	(214)	63	(151)
Oakley Hay industrial estate	(164)	179	15
St Marks business centre	(79)	38	(42)
Other shops and offices	(1,194)	459	(736)
Corby Hub	(670)	274	(396)
Curver Way industrial	(1,653)	53	(1,600)
Mitchell road	(934)	36	(898)
<b>Total commercial property</b>	<b>(4,908)</b>	<b>1,101</b>	<b>(3,807)</b>
Total refuse collection	(371)	285	(87)
<b>Trading with external organisations</b>			
Highway's maintenance	(67)	67	0
<b>TOTAL- all trading operations</b>	<b>(5,346)</b>	<b>1,452</b>	<b>(3,893)</b>

## Housing Revenue Account

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

2018/19 £000		Note	2019/20 £000
	<b>INCOME</b>		
(18,308)	Dwelling rents	3	(17,924)
(91)	Non-dwelling rents		(122)
(892)	Charges for services and facilities		(915)
-	Contribution to expenditure		(80)
<b>(19,291)</b>	<b>Total Income</b>		<b>(19,041)</b>
	<b>EXPENDITURE</b>		
5,166	Repairs and Maintenance		5,279
5,545	Supervision and Management		5,736
360	Rent, Rates, Taxes and Other Charges		372
4,052	Depreciation and Impairment of Non-current Assets	5	3,451
-	Inc/(dec) provision for bad/doubtful debts		65
<b>15,123</b>	<b>Total Expenditure</b>		<b>14,902</b>
<b>(4,168)</b>	<b>Net (income)/ cost of Service</b>		<b>(4,139)</b>
479	HRA services' share of corporate and democratic core		485
<b>(3,689)</b>	<b>Net (income)/ cost of HRA service</b>		<b>(3,654)</b>
	<b>HRA share of the operating income and expenditure included in the CIES</b>		
(951)	(Gain) or loss on sale of HRA non-current assets		(963)
2,444	Interest Payable		2,444
(100)	Interest Income		(126)
578	Pen interest costs & expected return on pension assets		606
<b>1,971</b>			<b>1,962</b>
<b>(1,718)</b>	<b>Surplus) or deficit for the year on HRA Services</b>		<b>(1,693)</b>

## Movement in Housing Revenue Account Reserves

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

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

2018/19 £000		2019/20 £000
<b>3,403</b>	<b>Balance on the HRA at the end of the previous year</b>	<b>3,590</b>
-	Opening balance adjustment	(127)
<b>3,403</b>	<b>Revised opening balance</b>	<b>3,463</b>
1,718	Surplus / (deficit) for the year on the HRA Income and Expenditure Statement	1,693
(867)	Adj's between accounting basis and funding basis under statute	132
<b>851</b>	<b>Net increase or (decrease) before transfers to or from reserves</b>	<b>1,825</b>
(663)	Transfer (to) / from earmarked reserves	(1,500)
<b>188</b>	<b>Increase / (decrease) in year on the HRA</b>	<b>325</b>
<b>3,590</b>	<b>Balance on the HRA at the end of current year</b>	<b>3,788</b>
	<b>Adj. between accounting &amp; funding basis under statute</b>	
951	Gain or Loss on sale of HRA non-current assets	963
(896)	Adjustments involving the Pensions Reserve (CIES & ERs)	(1,095)
0	Transfer to/ (from) Major Repairs/Capital Reserve	0
812	Capital expenditure charged in year to HRA balances	0
<b>867</b>	<b>Net adjustment</b>	<b>(132)</b>

## Notes to the Housing Revenue Account

### Note HRA1 Housing Stock

The Council had dwellings available to let at 31st March 2020. Details of the types of dwellings and the movement of housing stock are summarised below:

	1 April 2019	Additions	Disposals	31 March 2020
Low rise flats	1,046	4	(5)	1,045
Medium rise flats	447	0	(8)	439
Houses and bungalows	3,193	4	(61)	3,136
<b>Total</b>	<b>4,686</b>	<b>8</b>	<b>(74)</b>	<b>4,620</b>

### Note HRA2 Value of Assets

The Balance Sheet values of assets are set out below:

2018/19 £'000s	Balance Sheet Value	2019/20 £'000s
<b>Operational Assets</b>		
248,519	Dwellings	250,180
190	Plant and Equipment	1,309
368	Intangible Assets	217
<b>249,078</b>		<b>251,707</b>
5,751	Assets Under Construction	6,882
8	Non-operational assets - land	8
<b>254,837</b>	<b>Total</b>	<b>258,597</b>

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

The vacant possession value of dwellings as at 31/03/2020 was £522,350k.

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

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

### Note HRA3 Rent Income - Dwellings

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

At 31 March 2020 there were 62 vacant properties This represented 1.34% of the housing stock, compared to vacant properties 0.60% at the end of the previous year.

The average rent being charged at 31 March 2020 was £82.27 a week compared to £82.70 at 31 March 2019 reflecting a 0.52% average decrease in weekly rent from 1 April 2019 (based on a 48 week rent year).

## Note HRA4 Rent Arrears – Dwellings

The amount of rent arrears, (owed by current and former tenants), as a proportion of net rent income was 5.81% at 31 March 2020 compared with 5.65% at 31 March 2019. Details of the arrears are set out below:

2018/19 £'000s	Rent Arrears	2019/20 £'000s
481	Current Tenants Arrears	475
558	Former Tenants Arrears	584
<b>1,039</b>	<b>Total</b>	<b>1,059</b>

The provision for bad and doubtful debts in respect of dwelling rent arrears amounted to £1.160m at 31 March 2020. This sum formed part of the total HRA bad debts provision of £1.287m.

## Note HRA5 Depreciation

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

2018/19 £'000s	Depreciation	2019/20 £'000s
3,928	Dwellings	3,247
60	Vehicles, Plant and Equipment	52
<b>3,988</b>		<b>3,299</b>
65	Intangible Assets	152
<b>4,053</b>	<b>Total</b>	<b>3,451</b>

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

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

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

## Note HRA6 Valuation of Non-Current Assets

The Council's Council dwellings are required to be valued each year and is currently done so by Wilkes Head and Eve on Existing Use Value (using a Beacon approach. The annual valuation was carried out as at 31st March 2020 and there was an overall revaluation gain of £3.614m (2018/19 - £23.151m) on operational HRA assets.

2018/19 £'000s	Revaluations	2019/20 £'000s
<b>23,151</b>	<b>Dwellings</b>	<b>3,614</b>



## Note HRA7 Major Repairs Reserve

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

Council dwelling depreciation is lower than MRA, therefore an adjustment is required to ensure there is no bottom-line impact on the HRA. The transactions on the MRR for 2019/20 and 2018/19 are detailed below.

2018/19 £'000s	Major Repairs Reserve	2019/20 £'000s
<b>1,011</b>	<b>Balance at 1 April</b>	<b>349</b>
3,928	Depreciation – Council Dwellings	3,247
125	Depreciation – Other Assets	204
(4,715)	Amount used to finance capital expenditure	(2,726)
<b>349</b>	<b>Balance at 31 March</b>	<b>1,074</b>

## Note HRA8 Capital Expenditure and Financing

The following capital expenditure was incurred during the year:

2018/19 £'000s		2019/20 £'000s
	<b>Capital Expenditure;</b>	
4,715	Council Dwellings	2,726
3,986	Assets under construction	3,931
263	Other Assets (VPE and Intangibles)	1,171
<b>8,964</b>	<b>Total</b>	<b>7,829</b>
	<b>Financing;</b>	
4,715	Major Repairs Reserve	2,726
2,842	Capital Receipts	5,103
0	Borrowing	0
595	Grants	0
812	Earmarked Reserves	0
<b>8,964</b>	<b>Total</b>	<b>7,829</b>

## Note HRA9 Capital Receipts

The following table shows capital receipts generated during the year:

<b>2018/19</b> <b>£'000s</b>	<b>Housing Capital Receipts</b>	<b>2019/20</b> <b>£'000s</b>
<b>4,889</b>	<b>Balance at 1 April</b>	<b>4,611</b>
2,972	Dwelling sales	4,866
(407)	Less receipts pool to the Government	-
(2,842)	Less application of useable receipts for capital financing	(5,103)
<b>(278)</b>	<b>Total in year capital receipts</b>	<b>(237)</b>
<b>4,611</b>	<b>Balance at 31 March</b>	<b>4,374</b>

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

## Note HRA10 Pensions

An adjustment of £488k was made to the HRA to take into account the current cost valuation by Hymans Robertson LLP, the Pension Fund Actuaries. The effect of these transactions neither increased nor decreased the amount to be met from rents. Full details of the Defined Benefit Pension Scheme are shown in Note 36.

## Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities, like Corby Borough Council, to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2018/19			2019/20			
Council Tax	Non-Domestic Rates	Total	Council Tax	Non-Domestic Rates	Total	
£000	£000	£000	£000	£000	£000	
<b>INCOME;</b>						
(32,434)	-	(32,434)	Council Tax payers	(35,001)	-	(35,001)
-	(36,231)	(36,231)	Business Rates	-	(37,876)	(37,876)
-	636	636	Transitional Protection Payment	-	853	853
<b>(32,434)</b>	<b>(35,595)</b>	<b>(68,029)</b>	<b>Total amounts to be credited</b>	<b>(35,001)</b>	<b>(37,023)</b>	<b>(72,024)</b>
<b>EXPENDITURE;</b>						
<b>App of prev years surp./(def.)</b>						
0	(2,859)	(2,859)	Central Government	0	1,347	1,347
70	(2,287)	(2,217)	Corby Borough Council	92	1,077	1,170
421	(572)	(151)	Northamptonshire County Council	577	269	846
75	0	75	Police and Crime Commissioner for Northamptonshire	103	0	103
-	-	-	Northamptonshire Comm Fire & Rescue	27	0	27
<b>Precepts, Demands &amp; Shares</b>						
-	16,665	16,665	Central Government	-	9,038	9,038
3,768	13,332	17,100	Corby Borough Council	3,888	14,460	18,348
23,581	3,333	26,914	Northamptonshire County Council	24,220	12,291	36,511
4,216	-	4,216	Police and Crime Commissioner for Northamptonshire	4,801	-	4,801
-	-	-	Northamptonshire Comm Fire & Rescue	1,191	362	1,552
<b>Charges to Collection Fund</b>						
314	(199)	115	Increase/ (decrease) in allowance for impairment	831	982	1,813
-	(1,124)	(1,124)	Increase/ (decrease) in allowance for appeals	-	402	402
-	88	88	Cost of Collection	-	88	88
<b>12</b>	<b>(9,217)</b>	<b>(9,205)</b>	<b>(Surplus)/Deficit for the year</b>	<b>729</b>	<b>3,294</b>	<b>4,023</b>
(1,547)	4,892	3,345	(Surplus)/Deficit Brought Fwd	(1,534)	(4,325)	(5,859)
<b>(1,534)</b>	<b>(4,325)</b>	<b>(5,859)</b>	<b>(Surplus)/Deficit Carried Fwd</b>	<b>(805)</b>	<b>(1,031)</b>	<b>(1,836)</b>

## Notes to the Collection Fund

### CF1. Council Tax

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

2018/19 Band D Equiv.	Band	Estimated number of taxable properties after discounts	Ratio	2019/20 Band D Equiv.
-	A+ disabled	39	5/9	22
8,283	A	12,411	6/9	8,274
4,624	B	6,083	7/9	4,731
3,432	C	4,075	8/9	3,622
2,836	D	2,922	9/9	2,922
1,847	E	1,602	11/9	1,958
439	F	299	13/9	432
250	G	146	15/9	243
22	H	11	18/9	22
21,733	Tax base at Band D			22,226
(2,244)	Net effect of premiums & discounts			(2,434)
(417)	Non-collection provision			(198)
<b>19,073</b>	<b>(A) Council Tax Base</b>			<b>19,594</b>
1,654.94	(B) Average tax for yr at Band D			1,740.34
<b>31,564,671</b>	<b>Tax due at start of yr (A) x (B)</b>			<b>34,100,383</b>
869,676	Net changes during the year			900,972
<b>32,434,347</b>	<b>Total Council Tax Income</b>			<b>35,001,355</b>

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

### CF2. Non Domestic Rates (NDR)

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

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

Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In 2018/19 the local share is 40%, with the remainder being distributed to Central Government (50%) and Northamptonshire County Council (10%).

For 2019/20 a local NNDR Pool was established and the rates changed to local as 40%, Central Government (25%), Northamptonshire County Council (34%) and Northamptonshire Fire & Rescue (1%). The Pool ran for 2019/20 only, proportions will return to 2018/19 levels in 2020/21.

The total non-domestic rateable value as at 31 March 2020 was £87,768,055, the equivalent figure for 31 March 2019 was £84,785,040. The National Domestic Rate multiplier for 2019/20 was 50.4p, the equivalent figure for 2018/19 was 49.3p. Small business rate multiplier rate for 2019/20 was 49.1p, the equivalent figure for 2018/19 was 48.0p.

### CF3. Collection Fund surplus/ deficit

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

2018/19 £000	Council Tax (surplus) / deficit	Movement £000	2019/20 £000
<b>(1,535)</b>	<b>(Surplus) / deficit for the year</b>	<b>729</b>	<b>(805)</b>
	<b>Proportional Shares;</b>		
(183)	Corby Borough Council	91	(92)
(1,147)	Northamptonshire County Council	574	(572)
(205)	Police and Crime Commissioner for Northamptonshire	91	(113)
-	Northamptonshire Comm Fire & Rescue	(28)	(28)
<b>(1,535)</b>	<b>Total</b>	<b>729</b>	<b>(805)</b>

2018/19 £000	NNDR (surplus) / deficit	Movement £000	2019/20 £000
<b>(4,325)</b>	<b>(Surplus) / deficit for the year</b>	<b>3,294</b>	<b>(1,031)</b>
	<b>Proportional Shares;</b>		
(1,730)	Corby Borough Council	1,318	(412)
(432)	Northamptonshire County Council	82	(350)
(2,162)	Central Government	1,905	(258)
-	Northamptonshire Comm Fire & Rescue	(10)	(10)
<b>(4,325)</b>	<b>Total</b>	<b>3,294</b>	<b>(1,031)</b>

#### CF4. Council tax/ NNDR bad debt provision

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

2018/19 £'000s	Provision for bad and doubtful debts	2019/20 £'000s
2,652	<b>Council tax opening provision</b>	2,776
(190)	Write offs in year	(213)
314	Contribution (from) / to provision	831
<b>2,776</b>	<b>Council tax closing provision</b>	<b>3,394</b>
1,268	<b>NNDR opening provision</b>	1,058
(12)	Write offs in year	(483)
(199)	Contribution (from) / to provision	982
<b>1,058</b>	<b>NNDR closing provision</b>	<b>1,556</b>
<b>3,833</b>	<b>Total Provisions</b>	<b>4,950</b>

The Collection Fund account also provides for provision for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31st March 2020.

2018/19 £'000s	NNDR appeals	2019/20 £'000s
2,710	<b>Opening provision</b>	1,587
(1,206)	Write offs in year	(800)
81	Contribution (from) / to provision	1,200
<b>1,587</b>	<b>Closing Provisions</b>	<b>1,987</b>

# Annual Governance Statement 2019/20

## Introduction

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

## Our Commitment

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

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

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

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

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

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

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

- Behaving with integrity

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

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

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

- Respecting the rule of law

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

### Ensuring openness and comprehensive stakeholder engagement;

- Openness

<b>Behaviour and actions that meet the requirements of this principle</b>	<b>This will be evidenced by:</b>
<ul style="list-style-type: none"> <li>The Council's Constitution, Forward Plan and cross-party Committee system ensures that decision-making is open and there</li> </ul>	<ul style="list-style-type: none"> <li>Forward Plan</li> </ul>



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

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

- Engaging with individual citizens and service users effectively

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

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

- Defining outcomes

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

- Sustainable economic, social and environmental benefits

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

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

- Determining interventions

Behaviour and actions that meet the requirements of this principle	This will be evidenced by:
<ul style="list-style-type: none"> <li>• The Council’s Business Planning process incorporates Business Cases for proposed projects and savings, ensuring decision makers receive objective and rigorous analysis of a variety of options for achieving outcomes, indicating how intended outcomes would be achieved and associated risks. This ensures best value is achieved, however services are provided.</li> </ul>	<ul style="list-style-type: none"> <li>• Business Plan</li> <li>• Business Cases</li> <li>• Business Plan Consultation</li> <li>• Community Impact Assessments</li> </ul>

<ul style="list-style-type: none"> <li>• The Council’s consultation ensures that decision-makers consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required, in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.</li> </ul>	
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- Planning interventions

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

- Optimise achievement of intended outcomes

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

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

- Developing the entity’s capacity

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

- Developing the capability of its leadership and other individuals

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

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

- Managing risk

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

- Managing performance

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

- Robust internal control

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

- Managing data

<b>Behaviour and actions that meet the requirements of this principle</b>	<b>This will be evidenced by:</b>
<ul style="list-style-type: none"> <li>• The Council's information governance policies and procedures ensure that effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</li> <li>• The Council has a designated Senior Information Officer (SIO) who has lead responsibility to ensure that organizational information risks are properly identified and managed.</li> <li>• The Council ensures effective arrangements are in place and operating effectively when sharing data with other bodies.</li> </ul>	<ul style="list-style-type: none"> <li>• Data Protection Policy</li> <li>• Freedom of Information/EIR Regulations Policy</li> <li>• Records Management Policy</li> <li>• Data Management Policy</li> </ul>

- Strong public financial management

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

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

- Implementing good practice in transparency

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

- Implementing good practice in reporting

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

<ul style="list-style-type: none"> <li>• The Council maintains open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.</li> </ul>	<ul style="list-style-type: none"> <li>• Committee agendas, reports and minutes</li> </ul>
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- Assurance and effective accountability

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

## Significant Governance Issues

The Council is required to report upon any significant governance issues in this statement. The Head of Internal Audit in their Annual Internal Audit Report states that:

“Based upon the work undertaken by Internal Audit during 2019/20, the Head of Internal Audit’s overall opinion is that **Satisfactory Assurance** can be given that there is generally a sound system of internal control, designed to meet the organisation’s objectives and that controls are generally operating effectively in practice.” (Audit and Governance Committee 02/09/2020)

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

This shows that the Council addresses any control weaknesses identified during audits and good progress is being made in the implementation of recommendations. 94% of all recommendations from 2019/20 which were due to be implemented have been completed during the year (83% in 2018/19).

When audits are completed they receive 2 levels of assurance. One is for design of control environment and one is for compliance. Of the 14 audits that were completed during the year there were therefore 28 levels of assurance.

- 1 received a substantial level,
- 18 received an assurance level of good,
- 9 were satisfactory and
- None were limited.

No audits received a “no assurance” rating. This is further evidence of effectiveness within our overall control environment.

## Conclusion

Overall therefore, the system of internal control has been in place for the financial year ended 31 March 2020 and procedures are in place to ensure that there is continuous improvement. It is our view that as far as possible the Council has established an acceptable level of internal control, risk management and Corporate Governance framework on which it will develop and improve. This underpins the way in which Corby Borough Council delivers its services and relates to its communities.

Signed:

Date:

Chief Executive

Signed:

Date:

Leader of the Council



# GLOSSARY OF TERMS AND ABBREVIATIONS

## GLOSSARY OF TERMS

### **Accrual**

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

### **Actuarial Assumptions**

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

### **Amortisation**

The gradual write-off of initial costs of assets.

### **Asset**

An item having value to the Council in monetary terms.

### **Balance**

Unallocated reserves held to resource unpredictable expenditure demands.

### **Business Improvement District**

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

### **Capital Charges**

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

### **Capital Expenditure**

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

### **Capital Financing Charges**

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

### **Capital Adjustment Account**

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

### **Capital Receipts**

Income received from selling non-current assets.

### **Carrying amount**

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

### **CIPFA**

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

### **Collection Fund**

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

### **Community Infrastructure Levy**

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

### **Contingent Liabilities**

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

### **Council Tax**

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

### **Creditors**

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

### **Current Assets**

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

**Debtors**

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

**Depreciation**

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

**Earmarked Reserves**

Money set aside for a specific purpose.

**Exceptional Item**

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

**Fair Value**

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

**Finance Lease**

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

**Impairment**

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

**Impairment of Debts**

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

**Intangible Assets**

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

**Liabilities**

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

**Liquid Resources**

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

**Local Enterprise Partnership**

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

**Minimum Revenue Provision**

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

**Non Domestic Rates**

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

**Operating Leases**

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

**Precept**

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

**Prior Year Adjustments**

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

**Property, Plant and Equipment**

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

**Provisions**

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

**Reclassification**

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

**Responsible Financial Officer**

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

**Revenue Expenditure Funded from Capital under Statute**

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

**Revaluation Reserve**

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

**Revenue Expenditure**

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

**Revenue Support Grant**

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

**Safety Net**

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

**Section 106**

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

**Tariff**

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

**True and Fair View Override**

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

## **ABBREVIATIONS**

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