

Statement of accounts 2021/22



RYEDALE
DISTRICT
COUNCIL



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Narrative report

1. Introduction

The Narrative Report provides an explanation of the purpose of the primary and supplementary statements, along with key financial information, creating a link between internal financial reporting and the statutory accounts. It also provides information on the Authority, its main objectives and strategies and the principal risks that it faces. This includes commentary on how the Authority has used its resources to achieve its desired outcomes in line with its objectives and strategies.

2. Explanation of the Financial Statements

The Council's accounts for the year ended 31 March 2022 are set out on pages 13 to 89. They have been compiled using the *Code of Practice on Local Authority Accounting in the UK 2021/22* (the Code). A summary of the statements in the accounts and an explanation of their purpose is highlighted below:

- the ***Statement of Responsibilities for the Accounts*** - sets out the respective responsibilities of the Authority and the Chief Financial Officer
- the ***Movement in Reserves Statement*** - this statement shows the movement from the start of the year to the end on the different reserves held by the Authority analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. This statement shows how the movements in year of the Authority'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 Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.
- the ***Comprehensive Income and Expenditure Statement*** - 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 statutory requirements; 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. The Cost of Services on the face of the Comprehensive Income and Expenditure Statement is analysed on the basis of the organisational structure under which the Authority operates and manages its services.

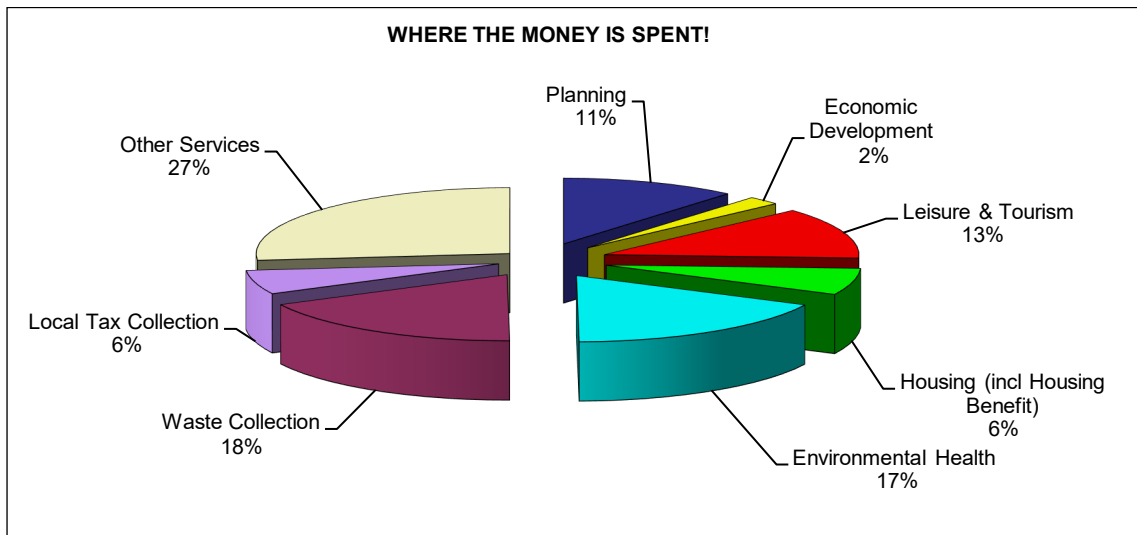
- the **Balance Sheet** - the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those that the Authority 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 is those that the Authority is not able to use to provide services. This category of reserves 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 line 'Adjustments between accounting basis and funding basis under regulations'.
- the **Cash Flow Statement** - which shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority 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 Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority'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 Authority.
- the **Expenditure & Funding Analysis** - the objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the Authority (i.e. government grants, rents, council tax and 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 services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- The **Notes to the Core Financial Statements** – these provide further details and explanation of the figures included in the core financial statements.

Supplementary statements:

- the **Collection Fund Statement** - is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.
- the **Annual Governance Statement** - which sets out the internal control framework operated by the Authority and explains how an effective system of internal financial control is maintained.

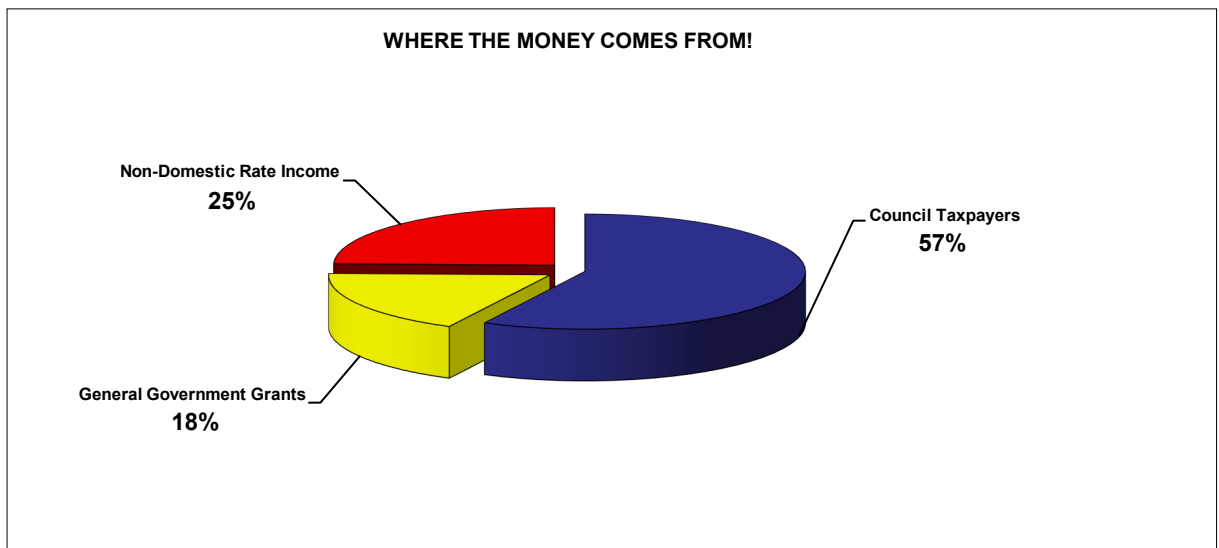
3. General Fund Revenue Expenditure in 2021/22

The net cost of the Authority's revenue activities was £10.798m, this being spent on services as summarised in the chart below:



A more detailed analysis of the Net Cost of Services is shown on pages 116 and 117 of this document.

After adjusting for the payment of parish precepts of £1.074m, the receipt of investment income (£0.055m) and the net credit from appropriations (£2.081m) the amount met from Taxation and Non-Specific Grant Income was £9.736m, which is funded as follows:



The above chart shows that, of the funding to meet the Authority's net revenue expenditure, around 57% (£5.597m) was provided by the Council Taxpayers, an additional 25% (£2.396m) from the Authority's share of Non-Domestic Rates from the Business Rates Retention Scheme, some 18% (£1.743m) from non-ringfenced general government grants such as the New Homes Bonus Scheme.

4. Revenue Budget Compared to Actual Income and Expenditure

The main components of the revenue budget for 2021/22 and how these compared with the actual expenditure are set out below:

| | Original Budget £000 | Actual £000 | Difference £000 |
|---|----------------------------|----------------|--------------------|
| Net Cost of Services | 9,532 | 10,798 | 1,266 |
| Other Operating Expenditure: | | | |
| Precepts paid to Parish Councils | 1,074 | 1,074 | - |
| Capital Receipts unattached to non-current assets | - | (55) | (55) |
| (Gains) / Losses on disposal of non-current assets | - | - | - |
| | 1,074 | 1,019 | (55) |
| Financing and Investment Income & Expenditure | | | |
| Interest Payable | 65 | 59 | (6) |
| Pensions interest cost & expected return on pension assets | 390 | 282 | (108) |
| Income from Investments | (55) | (55) | - |
| Impairment Losses on Financial Instruments | 31 | 17 | (14) |
| Income and expenditure in relation to investment properties | (2) | 50 | 52 |
| | 429 | 353 | (76) |
| Taxation & Non Specific Grant Income | | | |
| Council Precept | (5,557) | (5,557) | - |
| Collection Fund Surplus | 42 | (40) | (82) |
| Retained Business Rates | (1,813) | (2,396) | (583) |
| Revenue Support Grant | - | - | - |
| Other General Government Grants | (1,723) | (1,743) | (20) |
| | (9,051) | (9,736) | (685) |
| | | | |
| (Surplus) / Deficit on Provision of Services | 1,984 | 2,434 | 450 |
| (Surplus) / Deficit on revaluation of property, plant & equipment assets | - | (685) | (685) |
| (Surplus) / Deficit on revaluation of available for sale financial assets | - | - | - |
| Actuarial (gains) / losses on Pensions assets / liabilities | - | (5,833) | (5,833) |
| Total Comprehensive Income and Expenditure | 1,984 | (4,084) | (6,068) |
| Adjustments between accounting basis and funding basis under regulations - transfers to (+) or from (-) unusable reserves | 5,845 | 6,016 | 171 |
| Contributions to (+) or from (-) earmarked reserves | (7,829) | (1,932) | 5,897 |
| Increase/Decrease in General Fund Balance for Year | - | - | - |

In overall terms, after taking account of carry forward budgets, the Council achieved a surplus of £0.010m for the financial year when comparing budgeted (planned) expenditure with actual expenditure. The surplus for the year has been allocated to the General Reserve.

Supplementary information regarding the actual Net Cost of Services is shown at the end of this document on pages 116 and 117.

There are no material assets acquired or liabilities incurred that warrant specific disclosure and explanation.

5. Reserves

The balance of General Fund Earmarked Reserves during 2021/22 has decreased by £1.932m from £19.243m to £17.311m at 31 March 2022.

During the year, the following major transfers between reserves included:

- Major drawings were limited to a sum of £1.075m from the Capital Fund to finance the Capital Programme, £0.709m from the Collection Fund Equalisation Reserve in relation to the distribution of collection fund deficits between financial years and £0.475m from the General Reserve to cover the costs of the covid pandemic, with £0.600m from the Collection Fund Reserve and £0.233m from the Strategic Reserve being utilised to support the budget deficit as outlined in the Financial Strategy.
- Major contributions to reserves and balances included the transfer of £0.413m into the Collection Fund Reserve to mitigate against the funding risk in relation to Business Rates and £0.225m into the Pensions Reserve to offset the effect of future pension contributions, with the remaining general fund surplus of £0.010m being transferred to the General Reserve.

For further details regarding the purpose and balances of the Authority's reserves see Note 10 to the Accounts.

6. Pension Liability

The Authority participates in the Local Government Pension Scheme, administered by North Yorkshire County Council. The Pension Liability shown in the Balance Sheet decreased from £12.422m as at 31 March 2021 to £8.802m as at 31 March 2022. This decrease of £3.620m is matched by a decrease in the level of the Pension Reserve and does not represent a decrease in the Authority's cash reserves or impact on the council tax.

7. Capital Expenditure

The original capital budget for the financial year 2021/22 totalled £9.069m. The initial plans were revised to incorporate expenditure re-profiled from the previous year of £2.264m, with an additional supplementary estimate of £0.692m. This resulted in a revised total budget of £12.026m.

The total final outturn position against the capital programme was £3.312m, of which the major items relate to £0.520m and £0.251 invested in the Malton to Pickering Cycle Route and IT Infrastructure, the purchase of replacement vehicles £0.353m, renewal of LED street lighting £0.141m, along with the purchase of property used for the purpose of affordable housing £0.977m and Grants provided to Milton Rooms £0.468m.

The total number of projects re-profiled to progress in the next financial year amount to £7.564m of which the major items relate to, Property Condition Survey (£0.357m), industrial units - new development (£2.290m) Malton and Norton infrastructure (£0.350m), IT Infrastructure Strategy (£0.226m), Vehicle replacement programme (£0.286m), Community led housing fund (£0.289m), affordable housing programmes (£1.353m) and community facilities Pickering (£0.200).

Of the £3.312m capital expenditure incurred some, £0.049m was funded from Capital Receipts, £0.943m from REFCUS, £0.219 from external borrowing, with a further £0.977m being financed by section 106 contributions and Homes England Grant, and the reserve drawdown of £1.124m consists of £0.482m from Capital Fund Reserves and £0.642m from revenue reserves.

| The table below summarises the approved resources available for the 2022/23 Capital Programme and the indicative programme to 2024/25. This level of resources ensure that overall planned spending and funding are in balance. | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 |
|---|-----------------|-----------------|-----------------|
| <i>No revenue consequences</i> | | | |
| Capital receipts | 10 | | |
| Grants and Contributions | 3,108 | 1,707 | 496 |
| Council Resources | 5,177 | 2,452 | 200 |
| Total | 8,295 | 4,159 | 696 |
| <i>With revenue consequences</i> | | | |
| Prudential Borrowing | 1,022 | 80 | 40 |
| Total | 1,022 | 80 | 40 |
| | | | |
| Total | 9,317 | 4,239 | 736 |

8. Changes in Accounting Policy

There have been no significant changes in Accounting Policy for the 2021/22 Accounts.

9. Sustainability

Sustainable Procurement is a process where organisations procure their need for goods and services in a way that not only achieves value for money based on whole life costs but that also creates benefits, not only to the organisation, but also which takes into account the wider outcomes whether these are social, economic or environmental impacts that these purchases have on people and communities. This generally means improving the efficiency of public procurement, by optimising public market power to bring about major environmental and social benefits locally and globally.

Ryedale District Council is addressing this through:

- Embedding effective sustainability procurement practice within our procurement process, ensuring our procurement activity is outcome focussed with well-defined deliverables that cover environmental, social and economic issues.
- Raising awareness within the authority
- Embedding of the considerations contained within the Public Services (Social Value) Act 2012

“The Public Services (Social Value) Act 2012 places a statutory duty on authorities to consider in their procurement and commissioning processes:

- a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
- b) how, in conducting the process of procurement, it might act with a view to securing that improvement”

Ryedale District Council is committed to ensuring any secured improvement is sustained. Therefore our procurement processes seek not only to maximise Value for Money in terms of taxpayer spending and outcomes for customers, but where possible, also seek to:

- Benefit local people and organisations, including developing the third sector and SMEs in our district
- Encourage innovative approaches to social, environmental and economic issues in our district
- Deliver sustainable solutions, benefiting our communities beyond the length of a contract

Ryedale District Council declared a Climate Emergency on 10 October 2019 and made a commitment to actions to help achieve net zero emissions across Ryedale by 2050. We are doing this by delivering the Climate Change Action Plan. There are four key streams of work:

1. Building and assets: Annual assessment of the Council’s carbon dioxide emissions (scope 1-3), public building decarbonisation, LED street lighting
2. Transport and vehicles: Installation of electric vehicle charge points across Ryedale, electrification of the Council’s fleet and staff travel, local cycling and walking infrastructure projects, public transport improvements
3. Council operations: Home energy efficient measures (BEIS LAD2, LAD3 & HUG1), promotion and implementation of Ryedale Plan sustainability policies in all new development opportunities
4. Council leadership: Installation of electric vehicle charge points in rural locations, eco-tourism, circular economy projects, geothermal energy, active travel behaviour change.

Recycling performance has remained constant year on year achieving an estimated 46.0% in 2021/2022 compared to 48.3% in 2020/21. There has been a 3.2% increase in subscriptions to the garden waste collection service with 12,738 licences sold in 2021/22 compared to 12,346 licences sold in 2020/21, giving a participation rate of 49.0%. The Council is committed to recycling even more and a series of actions have been agreed, however plans to start implementation in 2021/22 were delayed due to covid-19. An additional recycling vehicle has now been purchased and revised plans to start implementation during 2022/23 include optimising household waste and recycling collection rounds and rolling out a residents’ awareness campaign.

10. Ryedale's Financial Strategy for 2021-26

In preparing the Financial Strategy for 2021/22 to 2025/26, the aim was to align to the objectives set out in the Council Plan, but also highlighting the ongoing impact of the Coronavirus pandemic on the Council. The Strategy and detailed budget was approved at Council on 18 February 2021 and it set the framework to enable the Council to determine an appropriate course of action to address the significant financial challenges.

As in the previous year, revenue budget forecasts included in the Strategy highlighted that the Council would have to continue to significantly reconfigure its future business and organisational arrangements in order to provide value for money public services, whilst facing funding reductions in the coming years. This included continuing to re-build capacity within the Council to create a structure capable of delivering sustainable transformational savings for the long term while also ensuring adequate capacity to deal with the challenges caused by the pandemic.

After consultation, the Government announced in July 2021 their decision that the current county, district and borough councils were to be replaced by a new single council for North Yorkshire in April 2023. Considerable work and resources are now being dedicated to ensuring that the new single council is safe and legal by vesting day on 1 April 2023. This means there is additional pressure on resources to deliver in the final year of Ryedale District Council. There will also be costs associated with resourcing this additional work and £500k has been set aside for this in 2022/23. In this period prior to vesting day the accounts for Ryedale District Council will continue to be constructed on a 'going concern' basis - with any services, assets and liabilities transferring to the successor authority.

The process of future planning and budgeting in 2022/23 will be for the new council but the pressures facing this Council will be relevant to the new single council which will come into existence from 1 April 2023 when Ryedale District Council will cease to exist. Therefore, the risks and pressures being faced in the medium term have been identified in the Financial Strategy agreed by Council in February 2022, which covers those issues beyond the termination of Ryedale District Council.

The major influences on the budget going forward into 2022/23 and beyond are the anticipated reductions in Government support, including the outcome of the Fair Funding Review, which has been linked to a likely Business Rates baseline reset and the continued financial impact of the changes announced to the New Homes Bonus, coupled with expenditure pressures. More recently the cost of living crisis, exacerbated by the war in Ukraine and other supply chain issues means record inflation rates are currently being experienced, exceeding estimates included within the current MTFS.

11. The Impact of Covid-19 Pandemic on the Council

2021/22 has been a challenging year for the Council as services continued to support the on-going Covid-19 measures still in place, in particular to deliver the various financial support grants and payments to businesses and residents, along with recovering from the additional service pressures created through 2020/21.

The Council approved £788k additional funding to support anticipated budget pressures arising from the on-going impact of Covid-19 throughout 2021/22, including additional resources to support community work, loss of car parking income, loss of investment income and covid secure workspaces.

The Revenue outturn position reported £651k against the approved funding, this was partially mitigated by additional new burdens funding, reducing the required drawdown from Council reserves to £474k.

Covid-19 Pandemic Risks

Whilst a significant portion of risks identified during 2020/21 and continuing through 2021/22 have either been mitigated or eliminated as the UK returns to pre-pandemic state, a number of risks are still being monitored:

- supply chain difficulties, price pressures from businesses still recovering from lockdown measures and staffing shortage due to covid related sickness;
- increased demand for services from customers and businesses;
- adverse impact upon the local economy leading to a decrease in income received from Council Tax and Business Rates;
- potential return to austerity and further reduction in funding from Central Government as a result of the impact on HM Treasury's financial position as a result of the financial support measures introduced to mitigate the effects of the impact of Covid-19 on the economy.

12. Further Information

Further information about the accounts is available from Finance, Ryedale House, Malton. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Authority's website.

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 responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer (s151);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statements of Accounts

The Chief Finance Officer (s151)'s Responsibilities

The Chief Finance Officer (s151) 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 Chief Finance Officer (s151) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code;
- kept proper accounting records which were up-to-date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Certification of the Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of Ryedale District Council as at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

| | | | |
|--|--|--------|------------------|
| Signed: | | Dated: | 25 November 2022 |
| Anton Hodge CPFA Chief Finance Officer (s151) | | | |

Approval of the Accounts

Delegated authority for the approval of this Statement of Accounts was agreed by the Policy and Resources Committee on 10 November 2022.

| | | | |
|--|--|--------|------------------|
| Signed: | | Dated: | 25 November 2022 |
| Cllr D E Keal Chair of the Policy and Resources Committee | | | |

Movement in Reserves Statement for the year ended 31 March 2022

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'Usable Reserves' (Note 26) and other 'Unusable Reserves' (Note 27).

The Movement in Reserves 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. (Further analysed in Note 9).

The net increase / decrease line shows the statutory General Fund balance movement in the year following those adjustments.

| | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | Total Usable Reserves £000 | Unusable Reserves £000 | Total Authority Reserves £000 |
|---|---------------------------------|--|--|----------------------------------|------------------------------|--|
| Balance as at 31 March 2020 | 15,788 | 456 | 75 | 16,319 | 4,884 | 21,203 |
| <u>Movement in reserves during 2020/21</u> | | | | | | |
| Total Comprehensive Income and Expenditure | (1,093) | - | - | (1,093) | 1,900 | 807 |
| Adjustments between accounting basis & funding basis under regulations (Note 9) | 4,548 | (29) | 274 | 4,793 | (4,793) | - |
| Increase / Decrease in 2020/21 | 3,455 | (29) | 274 | 3,700 | (2,893) | 807 |
| Balance as at 31 March 2021 | 19,243 | 427 | 349 | 20,019 | 1,991 | 22,010 |
| <u>Movement in reserves during 2021/22</u> | | | | | | |
| Total Comprehensive Income and Expenditure | (2,434) | - | - | (2,434) | 6,518 | 4,084 |
| Adjustments between accounting basis & funding basis under regulations (Note 9) | 502 | 31 | 195 | 728 | (728) | - |
| Increase / Decrease in 2021/22 | (1,932) | 31 | 195 | (1,706) | 5,790 | 4,084 |
| Balance as at 31 March 2022 | 17,311 | 458 | 544 | 18,313 | 7,781 | 26,094 |

Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

| 2020/21 | | | | 2021/22 | | |
|-------------------|---------------|-----------------|---|-------------------|---------------|-----------------|
| Gross Expenditure | Gross Income | Net Expenditure | | Gross Expenditure | Gross Income | Net Expenditure |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| | | | Policy and Resources Committee | | | |
| 1,822 | 766 | 1,056 | Central Services to the Public | 1,973 | 573 | 1,400 |
| 893 | 35 | 858 | Cultural and Related Services | 1,957 | 602 | 1,355 |
| 5,853 | 2,047 | 3,806 | Environmental and Regulatory Services | 6,233 | 2,434 | 3,799 |
| 4,849 | 3,486 | 1,363 | Planning Services | 2,833 | 1,400 | 1,433 |
| 409 | 467 | (58) | Highways and Transport Services | 392 | 882 | (490) |
| 10,745 | 9,496 | 1,249 | Housing Services | 10,617 | 9,915 | 702 |
| 2,028 | 30 | 1,998 | Corporate and Democratic Core | 2,508 | 36 | 2,472 |
| 55 | 2 | 53 | Other Corporate and Non Distributed Costs | 128 | 1 | 127 |
| 26,654 | 16,329 | 10,325 | COST OF SERVICES | 26,641 | 15,843 | 10,798 |
| 1,093 | 5 | 1,088 | Other Operating Expenditure (Note 11) | 1,074 | 55 | 1,019 |
| 613 | 362 | 251 | Financing and Investment Income and Expenditure (Note 12) | 618 | 265 | 353 |
| - | - | - | (Surplus) or Deficit of Discontinued Operations | - | - | - |
| 6,282 | 16,853 | (10,571) | Taxation and Non-Specific Grant Income (Note 13) | 6,213 | 15,949 | (9,736) |
| | | 1,093 | (SURPLUS) OR DEFICIT ON PROVISION OF SERVICES | | | 2,434 |
| | | 35 | (Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets | | | (685) |
| | | - | Impairment Losses on Non Current Assets Charged to the Revaluation Reserve | | | - |
| | | - | (Surplus) or Deficit on Revaluation of Available for Sale Financial Assets | | | - |
| | | (1,935) | Actuarial (Gains) / Losses on Pension Assets / Liabilities | | | (5,833) |
| | | (1,900) | OTHER COMPREHENSIVE INCOME & EXPENDITURE | | | (6,518) |
| | | (807) | TOTAL COMPREHENSIVE INCOME & EXPENDITURE | | | (4,084) |

Balance Sheet as at 31 March 2022

| 31 March 2021 £000 | | 31 March 2022 £000 | Notes Ref. |
|--------------------------|---|--------------------------|---------------|
| 17,013 | Property Plant & Equipment | 18,380 | <u>14</u> |
| - | Heritage Assets | - | <u>15</u> |
| 2,188 | Investment Property | 2,224 | <u>16</u> |
| 99 | Intangible Assets | 193 | <u>17</u> |
| - | Assets Held for Sale | - | <u>23</u> |
| - | Long Term Investments | - | <u>18</u> |
| 372 | Long Term Debtors | 351 | <u>18</u> |
| 19,672 | Long Term Assets | 21,148 | |
| 27,581 | Short Term Investments | 30,021 | <u>18</u> |
| - | Assets Held for Sale | - | <u>23</u> |
| 114 | Inventories | 179 | <u>19</u> |
| 1,574 | Short Term Debtors | 1,953 | <u>21</u> |
| 891 | Cash and Cash Equivalents | 4,845 | <u>22</u> |
| 30,160 | Current Assets | 36,998 | |
| - | Cash and Cash Equivalents | - | <u>22</u> |
| (20) | Short Term Borrowing | (19) | <u>18</u> |
| (5,969) | Short Term Creditors | (9,090) | <u>24</u> |
| (134) | Other Short Term Liabilities | (139) | <u>18</u> |
| (661) | Provisions | (787) | <u>25</u> |
| - | Liabilities in Disposal Groups | - | |
| (3,794) | Revenue Grants Receipts in Advance | (8,276) | <u>34</u> |
| (10,578) | Current Liabilities | (18,311) | |
| (2,930) | Long Term Creditors | (3,045) | <u>18</u> |
| - | Provisions | - | <u>25</u> |
| (1,513) | Long Term Borrowing | (1,474) | <u>18</u> |
| (12,422) | Liability Related to Defined Pension Scheme | (8,802) | <u>40</u> |
| (379) | Other Long Term Liabilities | (420) | <u>18</u> |
| - | Donated Assets Account | - | <u>34</u> |
| - | Capital Grants Received in Advance | - | <u>34</u> |
| (17,244) | Long Term Liabilities | (13,741) | |
| 22,010 | Net Assets / (Liabilities) | 26,094 | |
| 20,019 | Usable Reserves | 18,313 | <u>26</u> |
| 1,991 | Unusable Reserves | 7,781 | <u>27</u> |
| 22,010 | Total Reserves | 26,094 | |

Chief Finance Officers Certificate:

I certify that the above Balance Sheet, fairly states the financial position of the Authority as at 31 March 2022

Signed:

Anton Hodge CPFA
Chief Finance Officer (s151)

Dated: 25 November 2022

Cash Flow Statement for the year ended 31 March 2022

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|--|-----------------|
| (1,093) | Net surplus or (deficit) on the provision of services | (2,434) |
| 6,156 | Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 28a) | 8,690 |
| (822) | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 28b) | (1,609) |
| 4,241 | Net cash flows from Operating Activities | 4,647 |
| (5,373) | Net cash flows from Investing Activities (Note 29) | (2,567) |
| (2,435) | Net cash flows from Financing Activities (Note 30) | 1,874 |
| (3,567) | Net increase or (decrease) in cash and cash equivalents | 3,954 |
| 4,458 | Cash and cash equivalents at the beginning of the reporting period | 891 |
| 891 | Cash and cash equivalents at the end of the reporting period (Note 22) | 4,845 |

Notes to the Accounts

0. Expenditure and Funding Analysis

For the year ended 31 March 2022

| 2020/21 | | | | 2021/22 | | |
|--|--|---|--|--|--|---|
| Net Expenditure Chargeable to the General Fund Balance | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement | | Net Expenditure Chargeable to the General Fund Balance | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| | | | Policy and Resources Committee | | | |
| 957 | 99 | 1,056 | Central Services to the Public | 1,149 | 251 | 1,400 |
| 644 | 214 | 858 | Cultural and Related Services | 1,086 | 269 | 1,355 |
| 3,219 | 587 | 3,806 | Environmental and Regulatory Services | 2,845 | 954 | 3,799 |
| 1,205 | 158 | 1,363 | Planning Services | 1,072 | 361 | 1,433 |
| (103) | 45 | (58) | Highways and Transport Services | (543) | 53 | (490) |
| 1,233 | 16 | 1,249 | Housing Services | 611 | 91 | 702 |
| 1,833 | 165 | 1,998 | Corporate and Democratic Core | 2,089 | 383 | 2,472 |
| 68 | (15) | 53 | Other Corporate and Non Distributed Costs | 206 | (79) | 127 |
| 9,056 | 1,269 | 10,325 | NET COST OF SERVICES | 8,515 | 2,283 | 10,798 |
| (12,511) | 3,279 | (9,232) | Other Income and Expenditure | (6,583) | (1,781) | (8,364) |
| (3,455) | 4,548 | 1,093 | (SURPLUS) OR DEFICIT | 1,932 | 502 | 2,434 |
| (15,788) | | | OPENING GENERAL FUND BALANCE | (19,243) | | |
| (3,455) | | | (Surplus) or Deficit on General Fund Balance in Year | 1,932 | | |
| (19,243) | | | CLOSING GENERAL FUND BALANCE | (17,311) | | |

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Authority is required to prepare an annual Statement of Accounts, in accordance with proper accounting practices, by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and the Service Reporting Code of Practice 2021/22, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

The accounts of the Council are, in general, maintained on an accruals basis in accordance with recognised accounting policies. The Accounts reflect sums due to or incurred by the Council during the year, whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for Creditors and Debtors at 31 March 2022.

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 revenue 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. 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 one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the cash flow statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

v. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. When 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.

vi. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following to record the real cost of holding fixed assets during the year:

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

The Authority is not required to raise council tax to fund depreciation, revaluation, impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. Council Tax and Non-Domestic 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.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

viii. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to 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 revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post Employment Benefits

Employees of the Authority participate in the Local Government Pension Scheme, administered by North Yorkshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the North Yorkshire pension fund attributable to the Authority 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 based on the indicative rate of return on high quality corporate bonds.
- The assets of the North Yorkshire pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price;
 - unquoted securities – professional estimate;
 - unitised securities – current bid price;
 - property – market value.
- The change in the net pensions liability is analysed into the following components:
 - Service cost comprising:
 - current service cost – the increase in liabilities as a 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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - net interest cost on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
 - Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined liability (asset) – charged to the Pensions Reserve as 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - contributions paid to the North Yorkshire pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

ix. Events After the Reporting Period

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

x. Financial Instruments

A Financial Instrument is defined as: “any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another”. Although this covers a wide range of items, the main implications are in terms of investments and borrowings.

As reflected in the Code, the accounting standard on Financial Instruments, IFRS 9 covers the concepts of recognition, measurement, presentation and disclosure.

A financial asset or liability should be recognised on the Balance Sheet when, and only when, the holder becomes a party to the contractual provision of the instrument.

Financial Liabilities

The Code requires the fair value of each class of financial liability to be disclosed in the Notes to the Statement of Accounts, where this is different from the carrying amount stated in the Balance Sheet. However, the Code also states that fair value disclosures are not required for short-term trade payables since the carrying amount is a reasonable approximation of fair value.

Financial Assets

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

The council operates 2 housing loan schemes, Property and Landlord Improvement Loans. Loans made under these schemes are repayable at any point within a period ranging between 5 and 10 years. Additionally the Council has granted 2 loans to local businesses. These loans have not been treated as soft loans on the grounds of materiality.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

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

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

The Council does not currently hold any investments in this category, however, the Council will assess any future investment that falls in to this category on an individual basis and assign an IFRS 9 category (amortised cost, FVPL or Fair Value through other comprehensive income). The assessment will be based on the underlying purpose for holding the financial instrument.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, where material.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

xi. Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment line in the Comprehensive Income and Expenditure Statement. During 2021/22 the Council did not enter into any foreign currency transactions.

xii. Government Grants and Contributions

Whether paid on account, by instalment 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 Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution 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 (attributable revenue grants and contributions) or Taxation and Non-Specific Income (non-ringfenced revenue 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.

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges for this Authority may be used to fund revenue expenditure.

xiii. Heritage Assets

Heritage assets are recognised and held at valuation rather than at fair value and under certain conditions at historical cost. The treatment of revaluation gains and losses are in accordance with the Authority's accounting policies on property, plant and equipment.

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 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 – see note xix in this summary of significant accounting policies.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts. During 2021/22, the Council did not hold any heritage assets.

xiv. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority, e.g. software licences, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xv. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvi. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participant's perspective. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain to the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvii. 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, plant or equipment – 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 payment, 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.

xviii. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2021/22 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Authority's status as a multi-functional democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on non-current Assets Held for Sale and Assets under Construction.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xix. Property, Plant and Equipment

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.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment in excess of £10,000 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 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.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be fair value, unless the acquisition does not have commercial substance, i.e. it will not lead to a variation in the cash flows of the Authority. In the latter case, where an asset is acquired via an exchange the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account and in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement basis:

- infrastructure, community assets and assets under construction – depreciated historical cost.
- surplus assets - fair value, determined by the measurement of the highest and best value use of the asset.
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as a proxy for fair 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 fair value i.e. vehicles, plant, furniture and equipment.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that the carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Any increase in valuations is matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement 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); and
- 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

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

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

- Where there is a balance of revaluation gains for the 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 in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, i.e. freehold land and certain community assets, and assets that are not yet available for use, i.e. assets under construction.

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer; and
- Vehicles, plant furniture and equipment – straight line allocation over the useful life of the asset.

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.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Account Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet 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. Receipts from disposals (if any) are 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). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposal in excess of £10,000 are categorised as capital receipts. Receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xx. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party e.g. from an insurance claim, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Further information can be found at note 25 to the accounts.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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

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

xxi. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision for Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies.

xxii. Revenue Expenditure Funded from Capital under Statute

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

xxiii. VAT

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.

xxiv. Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

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

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

CIPFA continue to consider the implications of adopting IFRS 16 - Leases. This standard was originally expected to be adopted in the Statements of Accounts for 2020/2021 but this was then deferred and expected to be adopted in 2022/23.

However, as a result of only 9% of local authority accounts in England meeting the audit publication deadline of 30 September 2021 the Department of Levelling-up Housing and Communities asked CIPFA in December 2021 to consider ways in which the Code may ameliorate this crisis position. In response, CIPFA issued an emergency consultation on exploratory proposals for making time-limited changes to the Code and subsequently made the decision to defer the implementation of IFRS 16 until 1 April 2024. As a result, the Council has opted to defer the implementation of IFRS 16 and therefore the implications arising from the new standard will be dealt with and adopted by the new North Yorkshire Council.

Other standards that have been issued but not yet adopted by the CIPFA Code of Practice include:

- Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes the following changed standards:
 - IFRS 1 (First-time adoption) - amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) - clarifies the intention of the standard
 - IFRS 16 (Leases) - amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

Any impact on the Statement of Accounts will be assessed at the time of adoption by the CIPFA Code of Practice, but based on our initial assessment we do not expect any of the changes to be material.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- That there is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Estimation of the net liability to pay pensions depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the County Council to provide expert advice about the assumptions to be applied, these assumptions may be adjusted on a yearly basis.
- The Authority will assess the degree of componentisation within its net-current asset portfolio, as part of the five year rolling programme of non-current asset valuations. A review of Authority's current properties concluded that no components could be identified which were of a material value when compared to the entire value of the individual non-current asset or which would materially impact on the useful remaining life of the asset. On an annual basis the Authority will review Capital Expenditure to assess if any new material components have been added to the Authority's non-current asset portfolio.

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

The items in the Authority Balance Sheet at 31 March 2022 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 |
|---|---|--|
| Pensions Liability | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. | The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease in the pension liability of £1.587m. |
| Property, Plant and Equipment (land & buildings) and Investment Property Valuations | Assets are depreciated over the useful economic life that the asset (or components of the assets where appropriate) will be operational. The useful economic life of an individual asset is dependent upon maintaining an appropriate level of repair and maintenance expenditure on that asset. Should insufficient expenditure be incurred to properly maintain an asset then it may be the case that the useful economic life of that asset is reduced; this might give rise to an impairment or accelerated depreciation being required. In addition, the Council appointed Valuer undertakes an assessment of assumptions in external market factors when valuing assets and reviewing those assets not due for revaluation. | The effect on land and property valuations due to changes in assumptions around market conditions can be measured. For example, a 5% reduction in value could result in a decrease in values of PPE – Land & Buildings, Surplus Assets - £0.9m Investment Property - £0.111m |

5. Material items of income and expenses

There are no material items of income and expenditure in 2021/22 that warrant separate disclosure.

6. Events after the reporting period

Under IAS 10 the Authority is required to disclose the date that the financial statements are authorised for issue. This confirms the date after which events will not have been recognised in the Statement of Accounts. The Statement of Accounts was issued by the responsible financial officer, Anton Hodge Chief Finance Officer (s151) on 26 July 2022.

All events between the balance sheet date and the issue date have been considered and there are no Adjusting Post Balance Sheet events to disclose.

As referenced in the Narrative Report (page 9), in July 2021 the Government announced the plan for Local Government Reorganisation in North Yorkshire, which will join the County, District and Borough councils into a single North Yorkshire Council on 1 April 2023. As such all services, assets and liabilities held by Ryedale District Council will transfer to the new authority on that date.

7. Note to the expenditure and funding analysis

Adjustments between Funding and Accounting Basis

| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts | 2021/22 | | | |
|--|--|---|---------------------------|---------------------------|
| | Adjustments for Capital Purposes £000 | Net Change for the Pensions Adjustments £000 | Other Differences £000 | Total Adjustments £000 |
| Policy and Resources Committee | | | | |
| Central Services to the Public | 29 | 222 | - | 251 |
| Cultural and Related Services | 231 | 38 | - | 269 |
| Environmental and Regulatory Services | 321 | 633 | - | 954 |
| Planning Services | 51 | 310 | - | 361 |
| Highways and Transport Services | 46 | 7 | - | 53 |
| Housing Services | (309) | 400 | - | 91 |
| Corporate and Democratic Core | 49 | 334 | - | 383 |
| Other Corporate and Non Distributed Costs | - | (17) | (62) | (79) |
| Net Cost of Services | 418 | 1,927 | (62) | 2,283 |
| Other Income and Expenditure from the Expenditure and Funding Analysis | (1,295) | 286 | (772) | (1,781) |
| Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | (877) | 2,213 | (834) | 502 |

| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts | 2020/21 | | | |
|--|--|---|---------------------------|---------------------------|
| | Adjustments for Capital Purposes £000 | Net Change for the Pensions Adjustments £000 | Other Differences £000 | Total Adjustments £000 |
| Policy and Resources Committee | | | | |
| Central Services to the Public | 27 | 72 | - | 99 |
| Cultural and Related Services | 201 | 13 | - | 214 |
| Environmental and Regulatory Services | 329 | 258 | - | 587 |
| Planning Services | 44 | 114 | - | 158 |
| Highways and Transport Services | 43 | 2 | - | 45 |
| Housing Services | (161) | 177 | - | 16 |
| Corporate and Democratic Core | 40 | 125 | - | 165 |
| Other Corporate and Non Distributed Costs | - | (17) | 2 | (15) |
| Net Cost of Services | 523 | 744 | 2 | 1,269 |
| Other Income and Expenditure from the Expenditure and Funding Analysis | (515) | 322 | 3,472 | 3,279 |
| Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | 8 | 1,066 | 3,474 | 4,548 |

8. Expenditure and income analysed by nature

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

| Expenditure/Income | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Expenditure | | |
| Employee benefits expenses | 8,433 | 6,609 |
| Other service expenses | 14,128 | 16,587 |
| Support service recharges | 3,304 | 2,910 |
| Depreciation, amortisation and impairment | 776 | 548 |
| Interest payments | 341 | 378 |
| Precepts and levies | 1,074 | 1,093 |
| Gain or loss on disposal of non-current assets | - | - |
| Capital receipts unattached to non-current assets | (55) | (5) |
| Impairment losses on financial instruments | 17 | 24 |
| Total Expenditure | 28,018 | 28,144 |
| Income | | |
| Fees, charges and other service income | 5,590 | 4,230 |
| Interest and investment income | 5 | 151 |
| Income from council tax and non-domestic rates | 7,993 | 7,836 |
| Government grants and contributions | 11,996 | 14,834 |
| Total Income | 25,584 | 27,051 |
| | | |
| Surplus or Deficit on the Provision of Services | 2,434 | 1,093 |

9. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied 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.

2021/22 Adjustments

| 2021/22 | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | Movement in Unusable Reserves £000 |
|--|------------------------------|----------------------------------|----------------------------------|---------------------------------------|
| Adjustments primarily involving the Capital Adjustment Account: | | | | |
| <u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u> | | | | |
| Charges for depreciation and impairment of non-current assets | 970 | - | - | (970) |
| Revaluation losses on Property Plant and Equipment | - | - | - | - |
| Movements in the fair value of investment properties | (36) | - | - | 36 |
| Amortisation of intangible assets | 67 | - | - | (67) |
| Capital grants and contributions applied | (903) | - | - | 903 |
| Income in relation to donated assets | - | - | - | - |
| Revenue expenditure funded from capital under statute | 943 | - | - | (943) |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | - | - | - | - |
| <u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u> | | | | |
| Statutory provision for the financing of capital investment | (209) | - | - | 209 |
| Capital expenditure charged against the General Fund | (1,003) | - | - | 1,003 |
| Adjustments primarily involving the Capital Grants Unapplied Account: | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement | (651) | - | 651 | - |
| Application of grants to capital financing transferred to the Capital Adjustment Account | - | - | (456) | 456 |
| Adjustments primarily involving the Capital Receipts Reserve: | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | - | - | - | - |
| Use of the Capital Receipts Reserve to finance new capital expenditure | - | (49) | - | 49 |
| Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals | - | - | - | - |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool | - | - | - | - |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash | - | 13 | - | (13) |

| | | | | |
|---|------------|-----------|------------|--------------|
| Capital receipts unattached to non-current assets | (55) | 55 | - | - |
| Repayment of principal on loans | - | 12 | - | (12) |
| Adjustments primarily involving the Deferred Capital Receipts Reserve: | | | | |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | - | - | - | - |
| Adjustment primarily involving the Financial Instruments Adjustment Account: | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | - | - | - | - |
| Adjustments primarily involving the Pensions Reserve: | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40) | 3,506 | - | - | (3,506) |
| Employers pensions contributions and direct payments to pensioners payable in the year | (1,293) | - | - | 1,293 |
| Adjustments primarily involving the Collection Fund Adjustment Account: | | | | |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | (772) | - | - | 772 |
| Adjustment primarily involving the Accumulated Absences Account | | | | |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (62) | - | - | 62 |
| Total Adjustments | 502 | 31 | 195 | (728) |

2020/21 Comparative Figures

| 2020/21 | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | Movement in Unusable Reserves £000 |
|--|------------------------------|----------------------------------|----------------------------------|---------------------------------------|
| Adjustments primarily involving the Capital Adjustment Account: | | | | |
| <u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u> | | | | |
| Charges for depreciation and impairment of non-current assets | 719 | - | - | (719) |
| Revaluation losses on Property Plant and Equipment | - | - | - | - |
| Movements in the fair value of investment properties | (32) | - | - | 32 |
| Amortisation of intangible assets | 51 | - | - | (51) |
| Capital grants and contributions applied | (543) | - | - | 543 |
| Income in relation to donated assets | - | - | - | - |
| Revenue expenditure funded from capital under statute | 579 | - | - | (579) |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | - | - | - | - |
| <u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u> | | | | |
| Statutory provision for the financing of capital investment | (181) | - | - | 181 |
| Capital expenditure charged against the General Fund | (307) | - | - | 307 |
| Adjustments primarily involving the Capital Grants Unapplied Account: | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement | (274) | - | 274 | - |
| Application of grants to capital financing transferred to the Capital Adjustment Account | - | - | - | - |
| Adjustments primarily involving the Capital Receipts Reserve: | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | - | - | - | - |
| Use of the Capital Receipts Reserve to finance new capital expenditure | - | (70) | - | 70 |
| Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals | - | - | - | - |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool | - | - | - | - |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash | - | 13 | - | (13) |

| | | | | |
|---|--------------|-------------|------------|----------------|
| Capital receipts unattached to non-current assets | (5) | 5 | - | - |
| Repayment of principal on loans | - | 23 | - | (23) |
| Adjustments primarily involving the Deferred Capital Receipts Reserve: | | | | |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | - | - | - | - |
| Adjustment primarily involving the Financial Instruments Adjustment Account: | | | | |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | - | - | - | - |
| Adjustments primarily involving the Pensions Reserve: | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40) | 2,468 | - | - | (2,468) |
| Employers pensions contributions and direct payments to pensioners payable in the year | (1,402) | - | - | 1,402 |
| Adjustments primarily involving the Collection Fund Adjustment Account: | | | | |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | 3,473 | - | - | (3,473) |
| Adjustment primarily involving the Accumulated Absences Account | | | | |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 2 | - | - | (2) |
| Total Adjustments | 4,548 | (29) | 274 | (4,793) |

10. Transfers to/from earmarked reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2021/22.

| | Balance At 31/03/20 £000 | Transfers Out 2020/21 £000 | Transfers In 2020/21 £000 | Balance At 31/03/21 £000 | Transfers Out 2021/22 £000 | Transfers In 2021/22 £000 | Balance At 31/03/22 £000 |
|---|-----------------------------------|-------------------------------------|------------------------------------|-----------------------------------|-------------------------------------|------------------------------------|-----------------------------------|
| General Reserve | 3,981 | - | - | 3,981 | (475) | 10 | 3,516 |
| Capital Fund | 5,547 | (142) | - | 5,405 | (1,075) | - | 4,330 |
| Collection Fund Equalisation Reserve | 996 | (1,431) | 3,475 | 3,040 | (709) | - | 2,331 |
| Collection Fund Reserve | - | (595) | 1,431 | 836 | (600) | 413 | 649 |
| New Homes Bonus Reserve | 2,760 | - | 822 | 3,582 | - | - | 3,582 |
| Election Reserve | (23) | - | 30 | 7 | - | 30 | 37 |
| Pensions Reserve | - | - | 81 | 81 | - | 225 | 306 |
| Strategic Reserve | 2,359 | (595) | - | 1,764 | (233) | - | 1,531 |
| Carry Forward Reserve | 168 | (168) | 370 | 370 | (63) | 242 | 549 |
| Council Tax Hardship Fund | - | - | 78 | 78 | (29) | - | 49 |
| Grants Reserve | - | - | 99 | 99 | (42) | 374 | 431 |
| Total | 15,788 | (2,931) | 6,386 | 19,243 | (3,226) | 1,294 | 17,311 |

The main purpose of the reserves is as follows:

- (a) The General Reserve receives or contributes to differences in the estimated to actual net expenditure on the Revenue Account. It provides a working balance for the day-to-day revenue costs and income and meets any unforeseen liabilities not provided elsewhere in the accounts.
- (b) The Capital Fund is the reserve that holds the resources from the revenue stream of funding to be applied to the capital programme.
- (c) The Collection Fund Equalisation Reserve evens out the financial impact of the new Business Rates Retention Regulations within the Comprehensive Income and Expenditure Account.
- (d) The Collection Fund Reserve has been established to hold additional funds to mitigate future financial risk in relation to Business Rates.
- (e) New Homes Bonus Reserve was established setting aside New Homes Bonus receipts, to be utilised in line with Member priorities.
- (f) An Election Reserve is used to equalise the effect of the four yearly District Election costs.
- (g) The Pensions Reserve has been established to offset the effect of future pension contributions.
- (h) The Strategic Reserve has been established to support delivery of future Council priorities, by streamlining a number of legacy reserves.
- (i) The Carry Forward Reserve has been created to provide resources to fund commitments or schemes delayed from the prior year or which extend over the financial year end.
- (j) The Council Tax Hardship Fund has been re-established to finance the cost of discretionary council tax relief awarded during the covid pandemic.
- (k) The Grants Reserve has been re-established to hold under-utilised covid related grants in order to offset expenditure in future years.

11. Other operating expenditure

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|--|-----------------|
| 1,093 | Parish council precepts | 1,074 |
| - | Payments to the Government Housing Capital Receipts Pool | - |
| - | (Gains)/losses on the disposal of non-current assets | - |
| (5) | Capital receipts unattached to non-current assets | (55) |
| 1,088 | Total | 1,019 |

12. Financing and investment income and expenditure

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|---|-----------------|
| 58 | Interest payable and similar charges | 59 |
| 320 | Pensions net interest on the net defined benefit liability/(asset) | 282 |
| (177) | Interest receivable and similar income | (55) |
| 26 | Income and expenditure in relation to investment properties and changes in their fair value | 50 |
| 24 | Impairment losses on financial instruments | 17 |
| 251 | Total | 353 |

13. Taxation and non-specific grant income

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|---|-----------------|
| (5,503) | Council tax income | (5,597) |
| (2,333) | Non domestic rates income and expenditure | (2,396) |
| (2,735) | Non-ringfenced government grants | (1,743) |
| - | Capital grants and contributions | - |
| (10,571) | Total | (9,736) |

14. Property, plant and equipment

Movements on Balance Sheet in 2021/22

| | Other Land & Buildings £000 | Vehicles, plant, furniture & equipment £000 | Infrastructure assets £000 | Community Assets £000 | Surplus assets £000 | Assets under construction £000 | Total property, plant & equipment £000 |
|---|--------------------------------|--|-------------------------------|--------------------------|------------------------|-----------------------------------|---|
| Cost or Valuation | | | | | | | |
| At 1 April 2021 | 16,098 | 4,768 | - | 511 | 696 | 198 | 22,271 |
| Additions | 356 | 676 | - | - | - | 620 | 1,652 |
| Donations | - | - | - | - | - | - | - |
| Revaluation increases/ (decreases) recognised in the Revaluation Reserve | 262 | - | - | - | 360 | - | 622 |
| Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services | (151) | - | - | - | 4 | - | (147) |
| Derecognition – disposals | - | - | - | - | - | - | - |
| Derecognition – other | - | - | - | - | - | - | - |
| Assets reclassified (to)/from Held for Sale | - | - | - | - | - | - | - |
| Other movements in cost or valuation | - | - | - | - | - | - | - |
| At 31 March 2022 | 16,565 | 5,444 | - | 511 | 1,060 | 818 | 24,398 |
| Accumulated Depreciation and Impairment | | | | | | | |
| At 1 April 2021 | 1,067 | 4,191 | - | - | - | - | 5,258 |
| Depreciation charge | 489 | 325 | - | - | 9 | - | 823 |
| Depreciation written out to the Revaluation Reserve | (54) | - | - | - | (9) | - | (63) |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | - | - | - | - | - | - | - |
| Impairment losses/(reversals) recognised in the Revaluation Reserve | - | - | - | - | - | - | - |
| Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services | - | - | - | - | - | - | - |
| Derecognition – disposals | - | - | - | - | - | - | - |
| Derecognition – other | - | - | - | - | - | - | - |
| Other movements in depreciation and impairment | - | - | - | - | - | - | - |
| At 31 March 2022 | 1,502 | 4,516 | - | - | - | - | 6,018 |
| Net Book Value | | | | | | | |
| At 31 March 2022 | 15,063 | 928 | - | 511 | 1,060 | 818 | 18,380 |
| At 31 March 2021 | 15,031 | 577 | - | 511 | 696 | 198 | 17,013 |
| Owned asset as at 31 March 2022 | 15,063 | 417 | - | 511 | 1,060 | 818 | 17,869 |
| Asset acquired under finance lease as at 31 March 2022 | - | 511 | - | - | - | - | 511 |
| Total | 15,063 | 928 | - | 511 | 1,060 | 818 | 18,380 |

Comparative Movements in 2020/21

| | Other Land & Buildings £000 | Vehicles, plant, furniture & equipment £000 | Infrastructure assets £000 | Community Assets £000 | Surplus assets £000 | Assets under construction £000 | Total property, plant & equipment £000 |
|--|--------------------------------|--|-------------------------------|--------------------------|------------------------|-----------------------------------|---|
| Cost or Valuation | | | | | | | |
| At 1 April 2020 | 16,071 | 4,217 | - | 511 | 707 | 185 | 21,691 |
| Additions | 253 | 551 | - | - | - | 13 | 817 |
| Donations | - | - | - | - | - | - | - |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | (226) | - | - | - | (11) | - | (237) |
| Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | - | - | - | - | - | - | - |
| Derecognition – disposals | - | - | - | - | - | - | - |
| Derecognition – other | - | - | - | - | - | - | - |
| Assets reclassified (to)/from Held for Sale | - | - | - | - | - | - | - |
| Other movements in cost or valuation | - | - | - | - | - | - | - |
| At 31 March 2021 | 16,098 | 4,768 | - | 511 | 696 | 198 | 22,271 |
| Accumulated Depreciation and Impairment | | | | | | | |
| At 1 April 2020 | 785 | 3,956 | - | - | - | - | 4,741 |
| Depreciation charge | 476 | 235 | - | - | 8 | - | 719 |
| Depreciation written out to the Revaluation Reserve | (194) | - | - | - | (8) | - | (202) |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | - | - | - | - | - | - | - |
| Impairment losses/(reversals) recognised in the Revaluation Reserve | - | - | - | - | - | - | - |
| Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services | - | - | - | - | - | - | - |
| Derecognition – disposals | - | - | - | - | - | - | - |
| Derecognition – other | - | - | - | - | - | - | - |
| Other movements in depreciation and impairment | - | - | - | - | - | - | - |
| At 31 March 2021 | 1,067 | 4,191 | - | - | - | - | 5,258 |
| Net Book Value | | | | | | | |
| At 31 March 2021 | 15,031 | 577 | - | 511 | 696 | 198 | 17,013 |
| At 31 March 2020 | 15,286 | 261 | - | 511 | 707 | 185 | 16,950 |
| Owned asset as at 31 March 2021 | 15,031 | 116 | - | 511 | 696 | 198 | 16,552 |
| Asset acquired under finance lease as at 31 March 2021 | - | 461 | - | - | - | - | 461 |
| Total | 15,031 | 577 | - | 511 | 696 | 198 | 17,013 |

Depreciation

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

- Other Land and Buildings – 10-60 years
- Vehicles, Plant, Furniture & Equipment - 5-10 years

Capital Commitments

At 31 March 2022 the Authority had not entered into any contracts for the construction or enhancement of Property Plant and Equipment.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations are normally carried out externally. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on historic cost.

General properties were revalued in 2021/22, which include Public Conveniences and Derwent swimming Pool, with a desktop review carried out on all other properties. All Car Parks were revalued in 2021/22 due to the return of income to pre-pandemic levels. The valuations and reviews were carried out by N Collins a RICS registered Valuer of City of York Council.

| | Land & Buildings | Vehicles, Furniture & Equipment | Community Assets | Surplus Assets | Assets Under Construction | Total |
|------------------------------|-----------------------------|--|-------------------------|-----------------------|----------------------------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Valued at Historic Cost | - | 928 | 511 | 1,060 | 818 | 3,317 |
| Valued at Current Value in:- | | | | | | |
| 2021/22 | 4,475 | - | - | - | - | 4,475 |
| 2020/21 | 499 | - | - | - | - | 499 |
| 2019/20 | 4,197 | - | - | - | - | 4,197 |
| 2018/19 | 4,513 | - | - | - | - | 4,513 |
| 2017/18 | 1,379 | - | - | - | - | 1,379 |
| Total | 15,063 | 928 | 511 | 1,060 | 818 | 18,380 |

Non-Operational Property Plant and Equipment (Surplus Assets)

The following table summarises the movement in fair value of surplus assets over the year.

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at start of the year | 696 | 707 |
| Additions | - | - |
| Purchases | - | - |
| Construction | - | - |
| Subsequent expenditure | - | - |
| Disposals | - | - |
| Net gains / (losses) from fair value adjustments | 364 | (11) |
| Transfers: | - | - |
| To/from inventories | - | - |
| To/from Property Plant and Equipment | - | - |
| Other changes | - | - |
| Balance at end of the year | 1,060 | 696 |

15. Heritage assets

In compliance with the 2021/22 Code, the Authority has reviewed its assets and concluded that there is no reclassification of assets to heritage assets to disclose in the accounts (2020/21 Nil).

16. Investment properties

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

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Income from Investment Property | 149 | 148 |
| Net gain / (loss) from fair value adjustment | 36 | 32 |
| | 185 | 180 |
| Direct operating expenses arising from investment property | (235) | (206) |
| Net gain / (loss) | (50) | (26) |

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

The following table summarises the movement in the fair value of investment properties over the year.

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at start of the year | 2,188 | 2,156 |
| Additions | - | - |
| Purchases | - | - |
| Construction | - | - |
| Subsequent expenditure | - | - |
| Disposals | - | - |
| Net gains / (losses) from fair value adjustments | 36 | 32 |
| Transfers: | - | - |
| To/from inventories | - | - |
| To/from Property Plant and Equipment | - | - |
| Other changes | - | - |
| Balance at end of the year | 2,224 | 2,188 |

Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 1 Accounting Policy xxiv for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use

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

Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 March 2022 by N Collins, a RICS registered Valuer of City of York Council in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

17. Intangible assets

The Authority 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.

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 useful lives assigned to the major software suites used by the Authority are:

| | Internally Generated Assets | Other Assets |
|---------|-----------------------------|---|
| 5 Years | None | Revenues and benefits system Electronic document management system Cash receipting system Financial management system Customer Relationship Management System |

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £67k charged to revenue in 2021/22 was charged direct to services where appropriate, however, an element was charged to the IT Administration cost centre and then as overhead across the 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 is as follows:

| | 2021/22 | | | 2020/21 | | |
|--|-------------------------------------|---------------------------|---------------|-------------------------------------|---------------------------|---------------|
| | Internally Generated Assets £000 | Other Asset Costs £000 | Total £000 | Internally Generated Assets £000 | Other Asset Costs £000 | Total £000 |
| Balance at start of year: | | | | | | |
| Gross carrying amounts | - | 1,420 | 1,420 | - | 1,384 | 1,384 |
| Accumulated amortisation | - | (1,321) | (1,321) | - | (1,270) | (1,270) |
| Net carrying amount at start of year | - | 99 | 99 | - | 114 | 114 |
| Additions: | | | | | | |
| Internal development | - | - | - | - | - | - |
| Purchases | - | 161 | 161 | - | 36 | 36 |
| Acquired through business combinations | - | - | - | - | - | - |
| Assets reclassified as held for sale | - | - | - | - | - | - |
| Other disposals | - | - | - | - | - | - |
| Revaluation increases or decreases | - | - | - | - | - | - |
| Impairment losses recognised or reversed directly in the Revaluation Reserve | - | - | - | - | - | - |
| Impairment losses recognised in the surplus/deficit on the Provision of Services | - | - | - | - | - | - |
| Reversal of amortisation on disposal | - | - | - | - | - | - |
| Amortisation for the period | - | (67) | (67) | - | (51) | (51) |
| Other changes | - | - | - | - | - | - |
| Net carrying amount at year end | - | 193 | 193 | - | 99 | 99 |
| Compromising: | | | | | | |
| Gross carrying amounts | - | 1,581 | 1,581 | - | 1,420 | 1,420 |
| Accumulated amortisation | - | (1,388) | (1,388) | - | (1,321) | (1,321) |
| | - | 193 | 193 | - | 99 | 99 |

There are no items of capitalised software that are individually material to the financial statements.

The Authority has no capital commitments outstanding for the acquisition of intangible assets.

18. Financial instruments

Changes as a result of the adoption of IFRS 9 - Financial Instruments

Following the CIPFA Code's adoption of IFRS 9, the Council now recognises and measures financial assets at either amortised cost, at fair value through profit and loss or at fair value through other comprehensive income. Financial assets have therefore been reclassified into these new categories.

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

Financial Assets

| | Non-Current | | | | Current | | | |
|---|-------------|-------|---------|-------|-------------|--------|---------|-------|
| | Investments | | Debtors | | Investments | | Debtors | |
| | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 |
| | March | March | March | March | March | March | March | March |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Fair Value through Profit and Loss | - | - | - | - | - | - | - | - |
| Amortised Cost | | | | | | | | |
| Investments | - | - | - | - | 30,021 | 27,581 | - | - |
| Loans | - | - | 351 | 372 | - | - | - | - |
| Other | - | - | - | - | - | - | 1,378 | 1,338 |
| | - | - | 351 | 372 | 30,021 | 27,581 | 1,378 | 1,338 |
| Fair Value through Other Comprehensive Income - designated equity instruments | - | - | - | - | - | - | - | - |
| Fair Value through Other Comprehensive Income - other | - | - | - | - | - | - | - | - |
| Total Financial Assets | - | - | 351 | 372 | 30,021 | 27,581 | 1,378 | 1,338 |
| Non Financial Assets | - | - | - | - | - | - | - | - |
| Total | - | - | 351 | 372 | 30,021 | 27,581 | 1,378 | 1,338 |

Under current financial assets, cash and cash equivalents of £4,845,000 are held in the Balance Sheet at amortised cost (2020/21 £891,000).

Financial Liabilities

| | Non-Current | | | | Current | | | |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Borrowings | | Creditors | | Borrowings | | Creditors | |
| | 31 March 2022 £000 | 31 March 2021 £000 | 31 March 2022 £000 | 31 March 2021 £000 | 31 March 2022 £000 | 31 March 2021 £000 | 31 March 2022 £000 | 31 March 2021 £000 |
| Fair Value through Profit and Loss | - | - | - | - | - | - | - | - |
| Amortised Cost | | | | | | | | |
| PWLB Loans | (1,474) | (1,513) | - | - | (19) | (20) | - | - |
| Finance Leases | (420) | (379) | - | - | (139) | (134) | - | - |
| Total Financial Liabilities | (1,894) | (1,892) | - | - | (158) | (154) | - | - |
| Non Financial Liabilities | - | - | (3,045) | (2,930) | - | - | (9,090) | (5,969) |
| Total | (1,894) | (1,892) | (3,045) | (2,930) | (158) | (154) | (9,090) | (5,969) |

Fair value of Assets and Liabilities

| | Fair value | | Historic cost | |
|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 March 2022 £000 | 31 March 2021 £000 | 31 March 2022 £000 | 31 March 2021 £000 |
| Borrowings | (1,822) | (2,038) | (1,493) | (1,533) |
| Loans and receivables | 30,021 | 27,581 | 30,021 | 27,581 |

There is no difference between the carrying value and fair value of the Authority's debtors and creditors. Minimum future lease payments are disclosed in note 37.

The fair value of borrowings is higher than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £1.822m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date.

The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates. However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets.

A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £1.493m would be valued at £1.822m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £2.219m.

19. Inventories

| | Consumable Stores | | Client Services Work in Progress | | Property Acquired or Constructed for Sale | | Total | |
|---|-------------------|-----------------|----------------------------------|-----------------|---|-----------------|-----------------|-----------------|
| | 2021/22 £000 | 2020/21 £000 | 2021/22 £000 | 2020/21 £000 | 2021/22 £000 | 2020/21 £000 | 2021/22 £000 | 2020/21 £000 |
| Balance outstanding at start of year | 114 | 74 | - | - | - | - | 114 | 74 |
| Purchases | 343 | 273 | - | - | - | - | 343 | 273 |
| Recognised as an expense in the year | (278) | (233) | - | - | - | - | (278) | (233) |
| Written off balances | - | - | - | - | - | - | - | - |
| Reversals of write-offs in previous years | - | - | - | - | - | - | - | - |
| Balance outstanding at year-end | 179 | 114 | - | - | - | - | 179 | 114 |

20. Construction contracts

As at the 31 March 2022 the Authority had no significant contracts in progress.

21. Debtors

| | 31 March 2022 £000 | 31 March 2021 £000 |
|---------------------------------------|-----------------------|-----------------------|
| Central government bodies | 377 | 349 |
| Other local authorities | 343 | 267 |
| NHS Bodies | - | - |
| Public corporations and trading funds | - | - |
| Other entities and individuals | 1,233 | 958 |
| Total | 1,953 | 1,574 |

22. Cash and cash equivalents

The balance of cash and cash equivalents is made up of the following elements

| | 31 March 2022 £000 | 31 March 2021 £000 |
|--|-----------------------|-----------------------|
| Cash held by the Council | 183 | 217 |
| Bank current account | 4,662 | 674 |
| Special Interest Bearing Account | - | - |
| Total Cash and Cash Equivalents | 4,845 | 891 |

23. Assets held for sale

| | Current | | Non Current | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2021/22 £000 | 2020/21 £000 | 2021/22 £000 | 2020/21 £000 |
| Balance outstanding at start of year | - | - | - | - |
| Assets newly classified as held for sale: | | | | |
| Property, Plant and equipment | - | - | - | - |
| Intangible Assets | - | - | - | - |
| Revaluation losses | - | - | - | - |
| Revaluation gains | - | - | - | - |
| Impairment losses | - | - | - | - |
| Assets declassified as held for sale: | | | | |
| Property, Plant and equipment | - | - | - | - |
| Intangible Assets | - | - | - | - |
| Assets sold | - | - | - | - |
| Transfers from non-current to current | - | - | - | - |
| Balance outstanding at year end | - | - | - | - |

24. Creditors

| | 31 March 2022 £000 | 31 March 2021 £000 |
|---------------------------------------|-----------------------|-----------------------|
| Central government bodies | 2,765 | 1,891 |
| Other local authorities | 1,158 | (110) |
| NHS Bodies | - | - |
| Public corporations and trading funds | - | - |
| Other entities and individuals | 5,167 | 4,188 |
| Total | 9,090 | 5,969 |

25. Provisions

| 2021/22 | Business Rate Retention Appeals £000 |
|---------------------------------------|---|
| Balance at 1 April 2021 | 661 |
| Additional Provisions made in 2021/22 | 126 |
| Amounts used in 2021/22 | - |
| Unused amounts reversed in 2021/22 | - |
| Total | 787 |

| 2020/21 | Business Rate Retention Appeals £000 |
|---------------------------------------|---|
| Balance at 1 April 2020 | 857 |
| Additional Provisions made in 2020/21 | - |
| Amounts used in 2020/21 | - |
| Unused amounts reversed in 2020/21 | (196) |
| Total | 661 |

Provision for Business Rate Appeals

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013.

Ryedale District Council, as the business rates billing authority, acts as an agent on behalf of Central Government, North Yorkshire County Council, North Yorkshire Fire & Rescue Service and themselves and are required to make a provision for any refunds that may become payable to ratepayers following successful appeals against the rateable value of their properties on the ratings list.

The Council retains a 40% (40% 2020/21) share of net business rates income under the new localised scheme. The amount shown in the Council's Balance Sheet reflects the Council's proportion of the appeals provision as at 31 March 2022.

There are no other significant events that have taken place that would give the Authority a legal or constructive obligation to provide any material provision for the financial year ending 31 March 2022.

26. Usable reserves

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|---------------------------------|-----------------------|
| 19,243 | Earmarked General Fund Reserves | 17,311 |
| 427 | Capital Receipts Reserve | 458 |
| 349 | Capital Grants Unapplied | 544 |
| 20,019 | Total Usable Reserves | 18,313 |

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

Earmarked General Fund Reserves

Details of the movements within the individual earmarked reserves are shown in note 10, together with an explanation of the purpose of each reserve.

Capital Receipts Reserve

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|--|-----------------|
| 456 | Balance at 1 April | 427 |
| - | Receipts from disposal of non-current assets and held for sale assets | - |
| 13 | Transfer from the Deferred Capital Receipts Reserve upon receipt of cash | 13 |
| 28 | Other receipts | 67 |
| 497 | | 507 |
| (70) | Receipts used to finance capital expenditure | (49) |
| 427 | Balance at 31 March | 458 |

The Capital Receipts Reserve holds cash received from the disposal of non-current assets and held for sale assets, or other money received that can be applied towards financing capital expenditure or repay loan debt.

Capital Grants Unapplied

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|---|-----------------|
| 75 | Balance at 1 April | 349 |
| 274 | Reversal of grants credited to the Comprehensive Income and Expenditure Statement but expenditure has not been incurred | 651 |
| 349 | | 1,000 |
| - | Grants used to finance capital expenditure | (456) |
| 349 | Balance at 31 March | 544 |

This reserve retains the receipts of grants and contributions from central government and other funding organisations available to finance capital expenditure and will be applied to fund relevant projects in future years.

27. Unusable reserves

| 31 March 2021 £000 | | 31 March 2022 £000 |
|-----------------------|---|-----------------------|
| 6,347 | Revaluation Reserve | 6,860 |
| - | Financial Instruments Revaluation Reserve | - |
| 11,117 | Capital Adjustment Account | 11,953 |
| - | Financial Instruments Adjustment Account | - |
| 87 | Deferred Capital Receipts Reserve | 74 |
| (12,422) | Pensions Reserve | (8,802) |
| (3,004) | Collection Fund Adjustment Account | (2,232) |
| (134) | Accumulated Absences Account | (72) |
| 1,991 | Total Unusable Reserves | 7,781 |

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property Plant and Equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

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

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

| 2020/21 £000 | | £000 | 2021/22 £000 |
|-----------------|--|-------|-----------------|
| 6,542 | Balance at 1 April | | 6,347 |
| - | Upward revaluation of assets | 685 | |
| (35) | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | - | |
| (35) | Surplus or deficit on revaluation of non-current assets and held for sale assets not posted to the Surplus or Deficit on the Provision of Services | | 685 |
| (160) | Difference between fair value depreciation and historical cost depreciation | (172) | |
| - | Accumulated gains on assets sold or scrapped | - | |
| (160) | Amount written off to the Capital Adjustment Account | | (172) |
| 6,347 | Balance at 31 March | | 6,860 |

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its investments that are measured at fair value through Other Comprehensive Income. The balance, which is nil, is reduced when investments with accumulated gains are:

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

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 Authority 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 before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

| 2020/21 £000 | | £000 | 2021/22 £000 |
|-----------------|---|-------|-----------------|
| 11,196 | Balance at 1 April | | 11,117 |
| | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: | | |
| (719) | • Charges for depreciation and impairment of non-current assets | (970) | |
| - | • Revaluation losses on Property, Plant and Equipment | - | |
| - | • Loss on revaluation of held for sale assets | - | |
| - | • Reduction in Revaluation Reserve on disposal of held for sale assets | - | |
| (51) | • Amortisation of Intangible Assets | (67) | |
| - | • Amounts of non-current assets and held for sale assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | - | |
| (579) | • Revenue Expenditure Funded by Capital Under Statute | (943) | |
| (1,349) | | | (1,980) |
| 160 | Adjusting amounts written out of the Revaluation Reserve | | 172 |
| 10,007 | Net written out amount of the cost of non-current assets consumed in the year | | 9,309 |
| | Capital financing applied in the year: | | |
| 70 | • Use of the capital receipts reserve to finance new capital expenditure | 49 | |
| 543 | • Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing | 903 | |
| - | • Application of grants to capital financing from the Capital Grants Unapplied Account | 456 | |
| 181 | • Statutory provision for the financing of capital investment charged against the General fund | 209 | |
| 307 | • Capital expenditure charged against the General Fund | 1,003 | |
| 1,101 | | | 2,620 |
| 32 | Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement | | 36 |
| - | Movements in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement | | - |
| (23) | Movements in Long-term Debtors | | (12) |
| 11,117 | Balance at 31 March | | 11,953 |

Financial Instruments Adjustment Accounts

The Financial Instruments Adjustment Account absorbs the timing differences arising from different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The account balance is nil.

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 Authority's 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 Authority makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority 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.

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|--|-----------------|
| (13,291) | Balance at 1 April | (12,422) |
| 1,935 | Re-measurements of the net defined benefit liability/(asset) | 5,833 |
| (2,468) | 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 | (3,506) |
| 1,402 | Employer's pensions contributions and direct payments to pensioners payable in the year | 1,293 |
| (12,422) | Balance at 31 March | (8,802) |

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 Authority would not treat these gains as usable for the financing of new capital expenditure until they are by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|--|-----------------|
| 100 | Balance at 1 April | 87 |
| - | Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | - |
| (13) | Transfer to the Capital Receipts Reserve upon receipt of cash | (13) |
| 87 | Balance at 31 March | 74 |

Collection Fund Adjustment Account

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

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|---|-----------------|
| 469 | Balance at 1 April | (3,004) |
| (3,473) | Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements | 772 |
| (3,004) | Balance at 31 March | (2,232) |

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2020/21 £000 | | £000 | 2021/22 £000 |
|-----------------|---|------|-----------------|
| (132) | Balance at 1 April | | (134) |
| 132 | Settlement or cancellation of accrual made at the end of the preceding year | 134 | |
| (134) | Amount accrued at the end of the current year | (72) | |
| (2) | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | | 62 |
| (134) | Balance at 31 March | | (72) |

28. Cash flow statement – operating activities

a. Adjust net surplus or deficit on the provision of services for non-cash movements

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|--|-----------------|
| 719 | Depreciation | 823 |
| - | Impairment and downward valuations | 147 |
| 51 | Amortisation | 67 |
| - | Increase / decrease in impairment for bad debts | - |
| 4,278 | Increase / decrease in creditors | 5,734 |
| 310 | Increase / decrease in debtors | (319) |
| (40) | Increase / decrease in inventories | (65) |
| 1,066 | Movement in pension liability | 2,213 |
| - | Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | - |
| (228) | Other non-cash items charged to the net surplus or deficit on the provision of services | 90 |
| 6,156 | | 8,690 |

b. Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|--|-----------------|
| - | Proceeds from short-term (not considered to be cash equivalents) and long-term investments | - |
| - | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | - |
| (5) | Capital receipts unattached to non-current assets | (55) |
| (817) | Any other items for which the cash effects are investing or financing cash flows | (1,554) |
| (822) | | (1,609) |

c. Interest received, interest paid and dividends received

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|--------------------|-----------------|
| 193 | Interest received | 115 |
| (59) | Interest paid | (60) |
| - | Dividends received | - |

29. Cash flow statement – investing activities

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|--|-----------------|
| (202) | Purchase of property, plant and equipment, investment property and intangible assets | (1,697) |
| (37,000) | Purchase of short-term and long-term investments | (39,500) |
| (34) | Other payments for investing activities | (9) |
| 13 | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 13 |
| 31,000 | Proceeds from short-term and long-term investments | 37,000 |
| 850 | Other receipts from investing activities | 1,626 |
| (5,373) | Net cash flows from investing activities | (2,567) |

30. Cash flow statement – financing activities

| 2020/21 £000 | | 2021/22 £000 |
|-----------------|---|-----------------|
| - | Cash receipts of short and long term borrowing | - |
| - | Other receipts from financing activities | - |
| (146) | Cash payments for the reduction of the outstanding liabilities relating to finance leases | (174) |
| (39) | Repayments of short and long-term borrowing | (39) |
| (2,250) | Other payments for financing activities | 2,087 |
| (2,435) | Net cash flows from financing activities | 1,874 |

31. Member allowances

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

| | 2021/22 £000 | 2020/21 £000 |
|------------|-----------------|-----------------|
| Allowances | 127 | 131 |
| Expenses | - | - |
| Total | 127 | 131 |

A summary of payments made to each member is publicised through the Authority's website and is also available for viewing at the reception of the administrative offices.

32. Officers' remuneration

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

| Job Title | Year | Salary, fees and allowances £ | Bonuses £ | Expenses allowances £ | Compensation for loss of office £ | Pension contribution £ | Total £ | Note |
|---|---------|----------------------------------|--------------|--------------------------|--------------------------------------|---------------------------|------------|------|
| Chief Executive | 2021/22 | 111,867 | - | - | - | 21,255 | 133,122 | A |
| | 2020/21 | 110,043 | - | - | - | 24,980 | 135,023 | B |
| Head of Waste & Environmental Services | 2021/22 | 62,537 | - | - | - | 11,882 | 74,419 | |
| | 2020/21 | 62,087 | - | - | - | 13,963 | 76,050 | |
| Programme Director - Place & Resources Programme Director of Economic Development, Business & Partnerships | 2021/22 | 74,564 | - | - | - | 13,905 | 88,468 | |
| | 2020/21 | 74,795 | - | - | - | 16,338 | 91,133 | |
| Head of Planning & Regulatory Services | 2021/22 | 47,917 | - | - | - | 8,751 | 56,669 | C |
| | 2020/21 | 61,663 | - | - | - | 13,941 | 75,604 | |
| Council Solicitor & Monitoring Officer | 2020/21 | 18,622 | - | - | - | - | 18,622 | D |
| Chief Finance Officer (s151) | 2021/22 | - | - | - | - | - | - | E |
| | 2020/21 | - | - | - | - | - | - | F |
| Head of Communications, Technologies & Business Transformation | 2021/22 | 38,907 | - | - | - | 6,833 | 45,740 | G |
| | 2020/21 | 74,010 | - | - | - | 16,388 | 90,398 | |
| Programme Director - People & Resources Head of Customer & Community Services | 2021/22 | 74,362 | - | - | - | 13,905 | 88,267 | |
| | 2020/21 | 73,837 | - | - | - | 15,025 | 88,862 | |
| Head of Corporate Governance | 2021/22 | 45,179 | - | - | - | 8,106 | 53,286 | H |
| | 2020/21 | 50,618 | - | - | - | 11,445 | 62,063 | I |

Senior Officers served for the whole of 2021/22 unless stated below.

- A. £29,000 was recharged for the Chief Executive to North Yorkshire County Council during 2021/22
- B. £30,000 was recharged for the Chief Executive to North Yorkshire County Council during 2020/21.
- C. The Head of Planning & Regulatory Services left the Authority on the 31st December 2021.
- D. The Council Solicitor & Monitoring Officer left the Authority on the 31st March 2020. The responsibilities of the Monitoring Officer were undertaken by the Deputy Monitoring Officer until the appointment of the Head of Corporate Governance (see I below).
- E. The Chief Finance Officer (s151) is employed by North Yorkshire County Council, with £38,000 being recharged to Ryedale District Council during 2021/22.
- F. £37,000 was recharged to Ryedale District Council by North Yorkshire County Council for the Chief Finance Officer (S151) during 2020/21.
- G. The Head of Communications, Technologies & Business Transformation left the Authority on the 30th September 2021.
- H. The Head of Corporate Governance left the Authority on the 31st January 2022. The responsibilities of the Monitoring Officer were undertaken by the Corporate Governance & Monitoring Officer, employed by an agency until their appointment on the 26th April 2022.
- I. The Head of Corporate Governance assumed their position on the 1st June 2020. This role includes the responsibilities of the Council's Monitoring Officer.

The Authority's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is as follows:

| Remuneration Band | 2021/22 Number of employees | 2020/21 Number of employees |
|----------------------|--------------------------------|--------------------------------|
| £50,000 - £54,999 | 1 | - |
| £55,000 - £59,999 | - | - |
| £60,000 - £64,999 | - | - |
| £65,000 - £69,999 | - | - |
| £70,000 - £74,999 | - | - |
| £75,000 - £79,999 | - | - |
| £80,000 - £84,999 | - | - |
| £85,000 - £89,999 | - | - |
| £90,000 - £94,999 | - | - |
| £95,000 - £99,999 | - | - |
| £100,000 - £104,999 | - | - |
| £105,000 - £109,999 | - | - |
| £110,000 to £114,999 | - | - |

All other employees earning more than £50,000 for the year are included in the table on page 70.

33. External audit costs

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

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| * Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year | 60 | 57 |
| * Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year | 13 | 12 |
| * Fees payable in respect of other services provided by Grant Thornton UK LLP during the year | 4 | 4 |
| * Refund of fees payable by PSAA Ltd during the year | (6) | - |
| | 71 | 73 |

The fees for other services payable in 2021/22 and 2020/21 related to the CFO Insights licence fee.

34. Grant income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Credited to Taxation and Non Specific Grant Income: | | |
| Revenue Support Grant | - | - |
| New Homes Bonus | 567 | 835 |
| Transitional Grant to Rural Local Authorities | 600 | 572 |
| S31 grant Business Rates | 3,589 | 4,581 |
| Covid 19 Support Grants | 487 | 1,299 |
| Lower Tier Services Grant | 70 | - |
| Other Grants | 19 | 29 |
| Total | 5,332 | 7,316 |
| Credited to Services: | | |
| Government Grants: | | |
| Disabled Facilities Grant | 662 | 662 |
| Housing Benefit Subsidy and Rent Rebate | 7,039 | 7,445 |
| Housing Benefit & Council Tax Support Administration | 203 | 189 |
| COVID 19 Council Tax and Business Rates Support | 524 | 3,126 |
| COVID 19 Enforcement and Testing Grants | 221 | 132 |
| Rough Sleeping Initiative & Preventing Homelessness Grant | 310 | 113 |
| European Community Grant | 534 | - |
| Other Government Grants | 72 | 5 |
| Total | 9,565 | 11,672 |
| Contributions | 548 | 164 |

As at the 31 March 2022 the Authority has one grant with a balance of £9,000 that has yet to be recognised as income as it has conditions attached to it. This is in relation to a DEFRA grant towards the development of a Food Enterprise Zone (31 March 2021 £9,000).

In addition, as at 31 March 2022, the Authority has COVID-19 grants of £5,386,000 where the Authority is acting as the agent and which will be spent in future years (31 March 2021 £3,785,000).

The Authority also has a Council Tax rebate grant of £2,881,000 which will be distributed to Council Tax payers in 2022/23 (31 March 2021 Nil).

All the above balances have been included within Revenue Grants Receipts in Advance.

35. Related parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties, e.g. council tax bills, housing benefits. Grants received from government departments are set out in Note 34.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in Note 31.

Officers

Chief Finance Officer (Section 151), Anton Hodge, of Ryedale District Council is a client officer of Veritau North Yorkshire Ltd and the North Yorkshire Building Control Partnership.

Other Public Bodies

During the year material transactions with other public bodies arose as follows:

| | | Receipts £000 | Payments £000 |
|---|----------------|------------------|------------------|
| The Vale of Pickering Internal Drainage Board | Levy | - | 100 |
| Veritau North Yorkshire Ltd | See note below | - | 60 |
| North Yorkshire Building Control Partnership | See note below | (22) | 26 |

At the end of the financial year the total amount due to and from these public bodies was £nil.

With effect from 1 April 2012, Veritau North Yorkshire Ltd provided an internal audit service for a number of local authorities in the region. Ryedale District Council was a full shareholder, other local authorities within the Company being Scarborough BC, Selby DC, Hambleton DC and Richmondshire DC. Ryedale District Council's contribution to the Company's share capital is £3,000 as at 31 March 2022.

The North Yorkshire Building Control Partnership provides a building control service on behalf of five councils: Ryedale DC (host authority), Selby DC, Hambleton DC, Scarborough BC and Richmondshire DC. Ryedale District Council's proportion of the Partnership's accumulated reserve is £50,000 as at 31 March 2022.

36. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below, 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 Authority that has yet to be financed. The CFR is analysed in the second part of this note.

| | 2021/22 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| <i>Opening Capital Financing Requirement</i> | 2,069 | 1,703 |
| Capital investment | | |
| Property plant and equipment | 1,652 | 817 |
| Investment properties | - | - |
| Held for sale assets | - | - |
| Intangible assets | 160 | 36 |
| Revenue expenditure funded from capital under statute | 943 | 579 |
| Loans | 9 | 35 |
| <i>Sources of finance</i> | | |
| Capital receipts | (49) | (70) |
| Government grants and other contributions | (1,359) | (543) |
| Sums set aside from revenue | | |
| Direct revenue contributions | (1,003) | (307) |
| Minimum Revenue Provision | (209) | (181) |
| <i>Closing Capital Financing Requirement</i> | 2,213 | 2,069 |
| <i>Explanation of movements in year</i> | | |
| Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance) | (75) | (181) |
| Assets acquired under finance leases | 219 | 547 |
| <i>Increase / (decrease) in Capital Financing Requirement</i> | 144 | 366 |

37. Leases

Authority as Lessee – Finance Leases

The Authority has acquired a number of vehicles and some equipment under finance leases.

This Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the vehicles and the equipment acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

| | 31 March 2022 £000 | 31 March 2021 £000 |
|---|-----------------------|-----------------------|
| Finance lease liabilities (net present value of minimum lease payments) | | |
| Current | 139 | 135 |
| Non-current | 421 | 379 |
| Finance costs payable in future years | 39 | 32 |
| Minimum lease payments | 599 | 546 |

The minimum lease payments will be payable over the following periods:

| | Minimum lease payments | | Finance lease liabilities | |
|---|------------------------|-----------------------|---------------------------|-----------------------|
| | 31 March 2022 £000 | 31 March 2021 £000 | 31 March 2022 £000 | 31 March 2021 £000 |
| Not later than one year | 154 | 142 | 139 | 135 |
| Later than one year and not later than five years | 445 | 404 | 421 | 379 |
| Later than five years | - | - | - | - |
| | 599 | 546 | 560 | 514 |

Authority as Lessee - Operating Leases

The Authority normally acquires vehicles, plant and equipment using operating leases. The Authority also provides certain employees with lease vehicles under three year contract hire agreements.

The future minimum lease payments due under non-cancellable leases in future years are:

| | 31 March 2022 £000 | 31 March 2021 £000 |
|---|-----------------------|-----------------------|
| Not later than one year | 239 | 38 |
| Later than one year and not later than five years | 819 | 32 |
| Later than five years | - | - |
| | 1,058 | 70 |

The expenditure charged to the Cost of Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

| | 2021/22 £000 | 2020/21 £000 |
|------------------------------|-----------------|-----------------|
| Minimum lease payments | 232 | 115 |
| Contingent rents | - | - |
| Sublease payments receivable | - | - |
| | 232 | 115 |

Authority as Lessor

The Authority has not leased out property, vehicles or equipment under either finance lease or operating lease arrangements.

38. Impairment losses

During 2021/22 the Authority has recognised an impairment loss of £159k in relation to a property acquired at market value, which was revalued upon acquisition by the Valuer based on its current use.

39. Termination benefits

The Authority has not terminated the contracts of any employees in 2021/22.

The number of exit packages that have been agreed, accrued for and charged to the Authority's Comprehensive Income and Expenditure Statement with total cost per band are set out in the table below:

| Exit package cost band (including special payments) | Number of compulsory redundancies | | Number of other departures agreed | | Total number of exit packages by cost band | | Total cost of exit packages in each band | |
|---|-----------------------------------|---------|-----------------------------------|---------|--|---------|--|---------|
| | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 |
| £0 - £20,000 | - | - | - | - | - | - | - | - |
| £20,001 - £40,000 | - | - | - | - | - | - | - | - |
| £40,001 - £60,000 | - | - | - | - | - | - | - | - |
| £60,001 - £80,000 | - | - | - | - | - | - | - | - |
| £80,001 - £100,000 | - | - | - | - | - | - | - | - |
| £100,001 - £150,000 | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - |

40. Defined benefit pension schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. The Authority participates in two post employment schemes:

- The Local Government Pension Scheme, administered by North Yorkshire County Council – this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movements 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:

| | Local Government Pension Scheme | | Discretionary Benefits Arrangements | |
|--|---------------------------------|-----------------|-------------------------------------|-----------------|
| | 2021/22 £000 | 2020/21 £000 | 2021/22 £000 | 2020/21 £000 |
| Comprehensive Income and Expenditure Statement | | | | |
| <i>Cost of Services:</i> | | | | |
| • Current service cost | 3,258 | 2,178 | - | - |
| • Past service costs / (gains) | - | - | - | - |
| • (Gain) / Loss from settlements | - | - | - | - |
| <i>Financing and Investment Income and Expenditure:</i> | | | | |
| • Net interest expense | 242 | 284 | 6 | 6 |
| <i>Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services</i> | 3,500 | 2,462 | 6 | 6 |
| <i>Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</i> | | | | |
| <i>Remeasurement of the net defined benefit liability comprising:</i> | | | | |
| • Return on plan assets (excluding the amount included in the net interest expense) | 104 | (15,078) | - | - |
| • Actuarial gains and losses due to changes in financial assumptions | (5,336) | 14,041 | (8) | 22 |
| • Actuarial gains and losses due to changes in demographic assumptions | (891) | - | (3) | - |
| • Actuarial gains and losses due to liability experience | 300 | (920) | 1 | - |
| <i>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</i> | (2,323) | 505 | (4) | 28 |
| <i>Movement in Reserves Statement:</i> | | | | |
| • Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code | (2,323) | 505 | (4) | 28 |
| <i>Actual amount charged against the General Fund Balance for pensions in the year:</i> | | | | |
| • Employers contributions payable to scheme | 1,276 | 1,385 | | |
| • Retirement benefits payable to pensioners | | | 17 | 17 |

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

| | Local Government: Pension Scheme £000 | | Discretionary Benefits £000 | |
|---|---|----------|-----------------------------------|---------|
| | 2021/22 | 2020/21 | 2021/22 | 2020/21 |
| Present value of the defined benefit obligation | (88,165) | (90,776) | (262) | (283) |
| Fair value of plan assets | 79,625 | 78,637 | - | - |
| Net liability arising from defined benefit obligation | (8,540) | (12,139) | (262) | (283) |

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

| | Local Government: Pension Scheme £000 | | Discretionary Benefits Arrangements £000 | |
|--|---|---------|--|---------|
| | 2021/22 | 2020/21 | 2021/22 | 2020/21 |
| Opening fair value of scheme assets | 78,637 | 62,888 | - | - |
| Interest income | 1,646 | 1,438 | - | - |
| Remeasurement gain/(loss): | | | | |
| • The return on plan assets, excluding the amount included in the net interest expense | (104) | 15,078 | - | - |
| The effect of changes in foreign exchange rates | - | - | - | - |
| Contributions from employer | 1,276 | 1,385 | 17 | 17 |
| Contributions from employees into the scheme | 439 | 400 | - | - |
| Benefits paid | (2,269) | (2,552) | (17) | (17) |
| Closing fair value of scheme assets | 79,625 | 78,637 | - | - |

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligations)

| | Funded liabilities: Local Government Pension Scheme £000 | | Unfunded liabilities: Discretionary Benefits £000 | |
|---------------------------------------|---|---------|--|---------|
| | 2021/22 | 2020/21 | 2021/22 | 2020/21 |
| Opening balance at 1 April | 90,776 | 75,907 | 283 | 272 |
| Current service cost | 3,258 | 2,178 | - | - |
| Interest cost | 1,888 | 1,722 | 6 | 6 |
| Contribution from scheme participants | 439 | 400 | - | - |
| Remeasurement (gains) and losses: | | | | |
| • Financial Assumptions | (5,336) | 14,041 | (8) | 22 |
| • Demographic Assumptions | (891) | - | (3) | - |
| • Liability Experience | 300 | (920) | 1 | - |
| Past service costs | - | - | - | - |
| Losses/(gains) on curtailment | - | - | - | - |
| Entity combinations | - | - | - | - |
| Benefits paid | (2,269) | (2,552) | (17) | (17) |
| Closing balance at 31 March | 88,165 | 90,776 | 262 | 283 |

Local Government Pension Scheme assets comprised:

| | 31 March 2022 £000 | 31 March 2021 £000 |
|---|--------------------------|--------------------------|
| Equities | 44,351 | 45,452 |
| Property | 5,892 | 4,797 |
| Government Bonds | 13,377 | 12,739 |
| Corporate Bonds | 6,131 | 1,652 |
| Cash | 876 | 2,595 |
| Other | 8,998 | 11,402 |
| Closing fair value of scheme assets at 31 March | 79,625 | 78,637 |

Basis for Estimating Assets and Liabilities

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

The significant assumptions used by the actuary have been:

| | 31 March 2022 | 31 March 2021 |
|---|------------------|------------------|
| Mortality assumptions: | | |
| Longevity at 65 for current pensioners: | | |
| Men | 21.8 yrs | 21.9 yrs |
| Women | 23.8 yrs | 24.0 yrs |
| Longevity at 65 for future pensioners: | | |
| Men | 23.5 yrs | 23.6 yrs |
| Women | 25.7 yrs | 25.8 yrs |
| Rate of Inflation (CPI) | 3.00% | 2.70% |
| Rate of increase in salaries | 4.25% | 3.95% |
| Rate of increase in pensions | 3.00% | 2.70% |
| Rate of revaluation in pension accounts | 3.00% | 2.70% |
| Rate for discounting scheme liabilities | 2.70% | 2.10% |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumptions analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme

| | Base Figure | +0.1% pa -0.1% pa Discount Rate | +0.1% pa -0.1% pa Salary Increase Rate | +0.1% pa -0.1% pa Pension Increase Rate | -1 year +1 year Mortality Assumption |
|---|-------------|--|--|---|---|
| Present Value of Total Obligation (£000) | 88,165 | 86,578 89,840 | 88,341 87,989 | 89,664 86,754 | 91,251 85,079 |
| Change in Present Value of Total Obligation (%) | | -1.8 1.9 | 0.2 -0.2 | 1.7 -1.6 | 3.5 -3.5 |
| Projected Service Cost (£000) | 3,038 | 2,938 3,141 | 3,038 3,038 | 3,141 2,938 | 3,163 2,916 |
| Approx Change in Projected Service Cost (%) | | -3.3 3.4 | 0.0 0.0 | 3.4 -3.3 | 4.1 -4.0 |

Further information can be found in the North Yorkshire Pension Fund's Annual Report that is available upon request from Financial Services, County Hall, Northallerton, DL7 8AL.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The North Yorkshire Pension Fund has an investment strategy in place to address the funding deficit over a 30 year period, based on an appropriate level of employers' contributions, producing a positive cash flow into the fund. The Council is currently eleven years into this period.

Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 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, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 2014. The Act provides for scheme regulations to be made within a common framework, to establish a new career average revalued earnings scheme to pay pensions and other benefits to certain public servants.

The Authority paid £1,293,000 expected contributions to the scheme in the year to 31 March 2022.

The weighted average duration of the defined benefit obligation for scheme members is 18.4 years 2021/22 (18.4 years 2020/21).

41. Contingent liabilities

At 31 March 2022 the Authority had no material contingent liabilities.

42. Contingent assets

At 31 March 2022 the Authority had no material contingent assets to report.

43. Nature and extent of risks arising from financial instruments

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

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

The Authority's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations, standing orders and constitution;
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The councils overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates; and
 - Its maximum and minimum exposures to the maturity structure of its debt; and
 - Its maximum and annual exposures to investments maturing beyond a year; and
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings services. The Annual Investment Strategy also considers the maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

This Authority uses the creditworthiness service provided by its treasury advisers. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

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

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £3m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. The risk of non recovery applies to all of the authority's deposits but there is no evidence at 31 March 2022 that this was likely to occur.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability in previous financial years, adjusted to reflect current market conditions.

| | Amount at 31 March 2022 | Historical Experience of Default | Historical Experience adjusted for market conditions at 31 March 2022 | Estimated maximum exposure to default and uncollectability at 31 March 2022 | Estimated maximum exposure to default and uncollectability at 31 March 2021 |
|---|-------------------------------|--|--|---|---|
| | £000 | % | % | £000 | £000 |
| Deposits with Banks and Financial Institutions | 30,021 | 0% | 0% | - | - |

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available when needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial liabilities is as follows:

| | 31 March 2022 | 31 March 2021 |
|----------------|---------------|---------------|
| | £000 | £000 |
| Up to 20 years | 479 | 519 |
| 21 to 50 years | 1,014 | 1,014 |
| | 1,493 | 1,533 |

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

Market Risk

Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

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

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

The Authority has set an upper limit of 5% of its borrowings in variable rate loans and an upper limit of 50% of its investments in variable rates. However, all investments and borrowings are currently fixed rate, which helps to reduce uncertainty. The authority continues to keep a proportion of its investments short term to allow for flexibility in interest rate movements.

Price Risk

The Authority does not generally invest in equity shares and is therefore not subject to any price risk, that is, the risk that the authority will suffer loss as a result of adverse movements in the price of financial instruments.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies, therefore it has no exposure to loss arising as a result of adverse movements in exchange rates.

Collection Fund Statement for the year ended 31 March 2022

| 2020/21 | | | 2021/22 | | Note |
|------------------------|---------------------------|---|------------------------|---------------------------|------|
| Council Tax £000 | Business Rates £000 | | Council Tax £000 | Business Rates £000 | |
| INCOME | | | | | |
| (42,727) | | Council Tax | (44,829) | | |
| (271) | | Section 13a Discretionary Reliefs | (46) | | |
| - | | Transfers from General Fund - Council Tax Benefits | - | | |
| | (10,257) | Income collectable from business ratepayers | | (12,465) | |
| | (103) | Transitional Protection Payments | | (165) | |
| (42,998) | (10,360) | Total Income | (44,875) | (12,630) | |
| EXPENDITURE | | | | | |
| Precepts and Demands: | | | | | |
| 30,255 | | North Yorkshire County Council | 30,538 | | (2) |
| 5,897 | | North Yorkshire Police & Crime Commissioner | 5,866 | | |
| 1,613 | | North Yorkshire Fire & Rescue | 1,604 | | |
| 5,555 | | Ryedale District Council | 5,516 | | |
| 52 | | Street Lighting Expenses | 54 | | |
| Business Rates: | | | | | |
| | - | Payment to National Pool | | - | (3) |
| | 9,128 | Central Government | | 5,342 | |
| | 7,432 | Ryedale District Council | | 4,307 | |
| | 1,711 | North Yorkshire County Council | | 979 | |
| | 185 | North Yorkshire Fire & Rescue | | 107 | |
| | 109 | Allowance for cost of Business Rate Collection | | 110 | |
| 10 | 202 | Allowance for Impairment | 624 | (40) | (4) |
| | 21 | Provision for Appeals | | 315 | (4) |
| 2 | - | Write Off of uncollectable amounts | 43 | 2 | (4) |
| 43,384 | 18,788 | Total Expenditure | 44,245 | 11,122 | |
| 386 | 8,428 | (Surplus) / deficit for the year | (630) | (1,508) | |
| (259) | (930) | (Surplus) / deficit at 1 April | 127 | 7,498 | |
| 127 | 7,498 | (Surplus) / deficit at 31 March | (503) | 5,990 | |
| | | | | | |

Notes on the Collection Fund

1. General

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised.

The Collection Fund accounts are consolidated with the other accounts of the Council. Transactions are prescribed by legislation and are prepared on an accruals basis. The costs of administering collection are accounted for in the General Fund.

The surplus or deficit on the Collection Fund at the end of the year is required to be distributed to or made good by contributions from the Council, Central Government, North Yorkshire County Council, North Yorkshire Police & Crime Commissioner and North Yorkshire Fire and Rescue Authority in a subsequent financial year.

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the business rates came into effect on 1 April 2013. Billing authorities act as agents on behalf of the major preceptors (10% 2021/22; 10% 2020/21), central government (50% 2021/22; 50% 2020/21) and themselves (40% 2021/22; 40% 2020/21).

2. Council Tax

The Council Tax is a tax levied on all domestic properties, in a proportion, which is determined by the valuation band allocated to a property. The Council Tax base, i.e. the number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings, was calculated as follows:

| Band | No of Chargeable Dwellings | Ratio | Band D Equivalent Dwellings |
|-------------------------------------|----------------------------|-------|-----------------------------|
| A | 2,002 | 6/9 | 1,335 |
| B | 5,683 | 7/9 | 4,420 |
| C | 5,515 | 8/9 | 4,902 |
| D | 4,353 | 1 | 4,353 |
| E | 3,330 | 11/9 | 4,070 |
| F | 1,997 | 13/9 | 2,884 |
| G | 1,102 | 15/9 | 1,837 |
| H | 109 | 18/9 | 218 |
| TOTAL | 24,091 | | 24,019 |
| Empty Property Premium | | | 76.60 |
| Cost of LCTS Scheme | | | (1,735.46) |
| Less adjustment for Collection Rate | | | (559.01) |
| Council Tax Base | | | 21,801.13 |

Precepts and demands for 2021/22 are analysed as follows:

| | Ryedale DC £000 | NYCC £000 | NYPCC £000 | NYFRA £000 |
|---|--------------------|-----------------|---------------|---------------|
| 2021/22 Precept/Demand Payment in respect of 2020/21 deficit | 5,557 (41) | 30,762 (224) | 5,910 (44) | 1,616 (12) |
| | 5,516 | 30,538 | 5,866 | 1,604 |

The balance of Council Tax within the Collection Fund is available for funding the precept requirement for the authorities as follows:

| | £000 |
|---|-------|
| Ryedale District Council | (63) |
| North Yorkshire County Council | (354) |
| North Yorkshire Police & Crime Commissioner | (68) |
| North Yorkshire Fire & Rescue Authority | (18) |

3. Income from business rates

The Authority collects business rates for its area, which are based on local rateable values multiplied by a uniform rate.

Additional information is as follows:

| | |
|--|------------|
| Total National Non Domestic Rateable Value in £ at 31 March 2022 | 49,302,718 |
| NDR Rate in £ for 2021/22 | 51.2p |
| Small Business Rate in £ for 2021/22 | 49.9p |
| Number of Business Premises (Hereditament) at 31 March 2022 | 3,223 |
| Number of Local Council Tax Support Claimants at 31 March 2022 | 3,042 |

Business Rate Yield for 2021/22 is analysed as follows:

| | Ryedale DC £000 | NYCC £000 | NYFRA £000 | Government £000 |
|--|--------------------|----------------|---------------|--------------------|
| 2021/22 Estimates Yield Payment in respect of 2020/21 deficit | 7,264 (2,957) | 1,634 (655) | 181 (74) | 9,079 (3,737) |
| | 4,307 | 979 | 107 | 5,342 |

The balance of Non domestic rates within the Collection Fund is apportioned as follows:

| | £000 |
|---|-------|
| Ryedale District Council | 2,356 |
| North Yorkshire County Council | 530 |
| North Yorkshire Fire & Rescue Authority | 59 |
| Central Government | 2,944 |

4. Bad and doubtful debts and provision for appeals

The figures show any movement on the provision for bad and doubtful debts. Provision has been made for Council Tax payers of £903,000 (2020/21: £279,000) and Business Ratepayers of £224,000 (2020/21: £264,000) and is included within Debtors in the Authority's Balance Sheet. Provision has been made for the cost of successful business rate appeals of £1,968,000 (2020/21: £1,653,000).

Annual governance statement 2021/22

Scope of Responsibility

Ryedale District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

This statement is prepared with consideration to the CIPFA Application of the Good Governance Framework 2020/21 (CIPFA Bulletin 06). That statement notes that:

“The preparation and publication of an annual governance statement in accordance with Delivering Good Governance in Local Government: Framework (2016) would fulfil the statutory requirements across the UK for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its statement of accounts. In England the Accounts and Audit Regulations 2015 stipulate that the annual governance statement must be “prepared in accordance with proper practices in relation to accounts”. Therefore, a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016) and this section of the Code”.

Ryedale’s Annual Governance Statement has been prepared alongside consideration of the core principles and sub-principles of good governance as set out in that Framework.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and is accountable to the community it serves. 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.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve the Council’s aims and objectives, but it seeks to provide reasonable rather than absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks to the achievement of the Council’s aims and objectives.

The governance framework has been in place at Ryedale District Council for the year ended 31 March 2022 and up to the date of approval of the annual statement of accounts.

The Council's Governance Framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focused upon its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Corporate Plan. To improve the effectiveness of this, the Council has built on the Health Checks commissioned in 2018 and 2019 by implementing action plans and strengthening capacity in areas described below. Further reviews - such as by the Society for Innovation, Technology and Modernisation SOCITM - have been undertaken in a spirit of continuous improvement and a Council Plan 2020-24 is in place.

The structures and processes, risk management and other internal control systems, such as standards of conduct, form part of this Framework, which is about managing the barriers to achieving the Council's objectives.

Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This is led by the Chief Executive and Section 151 Officer, both appointed in 2018, in conjunction with the Council's Programme Directors, Monitoring Officer/Head of Governance and the Head of HR. Through their Strategic Management Board meetings, they have commissioned and taken action to address governance related issues, and briefed relevant Committees for consideration. Overview and Scrutiny have also pursued a robust approach to strengthening governance arrangements in key areas such as risk management. A review of capacity in Corporate Governance has also taken place, with additional resources invested to ensure that necessary levels of resourcing are in place.

The Council has designed systems and processes to regulate, monitor and control its activities in order to achieve its vision and objectives.

The key elements of the Council's Governance Framework are as follows:

- The Council's key priorities during 2021/22 were reflected in its Council Plan 2020-24, which was approved by Full Council in September 2020. This sets out the following key aims:
 - Support strong, inclusive and attractive communities
 - Harness Ryedale's unique economy to deliver growth, homes and jobs
 - Create an environment that is sustainable, safe and clean
 - Develop our organisation as an innovative, enterprising Council
- The Constitution sets out how the Council operates, how decisions are made, and the procedures that are followed to ensure that these are lawful, efficient, transparent and accountable to local people. This incorporates the Members' Code of Conduct and a number of other locally agreed codes and protocols.
- The Council's budget and policy framework is set by the full Council. The Policy and Resources Committee has delegated authority to operate and make decisions within the framework. Some powers are delegated to senior officers.
- In addition to the Policy and Resources Committee there are two specific regulatory committees for Licensing and Planning. These have independent powers within their legislative framework. Each of these acts within defined terms of reference agreed by the full Council.

- Throughout 2021/22 Council committee meetings were held physically with officers and other participants (such as External Auditors) able to join through MS Teams. They have been broadcast to be able to be viewed by members of the public.
- The Overview and Scrutiny Committee acting as a Corporate Governance Standards Committee has monitored standards of conduct of Members and advised the Council on probity issues. Entries made in the Register of Members' Interests were reviewed by the Monitoring Officer.
- Council decisions are subject to review by the Council's Scrutiny function, which has the ability to call-in and review decisions and also to contribute to the development of policy.
- The committee management system (modern.gov) enables the recording, tracking and monitoring of committee agenda, minutes, reports and decision records.
- Council meetings are accessible for the public except when exempt or confidential matters are being disclosed. During 2021/22 this has been accomplished by introducing Remote Meeting Rules within the Constitution and broadcasting remote meetings, as well as making them available to view afterwards on YouTube. The public have an opportunity to participate in some of the meetings. This has been facilitated by initially asking people to provide questions in advance of the meeting and latterly by providing access to the remote meeting via MS Teams. Since the ending of legislation permitting remote meetings on 7 May 2021 the Council has facilitated face to face Covid secure council meetings. Meetings are streamed live using MS Teams and YouTube. They continue to be open to the public.
- A number of areas are delegated to officers for the purposes of decision-making; however, limits on the exercise of delegation are laid down in the Council's Constitution. The Council also has a specific delegation scheme for Planning which is published on the website.
- The Council has adopted a Local Code of Corporate Governance.
- The Council has a Counter Fraud and Corruption Strategy, covering 2020-24 and a Counter Fraud and Corruption Policy, which are reviewed annually. A revised strategy and policy were approved by Overview and Scrutiny (acting as Audit) Committee in January 2021. The Council also has separate Speak Out and Anti Money Laundering Policies. The Council employs Veritau to provide a counter fraud service.
- The Chief Executive post is also an Assistant Chief Executive at North Yorkshire County Council (NYCC). The two councils are working together to support efficiencies and deliver improved services through effective partnership working.
- The Head of Corporate Governance also acts as the Council's Monitoring Officer. The appointment of a Monitoring Officer is required in accordance with Section 5 of the Local Government and Housing Act 1989. It is the function of the Monitoring Officer to report to Members upon any contravention of any enactment or rule of law or any maladministration by the Authority. The Monitoring Officer also has responsibilities relating to the Members' Code of Conduct.

- The Chief Finance Officer (s151) (a joint role employed by NYCC where the postholder is an Assistant Director for Strategic Resources) is the officer with statutory responsibility for the proper administration of the Council’s financial affairs, in accordance with Section 151 of the Local Government Act 1972. In compliance with CIPFA’s “Statement on the Role of the Chief Financial Officer in Local Government”, Ryedale is in full compliance as the Chief Finance Officer (s151) is a member of the Strategic Management Board.
- Both the Statutory Officers referred to above have unfettered access to information, to the Chief Executive and to Members of the Council in order that they can discharge their responsibilities effectively. The functions of these Officers and their roles are clearly set out in the Council’s Constitution.
- Financial sustainability is a key risk for the Council and a robust financial management framework is fundamental to managing and mitigating that risk. It comprises:
 - Financial and Contract Procedure Rules as part of the Constitution
 - A Financial Strategy which provides the framework for financial planning - projecting high level resources and spending over 10 years, it identifies the short, medium and long term financial issues the Council is dealing with and its approach to managing reserves
 - Medium-term financial planning using a three-year cycle, updated annually, to align resources to corporate priorities. Due to the impact of Covid-19 a revised budget and medium term financial strategy was approved by the Council in September 2020.
 - Service and financial planning integrated within the corporate performance management cycle and linked to the Council’s corporate objectives
 - Annual budget process involving scrutiny and challenge
 - Quarterly monitoring by management of revenue and capital budgets - with regular reports to Policy and Resources Committee
 - Production annually of a Statement of Accounts compliant with the requirements of local authority accounting practice
 - Compliance with requirements established by CIPFA
- Corporate programme, which is produced with explicit goals and associated performance targets related to the delivery of the Council Plan 2020-2024 in order to ensure that achievement of performance is measurable.
- The Council’s staff performance approach links personal objectives directly to the corporate programme and ultimately to the Council Plan 2020-2024.
- Regular reports to the Overview and Scrutiny Committee on complaints and compliments.
- The Council maintains a professional relationship with Grant Thornton, the body responsible for the external audit of the Council. Regular review meetings are held with the Chief Executive and s151 Officer and reports presented to Overview and Scrutiny in its role as Audit Committee.
- Recruitment and selection procedures are based on recognised good practice and all staff posts have a formal job description and competency-based person specification. Services are delivered and managed by staff with the necessary knowledge and expertise with training needs identified via the formal appraisal process.
- Pay is governed by a Pay Policy considered and approved annually by Council.

- A revised approach to managing risk has been adopted in recent years.
 - This has led to an overhaul of the Corporate Risk Register and the development of Service Risk Registers. Advice and guidance has been provided by Veritau and in some cases by North Yorkshire County Council. This work has been recognised and endorsed by Members who see it as an important part of the Council's improvement strategy. As part of that, an update on Risk Management, including the Corporate Risk Register, is presented to Audit Committee twice a year.
 - A Risk Management guidance document has been developed for key staff along with risk management training
 - The maintenance of the Corporate Risk Register comprising risks for the Council as a whole, assigned to designated officers, with appropriate counter-measures and an action plan established for each key risk
 - As well as presentation of this to Committee, Strategic Management Board also keeps the corporate risk management arrangements under review and examine and challenge this and service risk registers
 - Management and Internal Audit of a risk-based approach in the preparation and delivery of the audit plan
 - Officers of the Council are required to consider risk management issues when submitting reports to Committees and Council for consideration by Members. This includes managing risks around equalities, safeguarding and health and safety.

- The Council has established a Corporate Information Governance Group (CIGG) in order to address the requirements of the General Data Protection Regulation (GDPR) which came into effect on 25 May 2018. The Council's Senior Information Risk Owner (SIRO) is the Head of Corporate Governance. The CIGG includes representatives from Veritau, who have been engaged as the Council's Data Protection Officer (DPO), a requirement of the GDPR. Veritau provide regular updates to the Audit Committee.

- The maintenance of an adequate and effective system of Internal Audit is a requirement of the Accounts & Audit Regulations. Internal Audit is provided by Veritau North Yorkshire Ltd. (VNY), which is part of the Veritau group. The work of Internal Audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards. In accordance with these standards Internal Audit is required to prepare an audit plan on at least an annual basis.

- Internal Audit examines and evaluates the adequacy of the Council's system of internal controls as a contribution to ensuring that resources are used in an economical, efficient and effective manner. Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control.

- The audit plan is informed by the Council's main strategic risks. This is intended to ensure limited audit resources are prioritised towards those systems which are considered to be the most risky and/or which contribute the most to the achievement of the Council's priorities and objectives.

- The Council seeks to ensure resources are utilised in the most economic, effective and efficient manner whilst delivering continuous improvement. It aims to achieve this by a variety of means including the following:
 - Service/process transformation and efficiency reviews
 - Working with partners
 - External and Internal Audit feedback

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- the Annual Internal Audit Assurance opinion, as provided by Veritau North Yorkshire
- the Auditor's Annual Report on the Council's VFM arrangements
- comments made by the external auditors and other review agencies and inspectorates
- the Overview & Scrutiny Committee review that the elements of the governance framework are in place and effective, to ensure compliance with the principles. They also reviewed the system of internal audit and concluded it was effective and remained a key source of assurance for the Council in 2021/22.

The Overview and Scrutiny (O&S) Committee process has provided challenge and has monitored the Council's policies and performance on an ongoing basis. The Members of O&S have worked together, adopting a non-political approach, developing and using their knowledge and expertise, and that of others to the best effect. An evidence-based approach to the O&S work has been instrumental in achieving good results. Covid impacted on the Committee's work, but it did receive a report from Everyone Active on delivery of the leisure contract and reviewed progress on implementation of the Climate Change Action Plan.

In addition to receiving regular reports on Treasury Management, Risk and Complaints, the Committee supported the Head of Corporate Governance's proposals for two standards sessions to be delivered in 2021. These were:

- A workshop on member-officer relations (June 2021), and
- LGA code of conduct sessions on 20 and 25 October

The Committee also agreed that scoping reports be drawn up for the following topics:

- Affordable Housing - this has been put on hold due to capacity
- Review of Enforcement - this has not been taken forward
- Performance Appraisal System - completed

The Overview and Scrutiny Committee also received reports on:

- A new Model Code of Conduct, which it recommended for approval to Council
- Standards Training
- Local Government and Social Care Ombudsman Report and Annual Letter
- Update on Regulation of Investigatory Powers Act (RIPA)
- Safer Ryedale and the Community Safety Plan
- CIPFA Financial Management Code
- Internal Audit and Counter Fraud Annual Report
- Internal Audit and Counter Fraud Work Programme
- Internal Audit and Counter Fraud Governance Plan
- Everyone Active Annual Report
- Delivering the Council Plan - Key Performance Indicators for O&S Review
- Health & Safety Annual Report
- External Audit - Interim Audit and Progress Report

- 2020/21 Audit Findings (ISA260) Report
- External Audit Plan
- Equalities Action Plan
- Safeguarding
- Presentation of the Auditor's Annual VFM Report

The Council is dedicated to ensuring that its resources are utilised in the most effective and efficient manner whilst delivering continuous improvement. Work has been undertaken during the year to ensure Members were fully informed of, and involved in, shaping the budget strategy ahead of key meetings in February 2022. During the autumn of 2021, discussion and engagement took place with elected Members on priorities for the remaining lifetime of the Council. Two workshops were held in October and a follow-up prioritisation exercise was also carried out.

New financial monitoring arrangements introduced part way through 2018/19 have been and were in place for the full financial year, giving outturn estimates to Members on a quarterly basis which can now be seen as being consistent with the final actual outturn position. These include information and projections on costs arising from the pandemic and impact on reserves.

To improve the Council's effectiveness of this, capacity and additional support is now in place in services such as Health and Safety, Corporate Governance and Finance, IT, Communications, Transformation, Legal and Procurement. Additional support for Strategy and Performance was implemented in 2021/22 and this has enabled greater scrutiny of the Council's Performance with regular reports now coming to Council.

Based on the assurance work undertaken by Internal Audit, the Head of Internal Audit (Veritau) has provided an opinion on the adequacy of the control environment which concluded that this gave reasonable assurance and also recognised that the Council has made good progress in the last few years to improve its governance arrangements.

Key systems were audited in 2021/22 and a number of audit reports and other pieces of work were provided to management and the O&S Committee.

In January 2022 the Council's external auditors (Grant Thornton) provided the Council with an unqualified opinion on the Council's accounts within their Audit Findings (ISA260) Report. The Auditor's Annual Report on the Council's VFM arrangements was presented to O&S Committee in April 2022.

A new Council Plan was adopted in September 2020; the corporate programme to deliver this, and its underpinning performance framework is ongoing. The Council's People and Culture Plan and Council Plan, details key milestones and measures for success relating to organisational development.

Coronavirus

There has continued to be a significant impact on Council services of the coronavirus pandemic in 2021/22. Despite the challenges, the Council has maintained consistent essential services for residents, whilst adapting to provide alternative virtual services wherever possible.

Meetings follow government guidance on making these Covid secure and comply with relevant legislation.

Returns to MHCLG/DLUHC and DHSC and a financial tracker were maintained throughout this period and the financial impact has been reported to Member continuously.

Key Issues

No system of governance or internal control can provide absolute assurance against material misstatement or loss. This Statement is intended to provide reasonable assurance. In concluding this overview of the Council's governance arrangements, a number of issues have been identified that need to be addressed to ensure continuous improvement in the Governance Framework. The aim is to address these issues during the 2022/23 financial year, by way of an action plan for improving the governance framework and system of internal control. This will be subject to monitoring by the Overview and Scrutiny Committee.

The most significant issues for the Council to address during 2022/23 will be those resulting from the residual impacts of the pandemic, Local Government Reorganisation (LGR), the invasion of Ukraine and escalating costs of living.

On 21 July 2021, the Government announced that the county, district and borough councils in North Yorkshire will be replaced by a new unitary council. The new North Yorkshire Council will begin to operate on 1 April 2023. As such all services, assets and liabilities held by Ryedale District Council will transfer to the new authority on that date when this Council will cease to exist. This therefore means that the 2022/23 budget for Ryedale District Council will be its last.

The process of future planning and budgeting in 2022/23 will be for the new council but the pressures facing this Council will be relevant to the new single council from 1 April 2023. This clearly has implications for the period covered by the existing Financial Strategy and removes the need for a budget beyond the next financial year. However the Council is obligated to hand over its affairs to the new organisation in the best state it can and this means continuing to tackle known budgetary issues. The risks and pressures being faced in the medium term have been identified in the Financial Strategy agreed by Council in February 2022, which covers those issues beyond the termination of Ryedale District Council.

The financial implications of LGR are beginning to be understood, including the use of local-agreed protocols on spending and sharing financial information. Considerable work and resources are now being dedicated to ensuring that the new single council is safe and legal by vesting day on 1 April 2023. This means there is additional pressure on resources to deliver in the final year of Ryedale District Council. There will also be costs associated with resourcing this additional work and £500k has been set aside for this in 2022/23. In this period prior to vesting day the accounts for Ryedale District Council will continue to be constructed on a 'going concern' basis - with any services, assets and liabilities transferring to the successor authority.

Key Issues

In the 2020/21 Annual Governance Statement, seven key issues were identified. All of these are ongoing and will be continued (but amended) in the new version.

This Statement is intended to provide reasonable assurance. It is stressed that no system of control can provide absolute assurance against material misstatement or loss. In concluding this overview of the Council's governance arrangements, a number of issues have been identified that need to be addressed to ensure continuous improvement in the Governance Framework. The aim is to address these weaknesses during the 2022/23 financial year, by way of an action plan for improving the governance framework and system of internal control. This will be subject to monitoring by the Overview and Scrutiny Committee.

1. Financial Sustainability

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| Accountable Officer: | s151 Officer. |
| Challenge | <p>On-going and future changes to the Council's financial framework including several changes to national and local funding regimes will increase the financial pressure on the Council and risk profile.</p> <p>This needs to be matched with effective financial management on the part of members and officers.</p> <p>This Challenge was revised in 2020/21 to include dealing with the ongoing impact of the Coronavirus Pandemic. As a result of our monitoring we correctly identified at an early stage that resources from central government did not cover the full costs to Ryedale District Council of the pandemic.</p> |
| Actions | <p>The agreed Medium Term Financial Strategy of the Council highlights the expected need to make future savings. This informs the budget process for future years for the new North Yorkshire Council.</p> <p>The s151 Officer considers the risk as part of the closure of accounts including the need to make appropriate provisions and reserves at the year-end.</p> <p>Ensure effective budget management is in operation across the Council, including accurate data and forecasting and reporting to members. Ensure that members are kept aware of all relevant financial information to assist in budget setting in future years.</p> <p>The MTFS will also take into account the ongoing impact of the Coronavirus pandemic (see below).</p> |

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| Actions continued | <p>The financial impact of LGR will be a major feature in 2022/23. The LGR decision and other agreements did not affect the requirement on Ryedale District Council to set a legal budget for 2022/23 that addresses the Council's aims and objectives. There will also be a direct cost to the Council related to the implementation of LGR and some funding has been set aside to cover this. Staff will also be expected to contribute to the transformation to the new council and therefore this could impact on capacity.</p> |
| Progress Report | <p>This is a Key Issue which has formed part of the AGS for a number of years, and it is expected that this will continue to be the case.</p> <p>A revised Financial Strategy was approved by Council in February 2022 and members were consulted during the preparation of the budget through reports and briefings.</p> <p>Financial monitoring is now fully in place and has explicitly included the impact of Covid since 2020/21. This will continue in 2022/23 and we will continue to complete a monthly tracker which can be submitted to central government. Through this we will continue to lobby for additional costs that cannot be funded by the Council.</p> <p>Reviews on additional services are undertaken to ensure that required capacity is funded and resources managed effectively; this remains critical as the impact of Covid-19 continues to impact on service demand in key areas of business. This increased demand is not anticipated as lessening during 2022/23.</p> <p>A budget for Local Government Reorganisation was agreed by Full Council so that Ryedale can play its part in shaping the new Council for North Yorkshire. Costs are being monitored and will be reported as part of budgeting processes.</p> <p>The financial impact of Local Government Review will require careful consideration with regard to use of resources and financial impact as will ongoing monitoring of impact of supply chain disruption and inflationary risks.</p> <p>The revised MTFS will be monitored during 2022/23 to ensure that members of RDC and of the new North Yorkshire Council are aware of the existing financial pressures and opportunities in Ryedale.</p> <p>A Financial Protocol is in place to ensure that any decisions taken by Ryedale which impact on the new Council are transparent.</p> <p>Improved procurement support has led to the monitoring of a forward procurement plan and the correct governance around contract management. Again this is being aligned to the future operation of North Yorkshire Council.</p> |

2. Waste and Recycling Review

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| Accountable Officer: | Head of Waste and Environmental Services. |
| Challenge | To ensure that RDC achieves efficient and effective waste and recycling collection. |
| Actions | <p>Implementation of new optimised household waste and recycling collections linked to new recycling vehicles and waste transfer station.</p> <p>A piece of work on route optimisation will be completed.</p> <p>Delivery programme of new recycling vehicle completed.</p> |
| Progress Report | <p>This was highlighted as a Key Issue in the 2018/19 AGS and continues to be an area of focus driven by organisational need and national policy change.</p> <p>Significant operational demands were faced during 2020/21 as residents were spending more time at home due to the Covid lockdown periods. This resulted in unprecedented variations in tonnages presented for collection and operational collections were changed to manage the completion of existing rounds with minimal disruption to household waste and recycling services.</p> <p>The new recycling vehicle became operational during 2021/22 following significant vehicle modifications.</p> <p>The implementation of the new optimised household waste and recycling collection rounds has been rescheduled later in 2021/22 (subject to Covid policy directives) now that this new vehicle is in service and given that the country is now emerging from restrictions.</p> <p>In July 2021 DEFRA consulted on a series of proposals on consistency of collections which included a proposal to introduce free garden waste collections by local authorities from 2023/24 and indicated that any increase costs will be covered by new burdens funding.</p> <p>The Environment Act 2021 received Royal Assent on the 9 November 2021 and will require all waste collection authorities in England to arrange for the separate collection of garden waste for recycling or composting. It is expected that the outcome of the DEFRA consultations on the consistency of collections will mandate free garden waste collections from 2023/24.</p> <p>These factors will all be taken into account when moving forward.</p> |

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| Progress Report continued | There is ring-fenced investment in place to facilitate this including a new vehicle replacement programme, which was approved as part of the capital programme for the period 2021/22 to 2024/25, and a Streetscene transformation capacity funding which was agreed as part of the 2021/22 revenue budget. |
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3. The Local Plan

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| Accountable Officer: | <p>Programme Director for Place and Resources.</p> <p>Planning Services Manager.</p> |
| Challenge | <p>The Local Plan requires review and adoption. This Project is ongoing, beginning in 2020/21 and will continue until adoption. This is estimated to be summer 2023 based on members' current agreements to a limited review of the Plan taking place. Local Government Reform is directing the timeframe for publication of the Plan with a need for RDC to agree the publication version prior to vesting day.</p> |
| Actions | <p>Review of the development plan as the Local Plan Strategy was seven years old when this was first developed.</p> <p>This will highlight expected levels of development that will take place in the District and will set out the specific types of new development required to meet Ryedale's needs. It will also set out the Council's approach to responding to climate change in terms of policies which will be applied to a range of new developments.</p> |
| Progress Report | <p>This has been highlighted as a Key Issue since the 2018/19 AGS (for action in 2019/20).</p> <p>The Sites Document was formally adopted on 29 June 2019 as scheduled.</p> <p>Some delay in early stages of the review by the Local Plan Working Party (LPWP) arising from the Covid outbreak and capacity in the officer team. Capacity has been addressed and a timetable for future meetings has also been established. Formal adoption of the review is likely to be July 2023 as set out in the Local Development Scheme (subject to the outcome of the examination and LGR). It should also be noted that this is an area of significant policy interest at a national level, and this may have a bearing on the overall timetable.</p> <p>The target dates for the plan have been agreed by members who also agreed that there would be a limited review of the plan in order to hit the submission for examination target dates in advance of any local government restructure.</p> <p>Members approved the new Local Development Scheme in February 2021 and the Council's Statement of Community Involvement was approved in March 2021.</p> <p>Work on the collation of evidence to inform initial public consultation and a Call for Sites consultation which ended on 6 July 2021.</p> |

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| Progress Report continued | <p>Work on site assessment is on-going as is consultation on the sites which will continue to the point that the District Council agrees a version of the plan for publication prior to the new North Yorkshire Council coming into being. The publication of the plan at this time will require a revision to the Local Development Scheme (scheduled for June 2022).</p> <p>Development of the Sustainability Appraisal Scoping report is close to being completed (April 2022).</p> <p>A Consultation on the Distribution of Development was commenced in November 2021 and this was extended due to email issues (now resolved).</p> <p>Members of the Local Plan Working Party are now meeting bi-monthly to discuss various elements:</p> <ul style="list-style-type: none">• Spatial Approach.• Sites.• Policy choices. <p>A Key decisions paper is to be taken to Policy and Resources in June 2022 which will give Officers the ability to direct site assessment work.</p> <p>Additional consultancy support is being commissioned to provide a series of technical evidence documents; critical friend support, and wider technical consultancy support to support Officers and Members and drive progress.</p> |
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4. Resilience and Capacity

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| Accountable Officer: | Head of HR. |
| Challenge | <p>To ensure sufficient capacity to enable the Council to carry out strategic and/or operational objectives.</p> <p>This also includes HR policies and procedures - review and approval, including staffing aspects of Equality and Diversity.</p> |
| Actions | <p>Continuous review of the new arrangements now in place.</p> <p>HR policies should be fit for purpose. Documents should grow and adapt with an organisation. Policy review and revision is a crucial part of an effective policy and procedure management plan.</p> <p>Action plan towards developing level for the Equality Framework for Local Government with respect to staffing matters.</p> |
| Progress Report | <p>This was initially highlighted as a Key Issue in the 2018/19 AGS (for action in 2019/20). The Action was that actions from a comprehensive Health Check of HR were followed up and implemented.</p> <p>Capacity and additional support has been put in place in services such as Health and Safety, Enforcement, Planning & Regulatory Services, Corporate Governance, Finance, IT, Communications, Programme Management, Legal, Revenues and Benefits and Procurement. Additional support for Strategy and Performance was planned for implementation in 2020/21, but was delayed by the need to prioritise Covid-19. This is now in place (June 2021).</p> <p>15 HR policies have now been reviewed and either approved by Council or in the process of gaining approval. In its final year, any further reviews and changes will be restricted to any changes required by law.</p> <p>Additional resources were secured during the Covid-19 pandemic to support key areas of the business to function e.g. customer services advisors. However this is constantly under review and pressures in capacity are exacerbated by the work that has been undertaken and is likely to increase on LGR. These capacity pressures will continue to be reviewed during 2022/23 and brought to members' attention where additional capacity is required. This was highlighted in the Financial Strategy presented to Full Council in February 2022 and Council agreed to set aside funding in the budget to assist with this.</p> |

5. Economic Recovery and Growth

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| Accountable Officers | <p>Programme Director - Economic Development.</p> <p>Head of Customer Services and Communities.</p> |
| Challenge | <p>Economic Recovery and Growth.</p> |
| Actions | <p>Delivering a strong, sustainable economy will need to now take account of the recovery required post-Covid to address the long-term, sustainable economic success of the district. This includes addressing the needs of those who are experiencing poverty and severely reduced income as a consequence of the pandemic.</p> <p>Submission of York/North Yorkshire devolution asks to Government were agreed by Elected Members. Submission has occurred and councils across York and North Yorkshire are continuing to ask for a negotiation process with Government to begin.</p> <p>A plan for leaving the European Union is also critical given the impact this may have on many businesses. Component parts of the proposed devolution deal relating to thriving businesses, strong job opportunities, robust infrastructure, and strong culture, tourism and low carbon sectors, are aiming to be progressed through bids into new Government funding tranches (e.g. Community Renewal Funding, Levelling Up) that are replacing EU funding tranches.</p> <p>Inclusive growth is also key to mitigate the increasing levels of poverty that are arising from the consequences of Covid-19. This includes a focus on partnership initiatives with other key bodies including Town and Parish Councils, NYCC and the voluntary and community sector.</p> |
| Progress Report | <p>This was highlighted as a Key Issue in the 2018/19 AGS but was revised last year to take account of the recovery required post-Covid.</p> <p>Examples of Economic Development work carried out in 2020/21 include:</p> <ul style="list-style-type: none"> • the provision of free public wi-fi in the market towns of Malton, Pickering and Helmsley. • securing external funding from the Local Growth Fund to undertake initial feasibility work on a number of projects including a Ryedale Business Centre. • further work on the installation of additional EV charging points throughout Ryedale including in RDC car parks, at Ryedale House and at the RDC Depot on Showfield Lane, Malton. |

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| <p>Progress Report continued</p> | <p>In addition to this, during the past two years, a key focus was on providing immediate support to businesses. This included handling increased service demands and direct action to enable businesses to trade safely (e.g. environmental health, community officer roles in Covid secure management, increased benefits claims and housing applications). Grants to business and individuals have been made as quickly and effectively as possible to ease distress and protect lives and livelihoods (e.g. self-isolation, a variety of business grants).</p> <p>The Council's actions to support economic recovery are aligned to the Council Plan and have also been progressed as part of the regional Local Resilience Forum arrangements.</p> <p>Ryedale is also playing a key role in the management of poverty across York and North Yorkshire, with the Head of Customer Services and Communities acting as the Deputy Chair.</p> <p>Examples of Economic Development work carried out in 2021/22 include:</p> <ul style="list-style-type: none"> • Successful delivery of a further round of the Additional Restrictions Grant scheme to support businesses suffering the impacts of the Omicron variant. • Design and delivery of a number of new and existing RDC grant schemes including Small Arts Grants, RDC Arts Commissions, Small Business Grant and the Community EV Charging Grant Scheme. • Completing the legal and financial processes required to allow for the commencement of the third phase of the Thornton Road Industrial Park in Pickering. • Securing £183,500 for up to six new Changing Spaces facilities across Ryedale to be delivered over the next two financial years in partnership with the North York Moors National Park Authority and Forestry England. • Supported the Milton Rooms Committee with the delivery of a £500,000 investment contribution by RDC. • Held a successful Jobs Fair at Ryedale House in November 2021. <p>In addition to the above and all other work undertaken by the team, the Local Government Reorganisation process has latterly become a more significant aspect of work, with Officers regularly participating across two major work streams - Economic Development and Culture, Leisure and Sport.</p> <p>Discussions on devolution have now begun and the AGS will be updated to cover these as appropriate.</p> |
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6. Climate Change

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| Accountable Officers | Programme Director - Economic Development. |
| Challenge | Delivering the Climate Change Action Plan to ensure that Ryedale District Council can contribute towards the reduction in global temperature rise. |
| Actions | Progressing Action Plan delivery through numerous projects which include operations, partnerships with public, private, voluntary sectors and Ryedale Environmental sectors and residents, building and assets, transport and vehicles. |
| Progress Report | <p>This continues to be highlighted as a Key Issue and specifically to review and enact the Action Plan. This has been done and taken into account in the update below.</p> <p>Agreed three-year revenue budget in place to support delivery. Climate Change Officer in place from November 2021.</p> <p>Current achievements include:</p> <ul style="list-style-type: none"> • delivery of LED street lighting across Malton and Norton (264 lamps, equating to a CO₂ saving of 36 tonnes per year). • delivery of 20 fast-charging units (car parks) and 10 RDC workplace units. • delivery of 11.4 mile Malton - Pickering cycle route enhancements. • delivery of first round of the community environmental grant to 6 community groups across Ryedale. Energy efficiency projects with a community focus, ranging from roof insulation to an EV charge point. • delivery of BEIS Local Authority Delivery Grant 2 (LAD2) funding, 73 measured ranging from Solar, EWI, ASHA and SMHC. • secured BEIS Local Authority Delivery Grant 3 (LAD3) & Home Upgrade Grant 1 (HUG1) funding for on and off gas-grid energy-efficient upgrades (EPC ratings E-G). Multiple LAs consortium bid. • secured private rental sector (PRS) minimum energy efficiency funding to support private rental sector compliance to higher EPC ratings. • secured HNDU funding for a local geothermal project in partnership with Third Energy. Funding awarded and phase 1 feasibility ongoing. • supporting Circular Malton and Norton's Anaerobic Digester project, which would reuse local Malton & Norton commercial food waste. • delivery of electric lifters on Streetscene bin lorries, providing additional CO₂ emission savings.delivery of an eco-tourism support program, whereby five tourism businesses have been supported in creating a sustainability action plan by the University of York. A further five businesses to complete the program by April 2022. |

7. Council Plan

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| Accountable Officers | Chief Executive. |
| Challenge | A Council Plan is a necessary strategic document for guiding the work programme for the organisation and its employees. The current Council Plan was adopted in September 2020. |
| Actions | Now the Council Plan is adopted, a corporate programme and underpinning performance framework is being developed. This will be subject to democratic decision-making in due course. |
| Progress Report | <p>This was highlighted as a Key Issue in the 2018/19 AGS (for action in 2019/20) and specifically noted that there would be a revision of the Plan and its priorities. This was achieved.</p> <p>A series of engagement sessions took place with Elected Members and officers to produce the new Council Plan, which was adopted by Council in September 2020. It highlights four main priorities as below:</p> <ol style="list-style-type: none"> 1. Our communities: strong, inclusive and attractive. 2. Our economy: harnessing Ryedale’s unique economy to deliver growth, homes and jobs. 3. Our environment: a sustainable, safe and clean place to live. 4. Our organisation: an innovative, enterprising council. <p>A corporate programme is being delivered to achieve the objectives set out in the Council Plan; the reporting mechanism for this is Policy and Resources. An annual report of performance for 2020/21 was presented to Policy and Resources in September and to Full Council in October 2021 with quarterly reporting thereafter.</p> <p>Members have also engaged in a prioritisation exercise which gives direction on the key areas of work to be completed. This and the agreement of RDC’s final budget is enabling officers to focus on delivering strategic goals.</p> |

Approval of the Annual Governance Statement

Through the action referred to on the previous page, we propose over the coming year to address the issues that have been identified, with a view to further enhancing our governance arrangements. These steps will identify improvements that are needed and we will monitor their implementation and operation as part of our next annual review.

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| Signed | Date 25 November 2022 |
| Councillor D E Keal Chair of Policy and Resources Committee | |

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| Signed | Date 25 November 2022 |
| Stacey Burlet Chief Executive Officer | |

Independent Auditor's Report 2021/22

Auditors report to follow

Auditors report to follow

Auditors report to follow

Auditors report to follow

Auditors report to follow

Auditors report to follow

Analysis of the cost of services (unaudited) (Comprehensive income and expenditure statement)

This analysis provides supplementary information to the audited accounting statements. It provides details of the expenditure and income for each individual service for the Cost of Services line in the Comprehensive Income and Expenditure Statement:

| 2020/21 Net Exp. £000 | Service | 2021/22 Expenditure £000 | 2021/22 Income £000 | 2021/22 Net Exp. £000 |
|-----------------------------|--|--------------------------------|---------------------------|-----------------------------|
| | Central Services to the Public | | | |
| 112 | Grants, Bequests & Donations | 105 | - | 105 |
| 177 | Emergency Planning | 478 | 221 | 257 |
| 370 | Local Tax Collection | 885 | 251 | 634 |
| 322 | Elections | 416 | 2 | 414 |
| 75 | Local Land Charges | 89 | 99 | (10) |
| 1,056 | Net Expenditure Central Services to the Public | 1,973 | 573 | 1,400 |
| | Cultural & Related Services | | | |
| 108 | Culture & Heritage | 107 | - | 107 |
| 108 | Open Spaces | 228 | 1 | 227 |
| 561 | Recreation & Sport | 1,007 | 67 | 940 |
| 81 | Tourism | 615 | 534 | 81 |
| 858 | Net Expenditure Cultural & Related Services | 1,957 | 602 | 1,355 |
| | Environmental & Regulatory Services | | | |
| (1) | Closed Churchyards | 1 | - | 1 |
| - | Community Safety (CCTV) | - | - | - |
| 47 | Community Safety (Crime Reduction) | 57 | 10 | 47 |
| 47 | Community Safety (Safety Services) | 15 | - | 15 |
| 141 | Flood Defence & Land Drainage | 133 | 52 | 81 |
| 1,089 | Recycling | 2,091 | 1,343 | 748 |
| 883 | Regulatory Services | 1,345 | 217 | 1,128 |
| 598 | Street Cleansing | 668 | 49 | 619 |
| 101 | Trade Waste | 898 | 738 | 160 |
| 901 | Waste Collection | 1,025 | 25 | 1,000 |
| 3,806 | Net Expenditure Environmental & Regulatory Services | 6,233 | 2,434 | 3,799 |

| 2020/21 Net Exp. £000 | Service | 2021/22 Expenditure £000 | 2021/22 Income £000 | 2021/22 Net Exp. £000 |
|-----------------------------|--|--------------------------------|---------------------------|-----------------------------|
| | Planning Services | | | |
| 27 | Building Control | 293 | 222 | 71 |
| 135 | Business Support | 451 | 509 | (58) |
| 6 | Community Development | 146 | 15 | 131 |
| 406 | Development Control | 1,009 | 462 | 547 |
| 470 | Economic Development | 416 | 192 | 224 |
| 59 | Environmental Initiatives | 87 | - | 87 |
| 260 | Planning Policy | 431 | - | 431 |
| 1,363 | Net Expenditure Planning Services | 2,833 | 1,400 | 1,433 |
| | Highways & Transport Services | | | |
| (100) | Parking Services | 346 | 882 | (536) |
| 42 | Transport Support | 46 | - | 46 |
| (58) | Net Expenditure Highways & Transport Services | 392 | 882 | (490) |
| | Housing Services | | | |
| 74 | Enabling | 84 | (1) | 85 |
| 321 | Homelessness | 1,071 | 762 | 309 |
| 125 | Housing Advice | 128 | - | 128 |
| 362 | Housing Benefits Administration | 294 | 154 | 140 |
| 169 | Housing Benefits Payments | 7,201 | 7,039 | 162 |
| (97) | Housing Strategy | 296 | 908 | (612) |
| 74 | Other Council Property | 375 | 80 | 295 |
| 159 | Other Welfare Services | 500 | 266 | 234 |
| 62 | Private Sector Housing Renewal | 668 | 707 | (39) |
| 1,249 | Net Expenditure Housing Services | 10,617 | 9,915 | 702 |
| | Corporate & Democratic Core | | | |
| 1,103 | Corporate Management | 1,457 | 36 | 1,421 |
| 895 | Democratic Representation & Management | 1,051 | - | 1,051 |
| 1,998 | Net Expenditure Corporate & Democratic Core | 2,508 | 36 | 2,472 |
| | Other Corporate & Non Distributed Costs | | | |
| 17 | Other Services | (36) | 1 | (37) |
| 36 | Non Distributed Costs | 164 | - | 164 |
| 53 | Net Expenditure Other Corporate & Non Distributed Costs | 128 | 1 | 127 |
| 10,325 | COST OF SERVICES | 26,641 | 15,843 | 10,798 |

Glossary

Accounting Concepts

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the Council.

Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date, 31 March.

Accounting Policies

Accounting Policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Authority that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy will, for example, specify the estimation basis for accruals where there is uncertainty over the amount.

Accruals

Sums included in the final accounts to cover income or expenditure, whether revenue or capital in nature, attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses which arise because either events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

Amortisation

The gradual elimination of a debt by periodic payments over a specified number of years.

Asset

Something of worth which is measurable in monetary terms. These are normally divided into current assets and fixed assets.

Assets Under Construction

This is the value of work on uncompleted tangible fixed assets at the balance sheet date.

Balance Sheet

A statement of the recorded assets, liabilities and other balances of the Authority at the end of the accounting period.

Business Rates Retention Scheme

A new scheme introduced from April 2013 which provides for local authorities sharing any surplus or deficit in Business Rates Income above or below a pre-determined baseline funding level set by Central Government.

Capital Adjustment Account

The balance on this account principally represents amounts set aside from revenue accounts, capital receipts used to finance capital expenditure and the excess of depreciation over the Minimum Revenue Provision.

Capital Charge

A charge to service revenue accounts to reflect the cost of utilising non-current assets in the provision of services.

Capital Expenditure

Expenditure on the acquisition of fixed assets that will be of use or benefit to the Authority in providing its services beyond the year of account or expenditure that adds to, and does not merely maintain, an existing fixed asset.

Capital Expenditure charged to Revenue Account (CERA)

A method of financing capital expenditure in the accounting period rather than over a number of years.

Capital Financing

The method by which money is raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing (CERA), usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Capital Programme

The capital schemes the Authority intends to carry out over a specified time period.

Capital Receipts

Money received from the sale of fixed assets, or other money received towards capital expenditure. A specified proportion of this may be used to finance new capital expenditure.

Cash Flow Statement

A statement summarising the inflows and outflows of cash, arising from transactions between the Authority and third parties, for revenue and capital purposes.

Charging Authority

The Authority responsible for administering the Collection Fund, including raising bills for and collecting the appropriate council tax and national non-domestic rates (NNDR).

Collection Fund

A fund administered by the Charging Authorities into which is paid council tax and NNDR income and outstanding community charge income. Precepts are paid from the fund to Precepting Authorities, including the Charging Authority, and the NNDR collected is paid to the Government.

Community Assets

Assets that the Authority intends to hold in perpetuity that have no determinable useful life, or that may have restrictions on their disposal. Examples of such items are parks and historic buildings.

Consistency

The concept that the accounting treatment of like items, within an accounting period, and from one period to the next, is the same.

Contingent Asset

A possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

Contingent Liability

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

Corporate and Democratic Core

The corporate and democratic core comprises all activities that the Authority engages in specifically because it is an elected, multi-purpose authority. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. The code of practice, therefore, does not require these costs to be apportioned to services.

Council Tax

A charge on residential property within the Authority's area to finance a proportion of the Authority's expenditure.

Creditors

Amounts owed by the Authority for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.

Current Assets

Assets that can be expected to be consumed or realised (cease to have material value) during the next accounting period.

Current Liabilities

Amounts that will become due or could be called upon during the next accounting period.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Curtailement

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments can include termination of employees' services earlier than expected (due to ceasing an activity) and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Debtors

Amounts due to the Authority for goods or services provided within the accounting period but not received at the balance sheet date.

Deferred Debtors

Amounts due to the Authority that are not expected to be repaid in full within the next accounting period.

Deferred Liabilities

These are liabilities which, by arrangement, are payable beyond the next year, either at some point in the future or by an annual sum over a period of time.

Defined Contribution Pension Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing-out, using up or other reduction in the useful life of a fixed asset. This can arise from use, passing of time or obsolescence through, for example, changes in technology or demand for the goods and services provided by the asset.

Emoluments

These are all sums paid to, or receivable by, an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either the employer or the employee are excluded.

Expected Rate of Return on Pension Assets

This applies to a funded defined benefit pension scheme and is the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Financial Reporting Standards (FRSs)

Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.

Financial Year

Period of time to which a Statement of Accounts relates. The financial year of the Authority runs from 1 April to 31 March.

Fixed Assets

Tangible and intangible assets that can be expected to be of use or benefit to the Authority in providing its services for more than one accounting period.

General Fund

The main account of the Authority that records the costs of service provision.

Going Concern

The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Payments by central government towards the cost of Local Authority services either specifically (e.g. improvement grants) or generally (e.g. revenue support grant).

Impairment

A reduction in the value of a fixed asset below its carrying amount on the Authority's balance sheet.

Income and Expenditure Account

The Income and Expenditure Account combines the income and expenditure relating to all the Authority's functions.

Infrastructure Assets

These are fixed assets that are inalienable, i.e. expenditure on assets that cannot be sold, but where there is economic benefit over more than one year to the Council. Examples of infrastructure are highways and footpaths.

Intangible Fixed Asset

These are assets which do not have a physical substance, e.g. computer software, but which yield benefits to the Council, and the services it provides, for a period of more than one year.

Interest Cost

This relates to a defined benefit pension scheme. The expected increase during the period is the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Financial Reporting Standards (IFRS)

Accounting standards set by the International Accounting Standards Board. The standards provide guidance and advice for the preparation of financial statements.

Investment

An investment is considered to be long term if it is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified as such only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above criteria should be classified as current assets.

Investment Properties

An interest in land and/or buildings where construction work and development has been completed and which is held for its investment potential, any rental income being negotiated at arms-length.

Leasing

A method of financing capital expenditure where a rental charge is paid for the asset over a specified period of time.

Liability

An account due to an individual or organisation that will be paid at some future date.

Liquid Resources

Current investments that are readily disposable by the Authority without disrupting its business and are readily convertible to cash.

Long-Term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

Minimum Revenue Provision

The minimum amount which must be charged to the Authority's revenue accounts each year and set aside as a provision to meet the Authority's credit liabilities.

Monitoring Officer

Under the provisions of the Local Government and Housing Act 1989 Councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of Authority decision making. Councils may choose who to designate as Monitoring Officer except that it may not be the Head of Paid Service (Chief Executive).

National Non-Domestic Rates (NNDR)

An NNDR poundage is set annually by central government and collected by Charging Authorities. The proceeds are redistributed by the government between Local Authorities through Top Ups and Tariffs.

Net Book Value

Amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Non- Current Assets

These are assets with a physical substance that yield benefits to the Authority and the services it provides for a period of more than one year.

Non Distributed Costs

These are overheads from which no user benefits, and therefore they cannot be allocated to a service area.

Non-Operational Assets

These are fixed assets owned by the Council, but not directly occupied, used or consumed in the delivery of Authority services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, awaiting sale or redevelopment.

Operational Assets

These are fixed assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Past Service Cost

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet Events

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible finance officer.

Precept

The amount that a Precepting Authority requires from a Charging Authority to meet its expenditure requirements.

Precepting Authority

Local Authorities, including parish councils and police authorities, which cannot levy a council tax directly on the public but have the power to precept Charging Authorities.

Prior Year Adjustments (or Prior Period Adjustments)

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

Provisions

Amounts set aside in the accounts for future liabilities that are likely to be incurred, but which cannot accurately be quantified.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Prudential Indicators

The Local Government Act 2003 specifies a number of prudential indicators covering both capital and treasury management activities which local authorities must set as part of their budget process. They are designed to show the affordability of the capital programme and that the local authority borrowing is prudent and sustainable.

Realisable Value

The value of the asset at existing use, if sold between a willing buyer and a willing seller.

Related Party

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

Reserves

Amounts set aside in the accounts for the purpose of defraying particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.

Residual Value

The net realisable value of an asset at the end of its useful life. Residual values are based on current prices at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revaluation Reserve

This account contains surpluses and losses arising from the periodic valuation of non-current assets.

Revenue Account

An account which records the Authority's day to day expenditure and income on such items as salaries and wages, running costs of service provision and the financing of capital expenditure.

Revenue Expenditure Funded from Capital Under Statute

Expenditure which may be properly capitalised but which does not result in or remain matched with assets controlled by the Authority.

Revenue Support Grant (RSG)

A general central government grant paid to the Income and Expenditure Account in support of the Charging Authority's revenue expenditure.

Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Section 151 Officer (s151)

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Authority's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. Furthermore section 25 of the Local Government Act 2003 requires the Section 151 Officer to comment on the robustness of the budget estimates and the adequacy of reserves.

Statement of Recommended Practice (SORP)

This is the guidance issued by CIPFA to enable Authority's to ensure that the Accounts published comply with IFRS as it applies to local authority financial matters.

Stocks (inventories)

Items of raw materials and stores purchased by the Authority to use on a continuing basis which have not been used. The value of those items not used at the balance sheet date are included as assets of the Council.

Support Services

The costs of departments that provide professional and administrative assistance to services e.g. Financial Services, Human Resources.

Temporary Borrowing/Investment

Money borrowed or invested for an initial period of less than one year.

Useful Life

The period over which the Authority will derive benefits from the use of an asset.

Work in Progress

The value of work done on an uncompleted project that has not been recharged to the appropriate account at the balance sheet date.

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DISTRICT
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