

**Meeting:** Audit Committee

**Members:** Councillors and Independent Co-opted Members (non-voting) Cliff Lunn (Chair), Alyson Baker, Philip Broadbank, Mark Crane, George Jabbour (Vice-Chair), Karin Sedgwick, Neil Swannick, Peter Wilkinson, Felicity Cunliffe-Lister, Mr David Marsh and Mr David Portlock

**Date:** Monday, 11th December, 2023

**Time:** 1.30 pm

**Venue:** Brierley Room, County Hall, Northallerton

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## **AGENDA**

**20.1 Final Accounts and Audit Update** (Pages 3 - 158)  
Report of the Corporate Director, Resources.

The Chair has agreed, by reason of urgency, to the inclusion of the following report, "Final Accounts and Audit Update" and that it be circulated to the Committee. The reason for the urgency is the report needs to be considered in conjunction with item 8 on the agenda as the final accounts report includes the former Hambleton District Council Accounts and letter of representation for 2019/2020.

Barry Khan

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Assistant Chief Executive  
(Legal and Democratic Services)

County Hall  
Northallerton

Tuesday, 5 December 2023

## North Yorkshire Council

### Audit Committee

11 December 2023

### Final Accounts and Audit Update

### Report of the Corporate Director Resources

#### 1.0 PURPOSE OF REPORT

- 1.1 To update on the audit and publication of Statement of Final Accounts (SOFA) for legacy councils.
- 1.2 To approve the Statement of Accounts of legacy Councils following completion of the external audit.

#### 2.0 SUMMARY

- 2.1. This report provides an update on the audit, certification and publication of the outstanding final audited Statement of Accounts for legacy Councils.

#### 3.0 BACKGROUND

- 3.1. The Accounts and Audit Regulations set out the requirements and timelines for Member approval of Local Authority Accounts and one of the Terms of Reference for this Committee is to approve the Annual Statement of Accounts (SOFA).
- 3.2. The regulations set out the requirement for the Statement of Accounts (SOFA) to be certified by the Section 151 Officer (Corporate Director – Resources) and approved by Members (the Audit Committee) in advance of the certification and publication.
- 3.3. As previously agreed, the Statement of Accounts for the legacy Councils are not considered by the Corporate Governance Working Group. However, any exceptional and significant changes reflected in the Final SOFA compared with the Draft version will be reported to Members prior to sign off.

#### 4.0 STATEMENT OF ACCOUNTS UPDATED POSITION

- 4.1. Draft 2022/23 accounts are published by 31 May 2023 for the majority of the legacy councils. A summary sheet giving a brief update on the status of the accounts for the legacy councils is shown in **Appendix A**. The latest position for each council is as follows:

- Hambleton – 2022/23 Draft accounts published; 2019/20 Audit completed.
- Ryedale – 2022/23 Draft accounts published; 2022/23 in progress.
- Selby – 2022/23 Draft accounts published; 2022/23 Audit in progress.
- North Yorkshire – 2022/23 Draft accounts published; 2021/22 & 2022/23 Audit in progress.
- Richmondshire – 2022/23 Draft accounts published; 2020/21 & 2021/22 Audit in progress.
- Scarborough – 2022/23 Draft accounts published

- Harrogate – 2022/23 Draft accounts published
- Craven – 2021/22 and 2022/23 Draft accounts to be published January 2024

## **Audit and Certification of Accounts**

4.2. The following audits have now concluded and the reports of the External Auditors are included as an item on this agenda:

- Hambleton District Council 2019/20 Accounts

4.3. The revised Hambleton 2019/20 SOFA is attached as **Appendix B**. Following the conclusion of the audit, the Corporate Director – Resources has re-certified the Final version of the SOFA before it is approved by the Audit Committee.

4.4. There have been a number of minor changes to the Final SOFA including refinements agreed with the External Auditors, internally initiated amendments and the inclusion of the External Auditor’s certification.

4.5. The more significant changes reflected in the Final SOFA are highlighted in the External Auditors Report and were in relation to the recognition of a loan (previously treated as a grant in the draft accounts) and the valuation of car parks.

4.6. In order to conclude the Final Accounts process it is necessary for this Committee to note the changes reflected in the Final SOFA compared to the Draft Version published prior to the audit and authorise the Chairman to sign the accounts.

4.7. In addition, the External Auditors require the Letter of Representation to be signed by the Chairman of the Audit Committee and the Corporate Director – Resources as an acknowledgement of the Committee’s responsibility for the fair presentation of the financial statements.

4.8. The Letter of Representation for the Hambleton District Council 2019/20 Statement of Accounts is attached as **Appendix C**.

## **5.0 ALTERNATIVE OPTIONS CONSIDERED**

5.1 No alternative options were considered.

## **6.0 FINANCIAL IMPLICATIONS**

6.1 There are no specific financial implications.

## **7.0 LEGAL IMPLICATIONS**

7.1 There are no specific legal implications.

## **8.0 EQUALITIES IMPLICATIONS**

8.1 There are no equalities implications.

## **9.0 CLIMATE CHANGE IMPLICATIONS**

9.1 There are no climate change implications.

## **10.0 REASONS FOR RECOMMENDATIONS**

10.1 Member approval is required to sign off audited SOFAs in order to fulfil the obligations of those charged with the council's governance (i.e. the Audit Committee).

#### **11.0 RECOMMENDATIONS**

i) That Members approve the final Statement of Accounts for Hambleton District Council (2019/20) and authorise the Chairman to sign the Statement of Accounts and Letters of Representation (**paragraph 4.7 and 4.8**)

#### **APPENDICES:**

Appendix A – Update on Legacy Council Accounts

Appendix B – HDC Statement of Accounts 2019/20

Appendix C – Management Letter of Representation (HDC 2019/20 SOFA)

#### **BACKGROUND DOCUMENTS:**

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23

Gary Fielding  
Corporate Director – Resources  
County Hall  
Northallerton  
June 2023

Report Author – John Raine, Head of Technical Finance  
Presenter of Report – John Raine, Head of Technical Finance

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or ques

## Update on Legacy Council 2022/23 Accounts

Council	Audit Firm	Draft Accounts	Audit of Accounts Completed						
		22/23	22/23	21/22	20/21	19/20	18/19	17/18	16/17
Craven	Mazars	x	x	x	√	√	√	√	√
Hambleton	EY	√	x	x	x	√*	√	√	√
Harrogate	Mazars	√	x	x	√	√	√	√	√
NYCC	Deloitte	√	x**	x**	√	√	√	√	√
Richmondshire	EY	√	x	x**	x**	√	√	√	√
Ryedale	GT	√	x**	√	√	√	√	√	√
Scarborough	Mazars	√	x	x	x***	x***	x***	x***	x***
Selby	Mazars	√	x**	√	√	√	√	√	√

\* Audit Completed and Final Accounts to be approved by Audit Committee

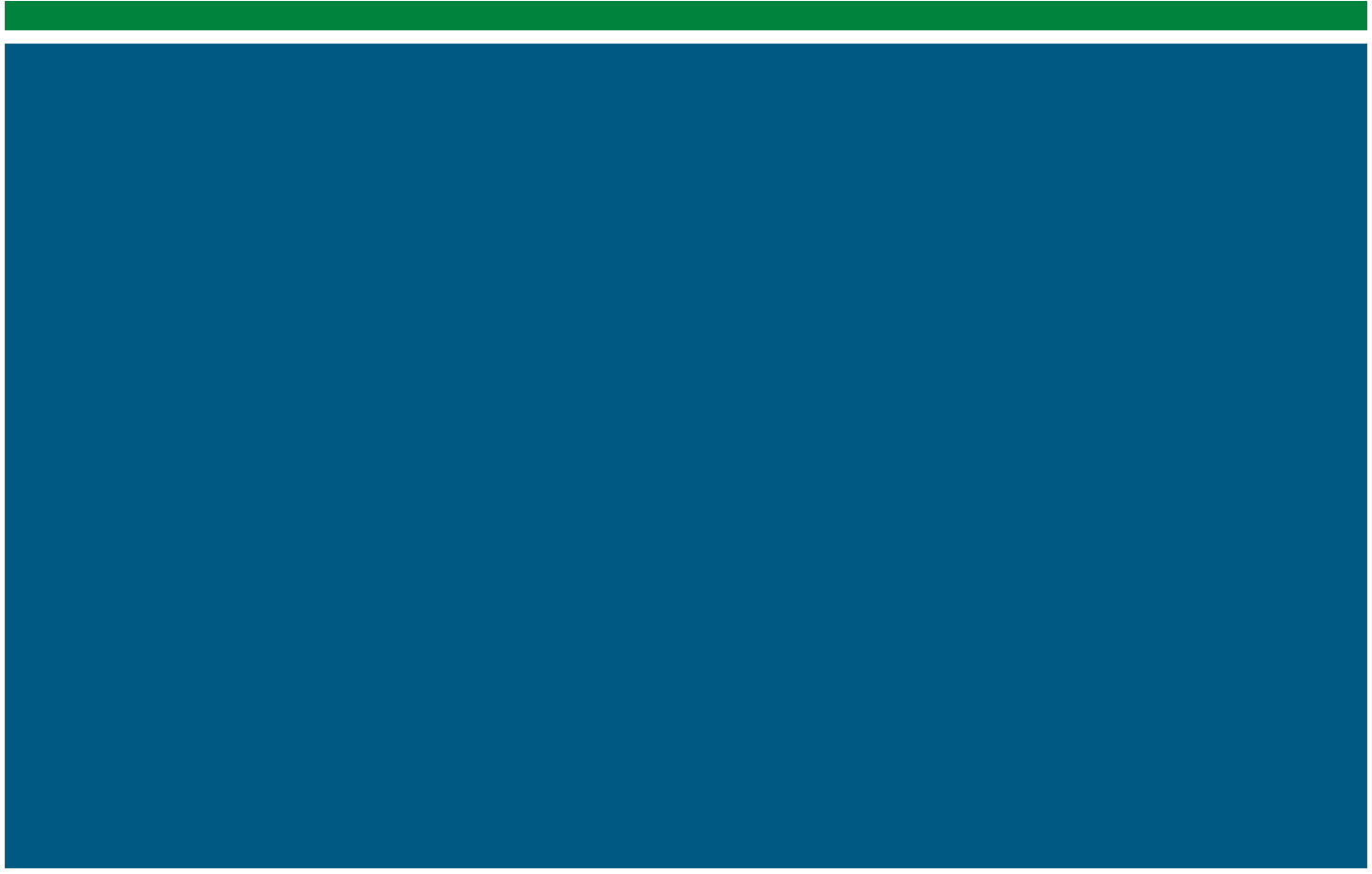
\*\* Audit in Progress

\*\*\* Audit complete subject to decision in relation to harbour accounts



# **ANNUAL FINANCIAL REPORT STATEMENT OF ACCOUNTS**

**2019/20**



**HAMBLETON DISTRICT COUNCIL**  
**ANNUAL FINANCIAL REPORT**  
**2019/2020**

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# NARRATIVE REPORT

The purpose of this narrative report is to provide a fair, balanced and understandable guide to the most significant matters reported in the accounts; along with information on the authority, its main objectives and strategies and the principal risks that it faces. The Narrative Report provides how the authority has used its resources to achieve its desired outcomes in line with its objectives and strategies.

## A. HAMBLETON DISTRICT COUNCIL OVERVIEW AND EXTERNAL ENVIRONMENT

### 1. Hambleton District Introduction

Hambleton District Council occupies the broad Vale of York between the Yorkshire Dales and the North York Moors. A predominantly rural district, Northallerton is the largest settlement with 18% of the District's population, whilst the majority of the population live in outlying villages with 5% residing in each of the main market towns of Bedale, Easingwold, Stokesley and Thirsk.

The local area is well known for its stunning landscape, with the Hambleton Hills, between Helmsley and Sutton Bank, and the Howardian Hills Area of Outstanding Natural Beauty. Population levels have risen steadily over the past decade as more people choose to make the district their home. Local shopping, recreation and sports facilities are very good and there is a strong sense of community. Added to this, exceptional business and transport links mean the district is a popular location for new and existing businesses of many types, from local enterprises to global companies. Hambleton is a place to grow.

### 2. Governance Arrangements

Hambleton District Council in 2019/20 had a Cabinet structure with 28 Councillors representing its 17 wards (24 Conservative, 2 Independent, 1 Labour and 1 Liberal Democrat). They are elected every four years; the last election was on May 2nd 2019, with the next election being held in May 2023.

The Council elected the Leader - Councillor Mark Robson - who subsequently appointed Cabinet Members for the Deputy Leader (who leads on Economic Development and Finance) and portfolio holders for the key areas of Leisure; Environment, Planning and Governance.

The Council has a statutory duty to set a balanced budget every year where the 2020/21 budget was approved by Council in February 2020 along with the 10 Year Financial Strategy, 10 Year Capital programme, Capital Strategy and Treasury Management Strategy. The budget and future years estimates were prepared before the impact of the COVID-19 pandemic and will be revisited during 2020/21 to determine any in-year action required to balance 2020/21 and to inform budget reduction requirements for the 10 Year Financial Strategy.

The Statement of Accounts shows the Council's financial position as at 31 March 2020. It has been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2019/20' ('the Code'), which is based upon International Financial Reporting Standards (IFRS). The Code constitutes 'proper accounting practice' under the terms of the Accounts and Audit Regulations 2015 and the Local Government and Housing Act 1989.

### **3. COVID-19 Pandemic**

The Covid-19 pandemic has had a considerable impact on the Council. The Government's lockdown, announced on 23rd March 2020, has impacted the local economy where council tax deferrals have occurred for the first months of 2020/21 and businesses have had to close with potential reduction in business rates in the longer term. The Council has had to put resources into housing homeless residents, ensuring that waste service can continue, increase in ICT costs, personal protective equipment to open the Civic Centre, amongst other areas. In addition, significant loss of income from the closure of the leisure centres, reduction in car parking income, commercial rental receipts, license fees and reduced planning applications has added to the cost pressures.

These additional costs have not had a dramatic impact on the financial outturn for 2019/20 as the pandemic only started to make a notable impact on the public's and businesses' behaviour in the last two weeks of March 2020. However, the true scale of its impact on the Council's finances will be felt during 2020/21 and beyond.

It is difficult to quantify the impact of Covid-19 at this stage with any certainty, but the financial pressure on the Council will be substantial – even after the Government's emergency Covid-19 funding for local authorities is taken into account. The Council, in the 10 Year Financial Strategy, has sought to maintain its level of reserves over the life of the 10 Year Financial strategy at around £10m to ensure the Council remains financially resilient. The Council could draw upon its reserve balance in 2020/21 to balance its budget but with detriment to those committed projects and schemes to which the reserves have been earmarked.

Moving forward, the Council will reset its 10 Year Financial strategy in recognition of the impact of the pandemic and the Council's strategic objectives. The changing environment and "new normal" in which we are likely to find ourselves will require the Council to review the services it provides, its delivery models and the outcomes that are of the highest priority as part of the Council Plan 2020/21 which will be approved by Council currently scheduled for September 2020.

This will also require the Council to review the structural position of its budget and how that needs to change going forward.

Summary - The Covid-19 virus pandemic has had a profound impact on all aspects of the District. Through 2020/21 the Council will adopt a pro-active evidence-led approach to ensure that it responds to the emerging needs of residents and businesses. Anticipated impacts for example include potential reduction in funding from council tax and business rates, an increased need for homelessness prevention, leisure services operations, mental health and business support services.

### **4. Other Local Government Funding issues**

In addition to the significant financial challenges due to the Covid-19 pandemic, the Council is also addressing reductions in central government funding along with the impact of Brexit and the devolution agenda, along with other local developments.

The Fair Funding Review and Business Rates Retention review – the Government changes to funding across local authorities – will not be implemented in April 2021 as originally planned. The Council will continue to monitor and understand Government's future approach, and be active in any consultations, to funding for the next financial year and beyond.

The current volatile economic climate will be monitored and impact on the Council's finances continually reviewed to ensure that the same or improving services can be provided in the long term.

## **B. COUNCIL PERFORMANCE**

The Council Plan is a key document that provides strategic direction to the Council. This is a working document that exists to enable Councillors, employees and partners to work together to deliver the vision that Hambleton is 'a place to grow' that everyone can share.

The Council's primary ambition is to provide high quality, cost effective services which are valued by, and help the lives of residents, communities and businesses. It has four priorities to achieve this:

- Driving Economic Vitality
- Enhancing Health and Wellbeing
- Caring for the Environment
- Providing a Special Place to Live

The Council Plan for 2020-24 will be approved at full Council in September 2020 which, in light of the COVID-19 pandemic, will respond to the changing needs from residents and businesses as a clearer picture emerges. The 2019/20 Council Plan can be located at:

<http://democracy.hambleton.gov.uk/ieListDocuments.aspx?CId=127&MId=1506&Ver=4>

In addition to the four priorities, corporate projects are included to enable the Council to lead on activities for the people of Hambleton District to implement and deliver successful schemes for the benefit of all:

- North Northallerton bridge and road development
- North Northallerton Sports Village and Sowerby Sports Village
- Central Northallerton redevelopment
- Car Park Improvement Scheme and Electric Charging Points
- UCI and Tour de Yorkshire Future Events and Legacy Programme
- Crematorium project
- Best in Class Planning Service
- Vibrant Market Towns

Working with partners and the voluntary sector is key to the Council's performance. The Council has a well-established track record of working with volunteers and the not for profit sector. A wide range of initiatives are delivered that support and recognise the sector but more is being done at a strategic level to recognise their importance and further more collaborative work to support local priorities.

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

#### **5. Performance Against Corporate Objectives**

The Council Plan shapes the performance management framework for the Council. Performance towards the four priorities is monitored through 26 key performance indicators where progress is reported to Scrutiny Committee on a quarterly basis. Scrutiny Committee noted the performance of the Council during the year and no issues were raised to be further discussed at Cabinet or full Council.

During 2019/20, our workforce comprised 54% women, 70% of whom are part-time with a median gender pay gap of -8.5%, and a mean gap of -5.92%. This means that our female employees work within a positive earnings environment which offers flexible working arrangements. The full report can be found on our website:

[https://www.hambleton.gov.uk/site/custom\\_scripts/search/google\\_cse\\_results.php?q=gender+pay+gap+hambleton+district+council&sa=search](https://www.hambleton.gov.uk/site/custom_scripts/search/google_cse_results.php?q=gender+pay+gap+hambleton+district+council&sa=search)

## FINANCIAL PERFORMANCE 2019/20

### 7. Revenue Budget Process 2019/20

The Council works within a 10 year financial strategy which sets a level of affordability for the operational budget for annual General Fund revenue expenditure (expenditure funded from council tax, business rates, grants, contributions and generated income) and for a 10 year programme of capital expenditure. The financial strategy, revenue budget, capital programme, treasury management strategy and capital strategy are all reviewed annually in February before the start of the new financial year. The financial strategy aims to deliver the revenue and capital programmes whilst maintaining and, where possible, increasing the level of the Council's reserves.

### 8. Revenue Outturn in 2019/20 Compared to the Agreed Budget

The main components of the Council's 2019/20 budget and how these compare with actual income and expenditure are set out below. The latest approved budget, at Quarter 3, reflects changes made to the Council's budget during the financial year.

	Latest Approved Budget £'m	Actual £'m	Difference £'m
<b>Net Expenditure by Business Theme:</b>			
Economy & Planning	1.720	1.769	0.049
Environment	3.782	3.760	(0.022)
Finance & Commercial	0.385	0.211	(0.174)
Law & Governance	1.334	1.325	(0.009)
Leisure & Communities	1.865	2.000	0.135
<b>Net Expenditure</b>	<b>9.086</b>	<b>9.065</b>	<b>(0.021)</b>
<b>Financed by:</b>			
Council Tax	(4.065)	(4.065)	-
Business Rates	(4.421)	(4.485)	(0.064)
Other Grants	(1.601)	(1.601)	-
	<b>(10.087)</b>	<b>(10.151)</b>	<b>(0.064)</b>
<b>Funding (Surplus) Transferred to Reserves</b>	<b>(1.001)</b>	<b>(1.086)</b>	<b>(0.085)</b>

The original estimated net revenue expenditure budget for 2019/20 which was approved by Council in February 2019 was £9.086m. Comprehensive and detailed budget monitoring is undertaken throughout the year and is supplemented by quarterly formal budget monitoring reports to the Council's Cabinet. In the Quarter 3 budget monitoring report that was presented to Cabinet in February 2020 the net revenue expenditure budget remained static at £9.086m. The final outturn position of £9.065m shows an under spend of £0.021m on Net Expenditure by Business Theme compared to the revised budget at Quarter 3 as detailed in the table above.

The revenue outturn position is supported by income from council tax, business rates and other grants. At outturn, which is detailed in the table above, business rates income was

higher than expected by £0.064m; this is a result of the Council being in the North Yorkshire and West Yorkshire 75% Business Rates Pilot and increased business rates being collected compared to the estimated in January 2019.

It can be seen in the table above that the current revenue outturn and income position of the Council for 2019/20 results in £1.086m being transferred to the Council Tax Payers reserve. This is made up of:

- (i) the latest approved budget at Quarter 3 where funding was agreed to be transferred to reserves of £1.001m
- (ii) the underspend at outturn £0.021m
- (iii) the increased business rates income and other contributions £0.064m

The transfer to the Council Tax Payers reserve in 2019/20 is therefore £0.085m higher than anticipated in the Financial Strategy

The Business Theme expenditure headings, the method of financing and the figures reported in the table above for budget monitoring reflect the Council's organisational and management structure. The Net Expenditure detailed in the table above at £9.065m differs from that reported in the Comprehensive Income and Expenditure Statement on page 33, which conforms to the Code, due to a number of accounting adjustments that are required to be reflected. A brief reconciliation of the two sets of figures is as follows:-

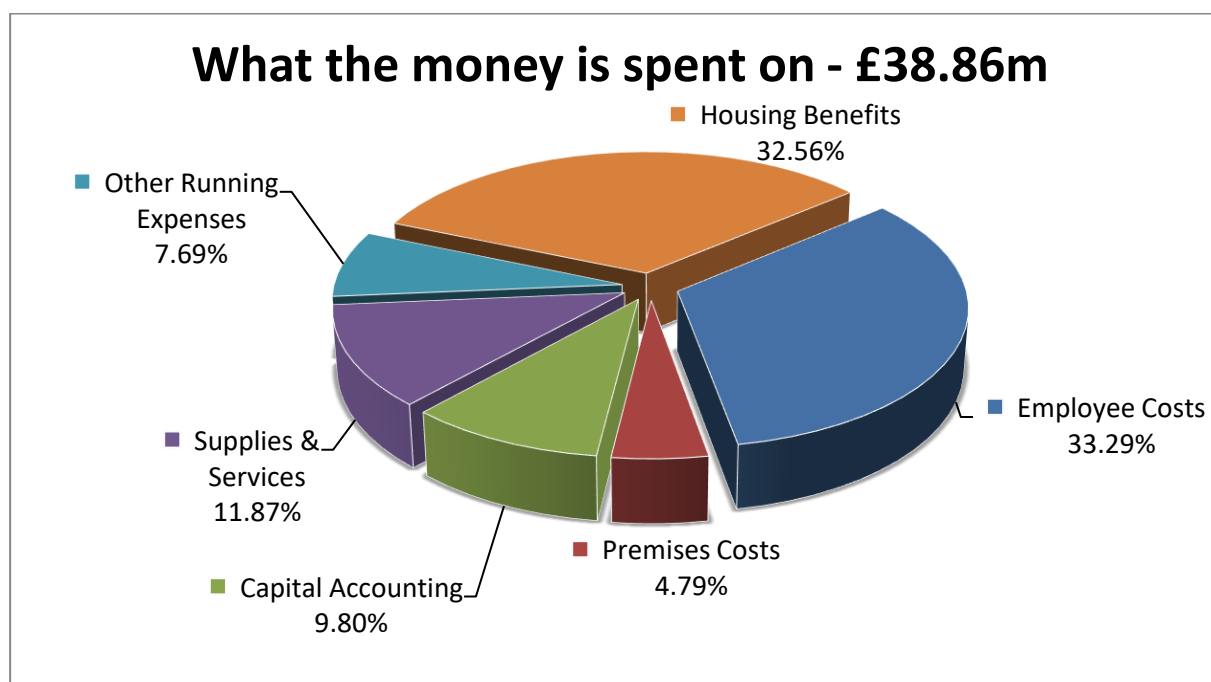
	<b>Expenditure £'m</b>
Expenditure per Council's Accounts (as above)	<b>9.065</b>
<b>Other required accounting entries reflected in the Comprehensive Income &amp; Expenditure Statement</b>	
- Capital Accounting	3.815
- Pensions Accounting	1.522
- Accumulated Absence	0.053
<b>Less Funding:</b>	
Council Tax	(4.065)
Revenue Support Grant	-
Business Rates	(4.485)
Other Grants	(4.688)
<b>Deficit on Provision of Services per Comprehensive Income &amp; Expenditure Statement</b>	<b>1.217</b>

## 9. Revenue Outturn Position for the Financial Year 2019/2020

This section provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position.

Revenue Expenditure is generally spent on items which are consumed within the year and is financed from council tax, business rates, government grants, rents and other income. Revenue Expenditure for 2019/2020 is summarised in the Comprehensive Income and Expenditure Statement. This shows the costs of all the Council's services and how the expenditure has been funded.

The Comprehensive Income and Expenditure Statement on page 33 shows gross expenditure on all of the Council's services for 2019/20 is £38.86m (2018/19 is £38.93m). The following chart shows what the Council's money is spent on.



The chart above shows that 32.56% (£12.65m) of the Council's expenditure is on Housing payments and 33.29% (£12.94m) is spent on Employee costs. The remaining spend comprises 19.56% (£7.60m) on Other Running expenses and Supplies & Services such as the costs of operating vehicles and purchasing various external supplies and services, 9.80% (£3.81m) relates to capital charges for depreciation of the Council's assets and 4.79% (£1.86m) is spent on maintaining the Council's buildings and leisure facilities.

## 10. Capital Programme Outturn for the Financial Year 2019/2020

Capital Expenditure is spent on acquiring or maintaining fixed assets, such as land, buildings, and equipment which have value to the Council or the Community for more than one year and can be financed from borrowing, income realised from the sale of capital assets, revenue contributions or reserves.

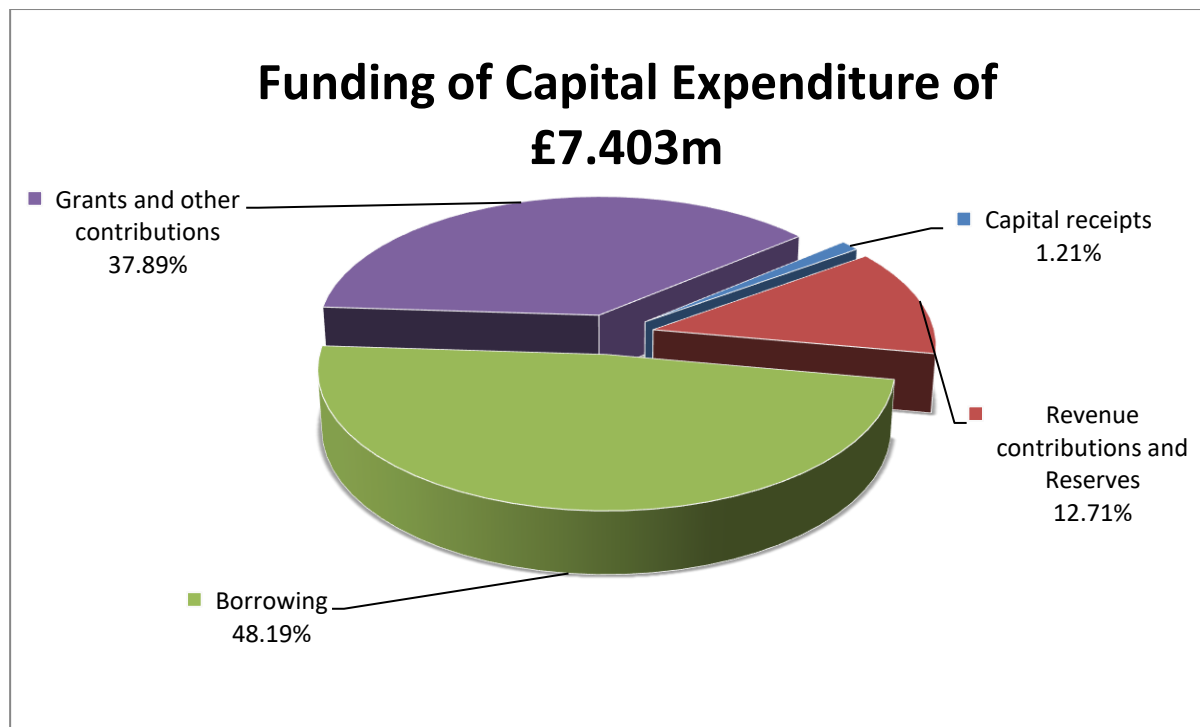
In 2019/20 the Council spent £7.403m (2018/19 £15.731m) on capital schemes, which is shown in Note 37. Capital expenditure was lower in 2019/20 than in 2018/19 mainly due to the additional £8.8m loan to the local Housing Association that took place in 2018/19. An analysis of where the capital was spent and the sources of funding are shown in the tables below:-

2018/19 %	2018/19 £'m	Capital Schemes Expenditure	2019/20 %	2019/20 £'m
17	2.642	Leisure & Communities	14	1.005
1	0.154	Environment	1	0.116
9	1.475	Economy & Planning	28	2.058
1	0.202	Finance & Commercial	8	0.587
1	0.142	Economic Development Fund	-	0.017
71	11.116	Corporate Schemes	49	3.620
<b>100</b>	<b>15.731</b>	<b>Total Capital Expenditure</b>	<b>100</b>	<b>7.403</b>

The major schemes over £0.125m where the Council's capital expenditure in 2019/20 occurred were:

- Stokesley Leisure Centre Improvement scheme
- Thirsk & Sowerby Sports Village
- Civic Centre accommodation scheme
- Housing renovations
- ICT improvements and new finance system
- Northallerton connections
- North Northallerton Infrastructure scheme
- Treadmills Phase 1 (South Side)
- Crematorium

The Council financed the capital programme through capital receipts, revenue contributions and reserves and other grant funding and contributions:



### 11. Treasury Management - Borrowing

The Council's ability to borrow is governed by the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council determines the capital programme for capital investment that will assist in the delivery of its services to the people of Hambleton District subject to that programme being affordable, prudent and sustainable.



The Council monitors its capital financing requirement, which is the amount of borrowing required to support the capital expenditure programme, in the treasury management strategy and annual report. In 2019/20, £15m of borrowing occurred where £3.391m was used to support capital projects in year. The Council will look to utilise all funding sources available to it in a prudent, affordable and sustainable manner and where favourable interest rates were available in 2019/20 borrowing was taken to support the investment in the new Treadmills development and crematorium project in 2020/21. The borrowing was taken within the Prudential Indicators and capital financing requirement limits.

## 12. Treasury Management - Cash Flow

31 March 2019 £'m	Cash Flow	31 March 2020 £'m
1.546	Cash and Cash Equivalents	13.971
-	Short Term Investments	-
(2.001)	Short Term Borrowings	-
<b>(0.455)</b>	<b>Total</b>	<b>13.971</b>

Total cash and cash equivalents at 31 March 2020 is £13.971m. This has increased compared to 2018/19. The main factors that affect cash are:

- Acquisition and disposal relating to the capital programme
- Financing of the capital programme and the external borrowing from the Public Works Loan Board
- Use of reserve balances
- Business rates provision for appeals
- Grants and contributions receivable and unapplied.

## 13. Treasury Management - Employee Benefits and Pension Liabilities

The Council is a member of the North Yorkshire Pension Fund, which is part of the Local Government Pension Scheme. This is a scheme which provides defined benefits based on members' career average revalued earnings (CARE) pensionable salary.

The Council had net future pension liabilities of £19.764m (£21.036m as at 31 March 2019) on an IAS19 basis. The North Yorkshire Pension Fund is independently revalued every three years by an independent actuary to set future contribution rates. The most recent actuarial revaluation, as at 31 March 2019, assessed the funding level at 110%. The ongoing impact of the Covid-19 pandemic has created uncertainty surrounding illiquid asset values and significant volatility in equity and credit markets. Despite this the Council's share of the Pension Fund assets has increased £0.125m and the liability has fallen by £1.174m. This is a reduction in the pension fund net liabilities of £1.273m(6.1%) in 2019/20 compared to a decrease of £0.311m (1.5%) in 2018/2019.

The future value of pension liabilities is determined by the discount rate, which is based on the yield on investment grade corporate bonds. As the spread on corporate bonds has increased, it has led to an increased discount rate which reduces the future value of liabilities.

Further information in respect of retirement benefits is disclosed in Note 41 to the Statement of Accounts.

## C. CORPORATE RISKS

The Council operates an embedded risk management process which helps it protect itself, and make the most of opportunities by mitigating potential threats. Identifying, assessing and prioritising potential threats, and their likely impact, means being better prepared to deal with events should they occur. A clear understanding of risk management therefore presents the Council with opportunities to introduce innovative ways of delivering its services, with better outcomes for the community.

The risk register is challenged by the Strategic Risk Management Group and reviewed on a quarterly basis by Management Team with the Council's strategic risks also reported to Scrutiny Committee quarterly. The risk management process is included in the Annual Governance Statement and also reported at least annually to the Audit, Governance and Standards Committee.

Key corporate risks for upcoming year from the Council's comprehensive risk register are listed below:

- **Risk:** COVID-19 Pandemic – Anticipated impact includes homelessness prevention, mental health, leisure service operations and business support services.  
**Mitigation:** A Covid-19 officer led task and finish group is being set up with the portfolio holder for Environmental Health, Waste and Recycling leading from a Member perspective. All service areas are in the process of reviewing their business continuity plans with a focus on service delivery in a range of scenarios.
- **Risk:** Loss of ICT Systems or data - Cyber-attack facilitated by user error leads to loss of key ICT infrastructure resulting in reduced ability to provide ICT Services and ineffective individual business continuity plans available leading to loss of service  
**Mitigation:** Cyber Security Incident Management Plan in place with compulsory annual Cyber Security training for all users. Annual review Information Security Policy and Annual IT Health Check and remedial work PSN (Public Services Network) compliance. Regularly testing of Disaster Recovery and Business Continuity Plan.
- **Risk:** Impact of Brexit on the Council services and local communities  
**Mitigation:** Business continuity plans and contingencies are in place to provide assurance and minimise any potential disruption
- **Risk:** Financial pressures result in an inability to fund the Council services from reductions in business rates and grant funding from government and reliance on commercial income not being generated  
**Mitigation:** Budgets and financial strategies are regularly updated to take account of emerging financial pressures; the council maintain a level of reserves to assist in unforeseen circumstances, along with the focus on savings programmes

## **D. SUMMARY POSITION**

When looking ahead into 2019/20 most would have considered the impact of Brexit to be the defining event of the year, and the big unknown in terms of how it would affect the Council. However, this was overtaken in the final months of the year by the COVID-19 pandemic witnessed by a huge upheaval to the way we work and live. The financial impact of COVID-19 on 2019/20 has been limited and therefore it has not significantly changed the outturn.

Although it is difficult to assess the performance of the Council in the current context of Covid-19 environment, the Council's financial and non-financial performance in 2019/20 continued to be good. The revenue and capital outturn, along with the movement in reserves position, are in line with expectations described in the 10 Year Financial Strategy. The Council maintains a good level of reserves and balances, albeit allocated to earmarked schemes, to provide financial resilience for 2019/20 and future years

It is important to highlight how the Council has responded to the challenge of managing services during a pandemic. The Council has actioned a range of other Government initiatives to provide support to local businesses in the form of the administration of Business Grants and the application of additional Business Rate reliefs. It has also been instrumental in the drive to reopen high streets safely and has devised risk assessments and recovery plans to enable the Civic Centre to reopen in the middle for June along with the high street.

The impact of COVID-19 has had a widespread impact on the workforce of the Council and the way in which the Council delivers services. The Council has utilised technology to allow staff to work seamlessly from home to minimise disruption to services. For those officers who cannot work from home, such as those engaged in refuse collection, working practices have been adapted to ensure their health and wellbeing.

The Council has relaxed compliance measures in relation to council tax and business rates collection and allowed council tax payers and businesses to defer payments for the first two months of 2020/21 with revised payment plans over June to March 2021 with further consideration on an individual basis. The Council is also applying the Governments hardship relief scheme to council tax payers of working age in receipt of council tax reduction.

Central Government has provided several cash grants including two COVID-19 un-ringfenced grants totalling £0.941m to meet financial pressures impacting on the Council and the Hambleton economy. Reopening High Street safely fund of £0.081m has also been provided and on 27 March 2020 the Council also received £1.957m cash advance from of business rates relief funding earlier than anticipated in 2020/21 to support cash flow. The level of Government support so far notified will not be sufficient to address the impact of increased costs of service provision and the impact of lost income from fees, charges and commercial investment. The Council currently estimates that this amounts to £3.408m before consideration is also given to the loss of council tax and business rates funding. Further support is expected from Government but the value is uncertain.

### **14. Explanation of the Statements to the Accounts**

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2020. It comprises core and supplementary statements, together with disclosure notes. The following provides an explanation of the purpose of each statement and the relationships between each of them.

These statements are:

#### **Statement of Responsibilities for the Statement of Accounts**

This explains both the Council's and Chief Finance Officer's responsibilities in respect of the Statement of Accounts.

## **Comprehensive Income & Expenditure Statement**

This statement shows the accounting costs in the year of providing services in accordance with the relevant accounting standards, rather than the cost to be funded from taxation which is shown in the Movement in Reserves Statement. It reflects the costs that are reported to Cabinet during the year on a quarterly basis.

## **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

## **Balance Sheet**

This sets out the financial position of the Council on 31 March 2020. It shows the balances and reserves at the Council's disposal, its long-term indebtedness, the non current and net current assets employed in its operations and summarised information on the non current assets held. The net assets held by the Council at the balance sheet date are matched by reserves.

## **Cash Flow Statement**

This summarises the total movement in cash and cash equivalents held by the Council during the reporting period.

## **Explanatory Notes to the Core Financial Statements**

The Notes to the Core Financial Statements have three significant roles:

- To present information about the basis of preparation of the Core Financial Statements and the specific accounting policies used
- To disclose information that is required by the Code that is not presented elsewhere in the Statement of Accounts
- To disclose information that is not presented elsewhere in the Statement of Accounts but is relevant to the users' understanding.

## **Collection Fund Statement**

The Collection Fund reflects the Council's responsibility to collect Council Tax and Business Rates on behalf of North Yorkshire County Council, North Yorkshire Fire & Rescue Authority, Parish Councils and Council Tax for Police and Crime Commissioner North Yorkshire and re-distribute that funding.

## **Group Accounts**

Accounts showing the results and financial position of separate entities – Hambleton District Council and the Joint Venture Company - in a combined form.

## **Glossary of Terms**

Explaining the meaning of the terms used in the Statement

## **15. FURTHER INFORMATION**

Further information about the accounts is available from the Director of Finance and Commercial (S151 Officer), Hambleton District Council, Civic Centre, Stone Cross, Northallerton, North Yorkshire, DL6 2UU and on our website <https://www.northyorks.gov.uk>

## **16. Acknowledgements**

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, especially from Corporate Finance, who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

**Louise Branford-White BSc (Hons) FCCA**  
**Director of Finance and Commercial (S151 Officer)**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMBLETON DISTRICT COUNCIL

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH YORKSHIRE COUNCIL

### Opinion

We have audited the financial statements of Hambleton District Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Movement in Reserves Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement and the related notes 1 to 46 and G1 to G9, and
- Collection Fund and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Hambleton District Council and the Group as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

### Basis for opinion

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

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

### Emphasis of matter – Local Government Reorganisation

We draw attention to Note 1 which discloses the Local Government Reorganisation in North Yorkshire. As stated in these disclosures, a new council called North Yorkshire Council replaced the District Council in April 2023. The Council's assets, liabilities, services, and functions transferred to the new North Yorkshire Council on 1 April 2023. Our opinion is not modified in respect of this matter.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the Narrative Report, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

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

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

We have nothing to report in this regard.

## **Opinion on other matters prescribed by the Local Audit and Accountability Act 2014**

*Arrangements to secure economy, efficiency and effectiveness in the use of resources*

*Basis for Qualified Conclusion*

### **Performance related Pay**

In December 2019, the Council updated the Pay Policy to allow for the award of performance related pay. There are two elements to the approved scheme – an assessment of an individual's performance and an annual assessment of the senior management team as a whole, against specified criteria. The documentation maintained by the Council does not clearly map performance of individuals or the senior management team to the specified criteria and therefore it is not clear how the individual awards have been determined.

The Pay Policy also requires that the Leader of the Council (in consultation with Cabinet) assesses the performance of the senior management team as a whole. There is evidence that the Leader of the Council has approved the element of performance related pay award for the senior management team; however, there is no evidence that this has been discussed by Cabinet.

The issues above are evidence of weaknesses in arrangements for taking informed decisions in making performance related pay awards

### **Approval of exit package**

The Council's Pay Policy requires that all exit packages in excess of his authorisation limit are approved by Cabinet.

The Chief Executive approved a payment to a former employee during 2019/20 which was in excess of his authorisation limit, given the former employee also received an extended notice period, which triggered the threshold for approval of the overall exit package by Cabinet. There is no documented HR or legal advice supporting the calculation of the payment or confirming that the action taken was in the best interests of the Council.

This issue is evidence of a weakness in arrangements for approving exit package payments.

### **Financial Reporting**

Material audit adjustments impacting the current and prior year were identified, including identification of an unconsolidated entity. Upon review of these errors management identified that elements of the unconsolidated entities income and expenditure were already reported within the Council position and a significant amount of work was required to accurately reflect the financial position of the individual entities. Other material audit adjustments arising from the financial reporting cycle were identified including errors in mapping the information in the underlying accounting systems to disclosures in the accounts and assets initially being excluded from the five-year rolling programme of valuations.

These issues are evidence of a weakness in the financial reporting arrangements.

### **Qualified conclusion**

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General in April 2020, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Hambleton District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

### **Matters on which we report by exception**

We report to you if:

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



- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

### **Responsibility of the Chief Financial Officer**

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities set out on page 33, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the Group financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or have no realistic alternative but to do so.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether Hambleton District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice 2015 in satisfying ourselves whether Hambleton District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice 2015. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Hambleton District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Certificate**

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

### **Use of our report**

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

Hassan Rohimun (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Manchester  
11 December 2023

# ANNUAL GOVERNANCE STATEMENT 2019/2020

## HAMBLETON DISTRICT COUNCIL

### Scope of Responsibility

Hambleton District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Hambleton District 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, Hambleton District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. The Authority's financial management arrangements confirm with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Hambleton District Council has approved and adopted a code of corporate governance. The Council's governance arrangements are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government (2016). The Annual Governance Statement sets out how the Authority has complied with the Code and also meets with regulation 4(2) of the Accounts and Audit Regulation, in relation to the publication of this statement – the Annual Governance Statement - on its governance and internal control arrangements.

### The Purpose of the Governance Framework

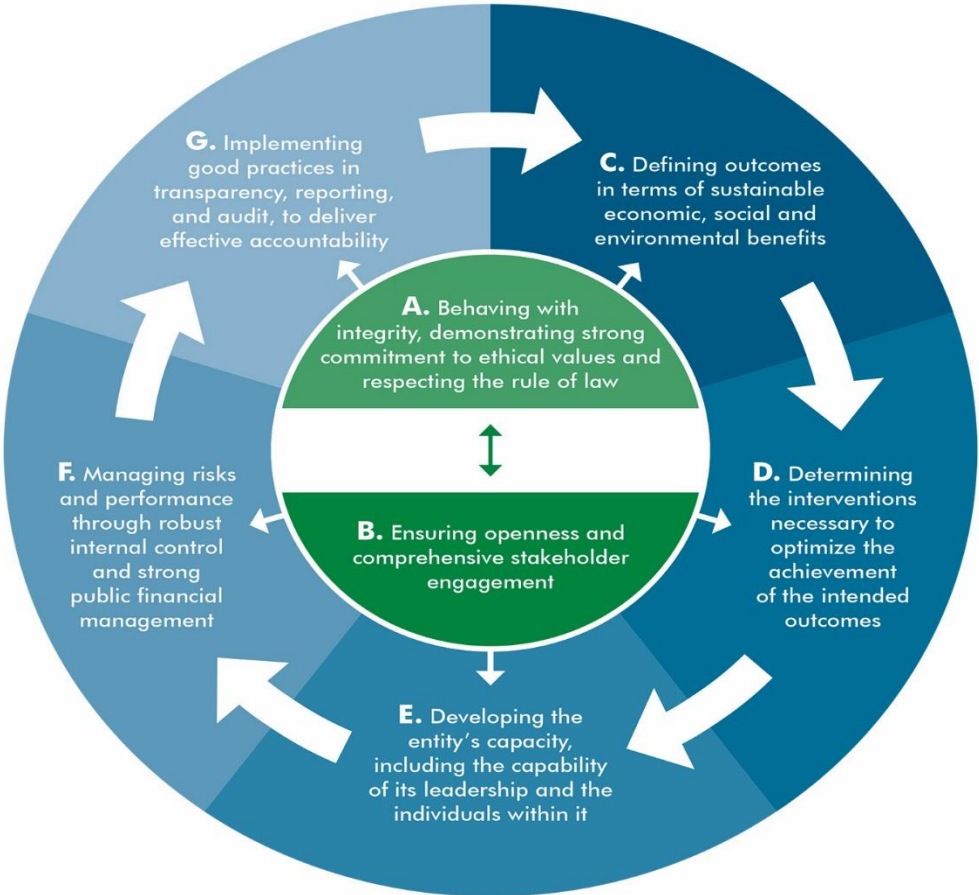
The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives 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 a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Hambleton District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### Core Principles of Good Governance

The diagram below, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2016) (the 'International Framework'), which is also included in the CIPFA/SOLACE Framework, illustrates the seven principles of good governance in the public sector and how they relate to each other. Principles A and B permeate implementation of principles C to G illustrating that good governance is dynamic. In line with this the Council's Annual Governance Statement demonstrates the Council is committed to improving its

arrangements on a continuing basis through a process of evaluation and review, whilst achieving its objectives and acting in the best interest of the public.



**Diagram 1: the seven principles of good governance in the public sector**

**The Governance Framework – Key Elements**

The Council is made up of 28 Councillors who are democratically accountable to residents of the District. The full Council appoints the Leader and the Leader appoints the Cabinet and Deputy Leader. The Cabinet is responsible for most strategic day to day decisions. The Council holds the Cabinet to account by appointing scrutiny committees to question decisions and to propose policy changes where appropriate.

The key elements of the Authority's governance framework are detailed against each principle in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government and the following information demonstrates the Council's assessment of compliance with 'the framework' along with the Governance Issues Action Plan.

**Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Assessment of Compliance	It is considered that the Council's arrangements meet Principle A of 'the framework'.
Values and Integrity	<p>Values and Integrity - Good Governance flows from a shared ethos or culture as well as from systems and structures. The spirit of good governance can be expressed as values which become part of the Council's culture and underpin policy and behaviour through the Council from the governing body to the staff; this is in addition to compliance with legal requirements.</p> <p>The Council's Values accord with the requirements of good governance and are key to the Council Plan:</p> <ul style="list-style-type: none"> <li>- open, responsible, customer focused, fair and respectful</li> </ul>
Respecting the rule of law	<p>Respecting the rule of law - Ongoing monitoring and review of the Council's activities is undertaken to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. This gives assurance as to the soundness of the system of internal controls that is in place for respecting the rule of law. Hambleton District Council achieves this through a number of mechanisms:-</p>
Officers / Members of the Council	<ul style="list-style-type: none"> <li>• The Director of Law &amp; Governance (Monitoring Officer) has access to all draft Cabinet and Council reports and approves the minutes;</li> <li>• The Legal Section monitors legal developments and notifies relevant Senior Officers;</li> <li>• The Constitution sets out how the Council operate, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose.</li> <li>• A protocol for the Monitoring Officer is in place;</li> <li>• Senior Officers and Members are aware of the availability of the advice on propriety which is available from both the Monitoring Officer and Veritau North Yorkshire Limited (who provided internal audit services in 2019/20);</li> <li>• The Monitoring Officer, the Director of Finance and Commercial (S151 Officer) and Veritau North Yorkshire Limited have good working relations and often cross-refer matters;</li> <li>• The CFO has unfettered access to information, to the Chief Executive and to Members of the Council. Therefore there are processes and procedures in place which provide assurance that the role of the CFO at Hambleton District Council meets the Statement's expectations.</li> <li>• The Council's Audit Governance and Standards Committee is responsible for promoting and maintaining high standards of conduct within the Council.</li> <li>• The Council has Codes of Conduct for both Members and Officers which set out the standards of conduct and personal behaviour expected.</li> <li>• The Council has additional protocols which govern the conduct of work between members and officers.</li> <li>• The Council has arrangements in place to provide induction training to all newly elected councillors on the requirements of the code of conduct and other</li> </ul>

Parish / Town Councils	<p>relevant codes, protocols, policies and procedures, and to ensure councillors meet their obligations to notify disclosable pecuniary interests (DPIs).</p> <ul style="list-style-type: none"> <li>• The Council has arrangements in place to consider complaints submitted in accordance with the Council's procedure for dealing with complaints against councillors under the code of conduct.</li> <li>• The Council has a pool of three Independent Persons in place. An Independent Person is consulted during the assessment stage on any code of conduct complaints received. An Independent Person attends any Standards Hearings Panel which is convened to consider any code of conduct complaint referred to it.</li> <li>• The Council has clear arrangements in place for the declaration of interests and for the registration of gifts and hospitality.</li> <li>• The Council has arrangements in place to consider code of conduct complaints submitted against parish / town councillors.</li> <li>• The Council provides advice to Parish / Town Councils on Code of Conduct matters.</li> </ul>
Link to Governance Issue Action Plan	None significant

<b>Principle B - Ensuring openness and comprehensive stakeholder engagement</b>	
Assessment of Compliance	It is considered that the Council's arrangements meet Principle B of 'the framework'.
Partnership Approach	<p>The Authority works closely with other local public bodies, community and voluntary groups via a partnership approach to ensure effective delivery of its services. This is detailed in the Council Plan 2019-2023 which was approved at Cabinet on 3 September 2019 in line with the recently elected Members further to the local elections on 2 May 2019. Our Purpose section of the Council Plan 2019-2023 includes Community Leadership and Place Shaping which aims for the Authority to lead on working with partners to make best use of increased devolved power and finances for local decision making and also to be responsive and flexible with our partners to meet their needs and requirements for improvements for all.</p>
Business, Economic Development and community working	<p>Business &amp; Economy section connect with many businesses on an individual and group basis. Lunch &amp; learn sessions are held regularly, as well as support provided for grant funding obtainable for many sources. The business awards and business conference providing an opportunity for businesses to network.</p> <p>Communities provide support to all residents for sport and leisure activities through individual support and also through the Council's £125,000 Make A Difference fund. In addition the Sowerby Gateway Supports village phase 2 has been developed and opened for use during 2019/20.</p>
Communication	<p>The Council's communications team uses social media and works with the press to ensure information is received across the District. The Council's website is also user friendly and enables access to Council information. The Social Media strategy and policy was approved at Cabinet in April 2018 and has been absorbed into the Council as an additional communication channel on a daily basis. Internal communication across the Council is via Microsoft Teams, the intranet, staff and</p>

Transparency	Member newsletters, individual section briefings and briefings by the Chief Executive.  In order to demonstrate its openness, the Council adheres to the Local Government Transparency Code 2015 which is the foundation of local accountability and provides access to areas such as the pay policy, payments to suppliers, senior officer salaries, parking, waste contracts and grants. This information can be located at <a href="https://www.hambleton.gov.uk/info/20097/transparency/262/transparency">https://www.hambleton.gov.uk/info/20097/transparency/262/transparency</a>
Consultations	Consultations are used across the Council to engage with the public and enable their direct views to influence strategies and policies, one such example being the annual budget consultation. During 2019/20, 25 consultations were undertaken with 5 of these being repeated regularly. In addition, to enable the public to highlight concerns a complaint procedure is in place which is reported on a quarterly basis to Management Team, along with the number of compliments.  Openness, transparency and community engagement is the key that gives people the tools and information they need to enable them to play a bigger role in society.
Link to Governance Issue Action Plan	
None significant	

<b>Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits</b>	
Assessment of Compliance	It is considered that the Council's arrangements meet Principle C of 'the framework' with clarification provided in the Governance Issues Action Plan.
Council Plan Outcomes	The outcomes of the Council, to provide quality services, as determined in the Council Plan 2019-2023 under the four priority headings: <ul style="list-style-type: none"> <li>• Driving Economic Vitality</li> <li>• Enhancing Health and Wellbeing</li> <li>• Caring for the Environment</li> <li>• Providing a Special Place to Live</li> </ul> which details Hambleton District Council's purpose towards achieving social, environmental and sustainable benefits for the vision 'a place to grow'. The Council Plan is located at: <a href="https://www.hambleton.gov.uk/downloads/file/1276/hdc_council_plan_2015-19">https://www.hambleton.gov.uk/downloads/file/1276/hdc_council_plan_2015-19</a> .
Sustainable economic, social, environmental benefits	In setting the priorities, national, regional and the public's priorities were taken into account, which results in the setting of the Council's Key Performance indicators. These are monitored on a quarterly basis by the operational business through Service Plans, reported to Management Team and then also to Members at Scrutiny Committee.  To ensure that project management and future plans deliver value for money the sustainability of the Financial Strategy is key, so it is forecast for 10 years every year, along with the 10 year Capital Programme; this allows the statement on the position of reserves and annual budget to remain affordable, sustainable and prudent. The Treasury Management Strategy, in its relationship with the Capital programme, also enables an affordable and prudent approach to the Council's

	plans and projects. Finally, the annual accounts support stewardship responsibilities subject to external audit opinion.
Link to Governance Issue Action Plan	1 – Key Council Projects 2019/20 1 – Impact of Brexit 2020/21

<b>Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome</b>	
Assessment of Compliance	It is considered that the Council's arrangements meet Principle D of 'the framework' with clarification provided in the Governance Issues Action Plan.
Relationships	<p>Member and Officer relationships - It is necessary that Members and Officers perform effectively in clearly defined roles to achieve the intended outcomes with the required level of intervention.</p> <p>Excellent relationships between Officers and Members exist which are based on mutual trust enabling decisions to be made in a productive and transparent way. Trust is maintained through the involvement of all relevant parties at the right level of responsibility ensuring strategic decisions are led by Members and implementation of operational matters are at officer level directed by Management team.</p>
Roles and Responsibilities	Roles and responsibilities are defined in The Constitution for the executive, scrutiny and officer functions with clear delegation arrangements. The Constitution includes the Code of Member Conduct, a Code for Planning Conduct and an Officer and Member Protocol, as well as the financial regulations.
Forward Planning	Democratic Services Forward Plan - All meetings of the Cabinet and key Committees are included in the Council's Forward Plan, which is published and available to the public. Delegated decisions are also recorded.
Financial Sustainability	<p>Financial sustainability - In order to achieve the long term financial targets the Authority has a 10 year financial strategy, supported by the annual budget which sets the required income and savings targets. All the expected risks to the Authority were considered in the budget report approved by Council prior to the beginning of each financial year and the position of reserves underpins the long term financial resilience of the Council.</p> <p><a href="http://democracy.hambleton.gov.uk/documents/s18685/Financial%20Strategy.pdf">http://democracy.hambleton.gov.uk/documents/s18685/Financial%20Strategy.pdf</a></p> <p>The Authority agreed an efficiency plan during 2016/17 with central government which is incorporated into the 10 Year Financial Strategy, 2019/20 is the fourth and final year of the Government settlement. This has given certainty of funding for the past four years and highlights the need to continue to identify efficiency savings and generate income. The council awaits future steps from Government in relation to future funding from the Business Rate Retention scheme and Fair Funding Review where confirmation has been provided it will not go ahead on 1 April 2021.</p>
Governance Committee	Audit, Governance and Standards Committee - This Committee is an essential part of good governance. Internal and External Audit both have direct access to and support the Committee including the ability to have direct contact, without Officers of the Authority being present.



	The detailed matters reviewed by the Audit, Governance and Standards Committee can be viewed at the quarterly meetings located at: <a href="http://democracy.hambleton.gov.uk/ieListMeetings.aspx?CId=149&amp;Year=0">http://democracy.hambleton.gov.uk/ieListMeetings.aspx?CId=149&amp;Year=0</a>
Link to Governance Issue Action Plan	2 - Financial Sustainability 2019/20 2 - Financial Sustainability 2020/21

**Principle E – Developing the entity’s capacity including the capability of its leadership and the individuals within it.**

Assessment of Compliance	It is considered that the Council’s arrangements meet Principle E of ‘the framework’.
Senior Management Structure	Senior Management Structure - The Chief Executive restructured the Senior Management Team during 2018/19 to continue the pursuit of providing additional capacity to the organisation. There are now five Directors which have increased the operational Directorates to three - Economy & Planning, Leisure & Communities and Environment - with support and oversight from the Deputy Chief Executive appointed in December 2017 replacing the Executive Director role. The Deputy Chief Executive and both Statutory Directors (Monitoring Officer and S151 officer) report directly to the Chief Executive. The new structure introduced in March 2019 has started to operate with increasing effectiveness and is set to deliver both service improvement and the corporate projects. In addition there is a Head of Service to support Economy and Planning and a Head of Service for Commercial & Programme Management to support income generation and project management across the Council.
Performance Coaching	Performance Coaching - In 2017 the Council embarked on a programme of individual performance management coaching for the whole organisation. The purpose of this is to achieve a balance between achieving organisational performance goals and personal development. The aim is that by encouraging individuals to take responsibility for their areas of work and own development, capacity will be released within the organisation, whilst empowering decision making and ownership. This approach is ‘High Challenge, High Support’ and further work in 2020 is being undertaken to embed this approach across the authority.
Staff Development	Staff Development - The Council has designed a bespoke Masters/MBA qualification with Teesside University aimed at middle and senior managers in the organisation. It is hoped that by equipping the organisation’s management with the requisite skills and training to manage effectively – by better understanding the requirements of coaching and leadership skills - the organisation will become more effective. The Council also supports individuals to review their own training requirement in the area at work where both the individual and the organisation will benefit. There are numerous graduates supported across the Council as well as apprenticeships.
Training Requirements	Training Requirements – The HR Strategy supports a variety of training techniques including the Induction training, Member training, Individual Performance Management coaching, Learning & Development training calendar, online learning, and bespoke courses, presentations to employees and Members alike.

Link to Governance Issue Action Plan	None significant
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**Principle F – Managing risks and performance through robust internal control and strong public management**

Assessment of Compliance	It is considered that the Council's arrangements meet Principle F of 'the framework' with clarification provided in the Governance Issues Action Plan.	
Public Scrutiny of Risk Management	The Audit, Governance and Standards Committee have responsibility for overseeing the Risk Management Strategy and has delegated to the Scrutiny Committee to oversee the strategic risk register on a quarterly basis. Significant changes to the risk management process are reported to both Committees. Risk Management is a standard element of all officer reports to Cabinet and other Member Committees etc. All senior officers are required to implement the strategy and to further embed risk management within the Council. Risks are reported to Management Team on a quarterly basis with a full review occurring annually.	
Risk Register	The Risk Register incorporates corporate, project and service risks associated with delivery of the Council's corporate objectives under each Council Plan priority and key projects. During 2019/20 the changes to the process of managing risk have been finalised with Strategic Risk Management Group championing risk across the Council to ensure consistency and appropriate challenge. Detailed information is available in the quarterly reports: <a href="http://democracy.hambleton.gov.uk/ieListMeetings.aspx?CId=149&amp;Year=0">http://democracy.hambleton.gov.uk/ieListMeetings.aspx?CId=149&amp;Year=0</a>	
Risk Training	Members of the Cabinet, the Audit, Governance and Standards Committee, Members, Risk Owners and other selected staff received specialist training in Spring 2019, which can be refreshed when required. The Risk Management Guidance Manual is revised annually and was approved by Audit Governance and Standards Committee in October 2019; the revised version is also available to all employees on the intranet.	
Development of Risk Management	With the measures mentioned above in place the Council is able to identify, assess and manage the risks to the Council's corporate objectives. Development of the risk management process across the Council was finalised in 2019/20 and has enabled the Council to understand the exposure to risk that the Council faces. Enhancement of the risk process continues with the Council reviewing an improved reporting system in 2020/21 and a corporate performance dashboard.	
Partnership Risks	The Council recognises the need to ensure that good governance arrangements and robust controls exist within all partners and other group working. It also recognises the need for comprehensive agreements to be in place for all significant partnerships and that these agreements should clearly identify how the risks of the partnership or working group arrangements will be managed. All Council projects and working relationships have a risk register to ensure projects are managed effectively and the required outcome results.	
Link to Governance Issue Action Plan	3 – Risk Management	3 – Loss of ICT Systems or Data

**Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability**

Assessment of Compliance	It is considered that the Council's arrangements meet Principle G of 'the framework'- with clarification provided in the Government Issues Action Plan	
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Effective Accountability	<p>The Cabinet and Council - There is a hierarchy of decision making at Hambleton District Council to ensure reporting delivers effective accountability. Any new draft policies or strategies are developed and then submitted to the Senior Management Team. Once any amendments have been made, the policy/strategy moves on to Cabinet and then on to the full Council for approval. Local Government Ethical Standards produced in January 2019 highlights the need to report on 'separate bodies' that have been set up. This occurs on a quarterly basis at cabinet and Council</p>
Effective Corporate Governance	<p>The Audit, Governance and Standards Committee - The Audit, Governance and Standards Committee has specific responsibility for monitoring the effectiveness of the Council's Code of Corporate Governance and to ensure that the Council undertakes its duties in an appropriate manner and maintains a high standard of Corporate Governance.</p>
Scrutiny	<p>Scrutiny Committee - Part of the function of the Council's Scrutiny Committee is to scrutinise Council policies. It does not have a specific role in dealing with Governance, although it reviews the Council's strategic risks on a quarterly basis.</p>
Assurance Services	<p>Internal Audit and Fraud - The Council also operates internal audit and fraud investigation functions which comply with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. The service in 2017/18 was provided by Veritau North Yorkshire Limited. Veritau's internal audit and counter fraud teams undertake an annual programme of review covering financial and operational systems and including systems, regularity, and probity audits designed to give assurance to members and managers on the effectiveness of the governance, risk management and control environment operating within the Council. Through its work Veritau also provides assurance to the Section 151 Officer in discharging that statutory review and reporting responsibilities. In addition the team:</p> <ul style="list-style-type: none"> <li>• provides advice and assistance to managers in the design, implementation and operation of controls</li> <li>• helps to maintain the council's counter fraud arrangements including policy framework</li> <li>• supports managers in the prevention and detection of fraud, corruption and other irregularities.</li> </ul>
Link to Governance Issue Action Plan	<p>4 – Business Continuity Planning 4 – Business Continuity Planning</p>

## Review of Effectiveness

### Self-assessment and review

Hambleton District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control and this is documented in this Annual Governance Statement. The Council recognises an ongoing need to review its governance arrangements and to respond to external reports and changes in legislation to ensure it continues to learn, improve systems and ensure compliance with relevant regulations.

The review of effectiveness is informed by the work of the senior officers and managers within the Council who have responsibility for the development and maintenance of the governance environment, Veritau North Yorkshire Limited's Internal Audit Annual Report and also by comments made by the external auditors and other review agencies and inspectorates.

### Assurances from Internal and External Audit

In 2019/20, the overall opinion of the Head of Internal Audit from Veritau North Yorkshire Limited on the governance, risk management and control framework operating in the Council is that it provides Substantial Assurance.

The Council's external auditor, Ernst & Young LLP, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing economy, efficiency and effectiveness. The most recent Audit Letter, issued in August 2019, confirmed that they had been able to give an unqualified audit opinion in respect of the Council's 2018/19 Statement of Accounts, and concluded that proper arrangements were in place to secure value for money in the use of resources.

### **Key Governance Issues Action Plan 2019/20:**

Last year's Annual Governance Report highlighted four key areas for improvement. The table below sets out action taken to address these issues during 2019/20:

<b>Issue</b>	<b>Principle</b>	<b>Action taken during 2019/20</b>
Key Council Projects not delivered could result in reputational damage to the Council or increased financial pressure in the future	<b>C</b>	<ul style="list-style-type: none"> <li>Key dates on projects are reported quarterly to Management Team. Programme Management Board and Management Team receive regular update reports. The risks of council projects are reflected in the 10 year Financial Strategy.</li> <li>In 2019/20 the Council's Project Management process was reviewed in line with the new Agile methodology at Management Team where focus is on continuous update on key objectives or ICT software releases and incorporating customer feedback with every iteration. This is to be further pursued in 2020/21.</li> </ul>
Financial Sustainability - Significant reductions in government funding leading to the inability to sustain the Council's	<b>D</b>	<ul style="list-style-type: none"> <li>Income to be generated to support the financial strategy is ongoing with the main contribution being from the development of the crematorium.</li> <li>Funding information provided from Central Government around the Business Rates Retention review and the Fair Finding Review is that they will</li> </ul>

services at the current level. - the ability to income generate does not occur in line with the projection included in the financial strategy.		not go ahead from April 2021. Further information is waited in due course.
Inability to identify strategic risks leaves the Council exposed	<b>F</b>	<ul style="list-style-type: none"> <li>• Strategic Risk Management Group provided continual challenge across the Council to maintain high standards and consistent approach</li> <li>• Training to raise the awareness of managing risk was provided in the spring of 2019</li> </ul>
Ineffective business continuity plans leading to loss of service	<b>G</b>	<ul style="list-style-type: none"> <li>• Training and advice on business continuity plans was provided during 2019/20 on an individual basis to support all Service Managers.</li> <li>• Corporate business continuity plan across the council finalised in 2019/20 including ICT implications</li> <li>• Exercise occurred in Autumn 2019 to test the robust nature of the plans</li> </ul>

**Currently the key issue in 2020/21 is COVID-19:**

The Council is working to support businesses and residents across the District as follows:

- Supporting businesses - Rate relief coupled with grants for small businesses, businesses in the retail, hospitality or leisure sector and Discretionary business grants have to date helped around 3,000 businesses.
- Supporting residents – the Council has made contact with vulnerable residents in need and liaised with delivery partners to proactively support them. This encompasses providing for the homeless and also there is a process in place to support those that are in the highly vulnerable group at this time. In addition the Council has provided funds for community grants to support those who apply for these.
- Re-opening High Streets – Local Businesses have been supported by the council with consideration being given to signage, social distancing, and closure of market town roads in order to attract people back to the 5 market towns in the district.
- Pavement licences – The Bill temporarily provides for a new streamlined process for premises selling hot or cold food for takeaway or consumption on the premises including cafes, snackbars, bars, pubs and restaurants to be able to put tables and chairs and associated restaurant furniture on the highway, via an application to the local council.

Virtual Council meetings are taking place from July 2020 to maintain open and transparent decision making whilst observing social distancing. COVID-19 pages on the Council website are updated on a regular basis and provide further information:

The Action Plan below identifies the following governance issues and major risks for the Authority for 2020/21.

Issue	Principle	Action / proposal during 2020/21
Impact of Brexit on council services and local communities	<b>C</b>	<ul style="list-style-type: none"> <li>• Business continuity plans and contingencies are in place to provide assurance and minimise any potential disruption</li> <li>• There is ongoing liaison with other local authorities to provide joint solutions for any problems caused by Brexit.</li> </ul>
Financial Sustainability - Significant reductions in government funding leading to the inability to sustain the Council's services at the current level. - the ability to income generate does not occur in line with the projection included in the financial strategy.	<b>D</b>	<ul style="list-style-type: none"> <li>• Income to be generated to support the financial strategy is ongoing with the main contribution being from the development of the crematorium. The income to be generated to support the financial strategy has reduced in 2020/21 and in future years.</li> <li>• Funding information provided from Central Government around the Business Rates Retention and the Fair Finding Review is that they will not go ahead from April 2021. Further information is waited in due course.</li> </ul>
Loss of ICT Systems or data	<b>F</b>	<ul style="list-style-type: none"> <li>• Cyber Security Incident Management Plan in place with compulsory annual Cyber Security training for all users</li> <li>• Annual review Information Security Policy and Annual IT Health Check and remedial work PSN (Public Services Network) compliance. Regularly testing of Disaster Recovery Plan.</li> </ul>
Ineffective business continuity plans leading to loss of service e.g. Covid-19	<b>G</b>	<ul style="list-style-type: none"> <li>• Plans are in place to safeguard business continuity and respond to major incidents.</li> <li>• Learning outcomes from previous major incidents will be used to inform future plans</li> </ul>

#### Other governance related events during 2019/20

##### Performance Related Pay

The Council's Pay Policy allows for the award of performance related pay  
In December 2019, the Council updated the Pay Policy to allow for the award of performance related pay.

There are two elements to the approved scheme – an assessment of an individual's performance and an annual assessment of the senior management team as a whole, against specified criteria. The documentation maintained by the Council does not clearly map performance of individuals or the senior management team to the specified criteria and therefore it is not clear how the individual awards have been determined.

The Pay Policy also requires that the Leader of the Council (in consultation with Cabinet) assesses the performance of the senior management team as a whole. There is evidence that

the Leader of the Council has approved the element of performance related pay award for the senior management team; however, there is no evidence that this has been discussed by Cabinet or Full Council.

The issues above are evidence of weaknesses in arrangements for taking informed decisions in making performance related pay awards

**Approval of exit package**

The Council's Pay Policy requires that all exit packages in excess of his authorisation limit are approved by Cabinet.

The Chief Executive approved a payment to a former employee during 2019/20 which was in excess of his authorisation limit, given the former employee also received an extended notice period, which triggered the threshold for approval of the overall exit package by Cabinet.

There is no documented HR or legal advice supporting the calculation of the payment or confirming that the action taken was in the best interests of the Council. This issue is evidence of a weakness in arrangements for approving exit package payments.

**Summary**

The Council is satisfied with the level of assurance with regards to its governance arrangements which enables stakeholders to recognise that proper arrangements are in place to govern spending and safeguarding of assets. The governance issues raised in the 'action plan' will be addressed on an ongoing basis to further enhance the governance arrangements. The evaluation on the effectiveness of arrangements provides assurance that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

**Annual Governance Statement signed by:**

**Signed:** ----- **Date: 20 October 2020**  
Councillor Mark Robson  
Leader of the Council

**Signed:** ----- **Date: 20 October 2020**  
Justin Ives BA, MA, DBA, FCMI, FCCA  
Chief Executive

**STATEMENT OF ACCOUNTS**



# Statement of Responsibilities for the Statement of Accounts

## The Chief Financial Officer’s Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council’s Statement of Accounts, in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (*‘The Code of Practice’*).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Local Council Code.

The Chief Financial Officer has also:

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

## Statement by the Chief Financial Officer

I certify that this Statement of Accounts gives a true and fair view of the financial position of Hambleton District Council at 31 March 2020 and its income and expenditure for the year then ended.

**Louise Branford-White BSc FCCA**  
**Chief Financial Officer**  
**Date: 30 November 2020**

## The Council’s Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this Council, the officer is the Chief Financial Officer;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

I confirm that the Audit Committee of North Yorkshire Council will approve the Statement of Accounts at the meeting held .

.....  
**Councillor Cliff Lunn**  
**Chair of Audit Committee**  
**Date: 11 December 2023**

## 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. The Council raises 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.

2018/2019				2019/2020		
Restated				Gross Expenditure	Gross Income	Net Expenditure
Gross Expenditure	Gross Income	Net Expenditure				
£	£	£	£	£	£	
5,952,391	(2,215,467)	3,736,924	Economy & Planning	6,797,368	(3,327,432)	3,469,936
5,678,011	(1,874,142)	3,803,869	Environment	5,544,271	(1,771,328)	3,772,943
18,728,034	(14,239,583)	4,488,451	Finance & Commercial	18,085,017	(12,929,231)	5,155,786
1,211,896	(206,980)	1,004,916	Law & Governance	1,753,418	(552,530)	1,200,888
7,358,056	(3,691,489)	3,666,567	Leisure & Communities	6,682,997	(3,738,235)	2,944,762
<b>38,928,388</b>	<b>(22,227,661)</b>	<b>16,700,727</b>	<b>Net Cost Of Services</b>	<b>38,863,071</b>	<b>(22,318,756)</b>	<b>16,544,315</b>
1,830,747	(410,178)	1,420,569	Other Operating Expenditure (Note 10)	1,729,943	(260,696)	1,469,247
2,458,291	(3,094,486)	(636,195)	Financing and Investment Expenditure/(Income) (Note 11)	2,764,415	(3,457,920)	(693,505)
-	(15,246,701)	(15,246,701)	Taxation and Non-Specific Grant (Income) (Note 12)	-	(16,103,286)	(16,103,286)
<b>43,217,426</b>	<b>(40,979,026)</b>	<b>2,238,400</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>43,357,429</b>	<b>(42,140,658)</b>	<b>1,216,771</b>
		(522,058)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment (Note 25)			(1,834,568)
		(3,025,000)	Actuarial (Gains) / Losses on Pension Assets / Liabilities (Note 41)			(3,321,000)
		<b>(3,547,058)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(5,155,568)</b>
		<b>(1,308,658)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(3,938,797)</b>

## MOVEMENT IN RESERVES STATEMENT

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

### 2019/2020

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£	£
<b>Balance at 31 March 2019</b>	<b>(2,000,000)</b>	<b>(12,037,064)</b>	<b>(2,107,716)</b>	<b>(4,581,294)</b>	<b>(20,726,074)</b>	<b>(14,687,796)</b>	<b>(35,413,870)</b>
<b>Movement in reserves during 2019/20</b>							
Total Comprehensive Income and Expenditure	1,216,771	-	-	-	1,216,771	(5,155,568)	<b>(3,938,797)</b>
Adjustments between accounting basis & funding basis under regulations (Note 8)	(518,672)	-	-	(780,022)	(1,298,694)	1,298,694	-
<b>(Increase)/ Decrease in 2019/20</b>	<b>698,099</b>	<b>-</b>	<b>-</b>	<b>(780,022)</b>	<b>(81,923)</b>	<b>(3,856,874)</b>	<b>(3,938,797)</b>
Transfer (to) / from Earmarked Reserves (Note 9)	(698,099)	698,099	-	-	-	-	-
<b>Balance at 31 March 2020 carried forward</b>	<b>(2,000,000)</b>	<b>(11,338,965)</b>	<b>(2,107,716)</b>	<b>(5,361,316)</b>	<b>(20,807,997)</b>	<b>(18,544,670)</b>	<b>(39,352,667)</b>

## 2018/2019 Comparative Figures

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£	£
<b>Balance at 31 March 2018</b>	(2,000,000)	(11,106,516)	(2,077,584)	(3,829,152)	(19,013,252)	(15,091,960)	(34,105,212)
<b>Movement in reserves during 2018/19</b>							
Total Comprehensive Income and Expenditure	2,238,400	-	-	-	2,238,400	(3,547,058)	<b>(1,308,658)</b>
Adjustments between accounting basis & funding basis under regulations (Note 8)	(3,168,948)	-	(30,132)	(752,142)	(3,951,222)	3,951,222	-
<b>(Increase)/ Decrease in 2018/19</b>	<b>(930,548)</b>	-	<b>(30,132)</b>	<b>(752,142)</b>	<b>(1,712,822)</b>	<b>404,164</b>	<b>(1,308,658)</b>
<b>Transfer (to) / from Earmarked Reserves (Note 9)</b>	<b>930,548</b>	<b>(930,548)</b>	-	-	-	-	-
<b>Balance at 31 March 2019 carried forward</b>	<b>(2,000,000)</b>	<b>(12,037,064)</b>	<b>(2,107,716)</b>	<b>(4,581,294)</b>	<b>(20,726,074)</b>	<b>(14,687,796)</b>	<b>(35,413,870)</b>

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council 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'.

31 March 2019	Balance Sheet	Notes	31 March 2020
£			£
36,652,122	Property, Plant & Equipment	13	42,348,943
109,000	Investment Properties	15	102,000
384,153	Intangible Assets	16	505,484
2,520	Long Term Investments	45	2,520
37,494,826	Long Term Debtors	17	37,496,724
<b>74,642,621</b>	<b>Long Term Assets</b>		<b>80,455,671</b>
70,540	Inventories	18	72,384
3,915,134	Short Term Debtors	19	5,106,781
1,545,866	Cash and Cash Equivalents	20	13,971,354
326,449	Assets Held for Sale	21	7,450
<b>5,857,989</b>	<b>Current Assets</b>		<b>19,157,969</b>
(2,000,625)	Short Term Borrowing	17	-
(8,497,875)	Short Term Creditors	22	(11,499,968)
(640,568)	Short Term Provisions	23	(841,532)
(170,824)	Other Short Term Liabilities		(223,723)
<b>(11,309,892)</b>	<b>Current Liabilities</b>		<b>(12,565,223)</b>
-	Long Term Creditors		-
(12,716,317)	Long Term Borrowing	17	(27,907,819)
(23,931)	Other Long Term Liabilities	17	(23,931)
(21,036,600)	Pension Liability	41	(19,764,000)
<b>(33,776,848)</b>	<b>Long Term Liabilities</b>		<b>(47,695,750)</b>
<b>35,413,870</b>	<b>Net Assets</b>		<b>39,352,667</b>
(20,726,074)	Usable Reserves	24	(20,807,997)
(14,687,796)	Unusable Reserves	25	(18,544,670)
<b>(35,413,870)</b>	<b>Total Reserves</b>		<b>(39,352,667)</b>

## CASH FLOW STATEMENT

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

<b>2018/2019</b>		<b>2019/2020</b>
<b>£</b>		<b>£</b>
2,238,400	Net (surplus)/deficit on the provision of services	1,216,771
2,707,653	Adjustments to net (surplus)/deficit on the provision of services for non-cash movements (Note 26)	(4,829,586)
3,906,778	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities (Note 27)	3,781,790
8,852,831	Net cash (inflows)/outflows from Operating Activities	168,975
894,984	Investing Activities (Note 28)	1,467,069
(8,611,146)	Financing Activities (Note 29)	(14,061,532)
1,136,669	Net (increase)/decrease in cash and cash equivalents	(12,425,488)
(2,682,535)	Cash and cash equivalents at the beginning of the year	(1,545,866)
<b>(1,545,866)</b>	<b>Cash and cash equivalents at the end of the year (Note 20)</b>	<b>(13,971,354)</b>

# EXPLANATORY NOTES TO THE CORE FINANCIAL STATEMENTS

## 1. Accounting Policies

### i) General Principles

The Council is required to prepare an annual Statement of Accounts by the *Accounts and Audit (England) Regulations 2015*, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020 and the Service Reporting Code of Practice 2019/2020, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The Statement of Accounts summarise the Council's transactions for the 2019/2020 financial year and its position at the year ending 31 March 2020.

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

### Going Concern

#### Covid - 19

The Council has carried out a detailed assessment of the likely impact of COVID-19 on its financial position and performance during 2020/21 and beyond. This included consideration of the following:-

- Loss of income on a service by service basis, due to temporary closures, reduction in demand, and increased collection losses.
- Additional expenditure on a service by service basis, e.g. provision of new and expanded services in response to the crisis (such as additional costs relating to temporary accommodation for the homeless), and additional costs associated with changes to working practices (such as remote working).
- Changes to government policy, e.g. changes to business rate reliefs, guidance on supplier relief, additional funding for local authorities, and additional responsibilities which go alongside.
- The impact on the Council's capital programme, e.g. delays caused by government restrictions, whether there is a need to rephase work for other reasons and consideration to schemes that do not need to proceed.
- The impact on the Council's subsidiaries and joint ventures.
- The impact of all of the above on the Council's cash flow and treasury management, including availability of liquid cash (as at 25 September 2020 the Council had around £14 million in cash and on-demand/short notice deposits), impact on investment returns, and availability of external borrowing if required.
- The estimated overall impact on the Council's General Fund.

This review has highlighted that COVID-19 poses a significant financial challenge for the Council, as it will for all local authorities.

To reflect this, the Council highlighted the financial position relating to COVID-19 in the

2020/21 Q1 Revenue Monitoring Report on 8 September 2020.

The net total impact of COVID-19 on the General Fund in the report is estimated to be a reduction of £3,580,032. This takes into account additional specified government support for COVID-19 announced up until 31 August 2020 but is not yet crystallised due to the consideration still being given to impact from reductions in council tax and business rates and the Government also announcing the further Sales, Fees and Charges Scheme which will reimburse local authorities for lost income. The Council is still in the process of analysing the impact of this scheme, but it is likely to further mitigate the effect of COVID-19 on the General Fund to some degree. By way of context, the revenue earmarked reserves balance at 31 March 2020 was £11.3m.

It is therefore noted that there is headroom within the earmarked reserves, which includes the general fund reserve of £2m and also consideration of schemes that do not need to proceed to absorb the estimated financial impact of COVID-19 in the short to medium-term. Furthermore, the Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

The accounts are being signed off in December 2023 and the earmarked reserves position is now known.

At 31 March 2023 the Council's total earmarked reserves were 10.8m.

This is above our minimum reserve balance of £2m.

### **Local Government Restructure**

In July 2020, the Minister for Regional Growth and Local Government announced that the Department for Levelling Up, Housing and Communities (DLUHC) would be publishing the Devolution and Local Recovery White Paper imminently.

The Secretary of State of DLUHC formally sought the views of the public on two proposals and the consultation closed on 19th April 2021. A decision was announced by DLUHC in July 2021 determining that the current county, district, and borough councils would be replaced by a new single council for North Yorkshire from 1 April 2023. In the intervening period the accounts and financial plans for Hambleton District Council will continue to be constructed on a 'going concern' basis - with any assets and liabilities transferring to the successor authority

### **Basis of Preparation**

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

At the point of writing, initial budgets, Medium Term Financial Strategies, Capital plans and Treasury Management Strategies have been developed for the new Council. North Yorkshire County Council is a continuing authority and accounts for more than 80% of the



total budget of the new Council; it has published its draft Financial Statements for 2022/23 on a going concern basis.

The functions and services of Hambleton District Council transferred to North Yorkshire Council on 1 April 2023 in accordance with The North Yorkshire (Structural Changes) Order 2022 (Statutory Instrument 2022).

### **North Yorkshire Council Budget 2023/24 and Medium Term Financial Strategy (MTFS) 2024/25 TO 2025/26**

This is the first Budget for the new North Yorkshire Council (NYC). It has been produced by bringing together the known financial positions of the eight predecessor councils following excellent cooperation from all of those bodies. The start of any new council will bring great uncertainty but the production of this Budget and MTFS has been at a time of significant financial pressure and uncertainty due to external factors including:

- The highest levels of inflation since 1981
- Distressed adult social care markets
- Workforce challenges with recruitment and retention
- High demand for some key, high cost services; and
- Adapting to a post-covid environment.

Key assumptions included in the 2023/24 budget for North Yorkshire Council are:

- Council tax to increase by 4.99% (basic 2.99% and Adult Social Care 2%)
- Net Revenue Budget for 2023/24, after use of reserves, of £623m
- A recurring Corporate Risk Contingency of £6m to provide for service growth and / or non-delivery of savings as a direct or indirect result of Covid,
- A 4-year capital investment programme of £323.8m
- an authorised limit for external debt of £652.1m in 2023/24

The actual liquidity position the new council held on vesting day which included cash and investment held by relevant legacy councils totalled £512m.

Over the going concern period (up to December 2024), the loan repayment terms vary as the council has different types of loan, the majority of the loans are annuity or maturity-based loans. The total loan repayments due during 2023/24 is £5,675k.

Total Investments held by the new council on vesting day totalled £512.0m and total debt at the same date was £399.2m. Total Debt forecasted as at 31 March 2024 is £393.0m. The total estimated surplus cash invested at Monday 3 April 2023 was £457m.

### **2023/24 Budget Setting and Medium Term Financial Planning Process**

The development of the 2023/24 revenue budget and refinement of the medium term financial plan has been approved by full council.

### **Key Risks and Uncertainties**

The financial position of the new council includes a number of risks and uncertainties. These include the potential changes to government funding arising from the Fair Funding, Business

Rates Retention and New Homes Bonus reviews from 2024/25, the completion of the predecessor council's 2021/22 and 2022/23 external audit process and the inherent risks of establishing a new organisation. These risks are actively being monitored, managed, and mitigated.

## **Conclusion**

Since the 2019/20 Draft Statement of Accounts were prepared, the impact of the Covid pandemic has subsided from its peak in 2020. Further short-term lockdown restrictions were implemented in 2020/21 and the impact of the pandemic continued to impact on consumer confidence and economic activity through into 2022/23 mainly through lower activity in some Council income-generating services than was previously experienced. This has had an on-going detrimental impact on income levels in particular in 2021/22 and into 2022/23 in areas such as leisure and car parking income. However, the Council has carefully monitored and managed risks around these service areas and has been supported by significant financial support in 2020/21, 2021/22 and 2022/23 from the UK Government.

This has come in terms of both direct financial support to the Council to cover some of the shortfalls in sales, fees and charges as well as direct and indirect Covid grant support. Details are set out in the Grant Income Note to subsequent years Financial Statements.

The majority of this financial support was received in 2020/21 and 2021/22, with reduced amounts being received in 2022/23. During this period, the Council continued to undertake detailed financial monitoring and reporting to assist in mitigating the financial impact to the Council and as at 31st March 2023, the pandemic had not directly impacted on the overall level of reserves and balances available to the Council, with the General Fund Balance remaining in tact at £2m throughout this period, thanks to the external support received from the UK government and steps taken by the Council to manage the financial risks internally. In addition to the direct support received, the Council was used as an agency to passport additional UK Government Covid grants and financial assistance to residents and businesses across the District, which in turn has helped to support the local economy throughout this challenging time

Having regard to the Code and its reporting requirements the Council concludes that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding that Hambleton District Council ceased to exist with effect from 31 March 2023 following the reorganisation into North Yorkshire Council.

Therefore, Hambleton District Council continues to operate on a going concern basis and has continued to do so until 31 March 2023 when the Council ceased to exist.

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

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Revenue from the provision of services is recognised when the Council 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 Council.
- 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 payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant service revenue account in the Comprehensive Income and Expenditure Statement, unless they represent capital receipts or capital expenditure.

### **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 highly liquid investments that mature in three months 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 Council'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 understanding of the Council'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 Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

### **vi) Capital Charges to Revenue for Non-Current Assets**

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

- Depreciation attributable to the assets used by the relevant service;

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make a contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the 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.

## **vii) Employee Benefits**

### **Benefits Payable During Employment**

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries and wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and as far as practicable will be recognised in the year in which the service is rendered by the employees to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave) 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 and wage 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 entitlements 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 Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for 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 Benefit**

Employees of the Council are members of 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 who worked for the Council.

## The Local Government Pension Scheme

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

- The liabilities of the North Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.4% (based on the indicative rate of return on high quality corporate bond).
- The assets of the North Yorkshire Pension Fund attributable to the Council are included in the balance sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property – market value

The change in the net pensions liability is analysed into 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 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 services 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 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 benefit 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 benefit 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.
  - Contribution paid to the North Yorkshire Local Government Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund 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 any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions 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 Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Scheme.

#### **viii) 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 Balance Sheet date this will be classed as an adjusting event and the Statement of Accounts will be amended to reflect this event. A disclosure will also be made in the Events After Balance Sheet date (Note 6).
- 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 a material effect, disclosure will be made in the Events After the Balance Sheet Date (Note 6) giving the nature of the event and an estimate of the financial effect or statement that an estimate cannot be reliably made.

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

#### **ix) Fair Value measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

Level 3 – unobservable inputs for the asset or liability.

## **x) Financial Instruments**

### **Financial Liabilities**

Financial liabilities 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 and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments and other financial assets to collect contractual cash flows i.e. payments of interest and principal. All of the Council's financial assets are therefore currently classified as amortised cost, however in the future, those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument) will be classed as either fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI).

### 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.

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

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 fair value measurements of the financial assets are based on the following techniques:

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

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in section **ix**) Fair Value Measurement.

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



IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

### **Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)**

The value is based on the principle that the equity shares have no quoted market prices and is based on an independent appraisal of the company valuation.

Dividend income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

The same accounting treatment would have been adopted in the prior year if the asset was classified as Available for Sale, except that accumulated gains and losses on the available for sale asset were previously held in an Available-for-Sale Financial Instruments Reserve at 31 March 2018. The balance on this reserve would have been transferred to the new Financial Instruments Revaluation Reserve as at 1 April 2018.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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) Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments and the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the 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 in the form of 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 Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

### **Community Infrastructure Levy**

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments to the Council) 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 and flood defences) 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 accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

#### **xii) Heritage Assets**

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. When Heritage Assets are disposed of the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. 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.

#### **xiii) Intangible Assets**

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council 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 line 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 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 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 the Capital Receipts Reserve.

#### **xiv) Interests in Companies and Other Entities**

The Council is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and/or joint ventures. In the Council's single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost less any provision for losses.

The Council has a material financial relationship with the Central Northallerton Development Limited Company so is required to prepare Group Accounts.

Within the Group Accounts, the financial statements of Central Northallerton Development Company have been recorded on an equity basis under IFRS11 – Joint Arrangements and IAS28 – Investments in Associates and Joint Ventures.

#### **xv) Inventories and Long-term Contracts**

Inventories, stocks, stores and works in progress are valued at average cost, with an allowance made for obsolete items. The effect of this valuation method as opposed to the lower of cost and net realisable value is not material.

#### **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 amount at which the asset could be exchanged between knowledgeable parties at arms-length. 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 for 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 the Capital Receipts Reserve.

#### **xvii) Jointly Controlled Operations and Jointly Controlled Assets**

The Council is in partnership with Thirsk & Sowerby Swimming Baths Charity (TSSBC) for the delivery of Leisure Services in Thirsk. This arrangement for the delivery of services is through the use of jointly controlled assets.

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of assets of the ventures rather than the establishment of a separate entity.

Jointly controlled assets are items of property, plant and equipment that are jointly controlled by the Council and other ventures (TSSBC), with the assets being used to obtain benefits for the ventures (TSSBC). The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf in respect of its interest in the venture and income that it earns from the venture.

### **xviii) Leases**

Leases are classed 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 Council 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 Council 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 and 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 Council 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

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals paid are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease, generally meaning that rentals are charged when they become payable.

## **The Council as Lessor**

### Finance Leases

Where the Council 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 Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement 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 asset (long-term debtor) in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income 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 to 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.

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 Lease

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments. 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.

#### **xii) Overheads and Support Services**

The costs of support services are charges in their own right and represent a service area in the Council in line with the Council's departmental management structure. They are therefore accounted for as separate headings, or within the headings to which they relate, in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Net Cost of Services

### **xiii) 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 is capitalised on an accrual basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged to the Comprehensive Income and Expenditure Statement as 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 Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). 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 Council.

Donated assets are measured initially at current value. The difference between current 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 in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus assets – fair value, determined by the measurement of the highest and best use value of the asset.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use at existing use value – EUV.

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as minimum every five years.

The freehold and leasehold properties which comprise of the Council's property portfolio are valued on a 5 year rolling programme by external independent valuer, Align Property Partners Consulting Limited (Chartered Surveyors), in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors, except where:

- Not all properties were inspected. This was neither practical nor considered by the valuer to be necessary for the purpose of the valuation;
- For all properties of a similar nature, the "beacon" principle was adopted; and
- IT assets and Vehicle, Plant & Equipment assets are not revalued as almost all of them have an expected life of between 5 and 10 years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

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

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

### **Componentisation**

All property assets containing a building are split into two components – Land and Buildings. The buildings are then further reviewed to assess if there are additional components which should be recognised. This assessment is based on the value of the building and the value of the components. A materiality level has been set below which this additional review will not be done. Only buildings with a value greater than £150,000 will be considered for componentisation. The cost of the component should be at least 20% of the value of the building. Components whose value is under this level will be considered if the circumstances are deemed appropriate. Componentisation will only be done either at the full 5 yearly valuations or when major capital improvements are undertaken.

### **Revaluation Loss**

Assets are assessed at each year end as to whether there is any indication that an asset may have reduced in market value. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where it is less than the carrying amount of the asset, a revaluation loss is recognised for the shortfall.

When revaluation 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(s) in the Comprehensive Income and Expenditure Statement.

Where a revaluation loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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.

### **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(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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:

- Other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant and equipment – straight line allocation over the life of the asset, as advised by a suitably qualified officer
- Infrastructure - straight line allocation over the 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 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. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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 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.

All amounts received from the disposal of assets are categorised as capital receipts, there is no deminimus. If any housing receipts are received then a proportion of receipts relating to the housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to Government. This Council does not have any housing stock, therefore this does not occur. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). 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 non-current 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.

The Government has issued a Statutory Instrument as an SI 2022 No1232 The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2022 detailing arrangements for accounting for infrastructure assets.

The impact of these regulations is to allow that where a local authority in England replaces a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component, the authority is able to determine that the amount to be derecognised is Nil. Hambleton District Council has applied this element of the regulations to its policy on derecognition of its Infrastructure Assets

#### **xiv) Provisions, Contingent Liabilities and Contingent Assets**

##### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council 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 Council becomes aware of the obligation, based on the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account the relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than probable that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service line in the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered by 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 Council settles the obligation.

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

### **xv) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund Balance in the Movement in Reserve Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service line in Comprehensive Income and Expenditure Statement in that year to score against the Surplus or Deficit on the Provision of 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. An analysis of the movement on the reserves is shown in Note 8.

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

The Council maintains a General Fund Working Balance and also holds reserves earmarked for specific purposes which are detailed in Note 9 of the Notes to the Statement of Accounts. These reserves are deemed to be distributable reserves, which can be utilised to support future expenditure and are known as Usable Reserves.

Non-distributable reserves or Unusable Reserves include the Revaluation Reserve and the Capital Adjustment Account and represent “technical non-cash” reserves which are maintained to manage the accounting processes for non-current assets. The Pension Reserve is a reserve which has been set up to manage the accounting process for retirement benefits and does not represent usable resources for the Council. These reserves do not impact upon the level of local taxation and are not able to be utilised in support of service delivery.

#### **xvi) 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 non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax.

#### **xxiv) Revenue Recognition**

Revenue is defined as income arising as a result of the Council’s normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient.

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

#### **xxv) Tax Income**

Council Tax, Retained Business Rates and Business Rates Top-up Grant income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.

Business Rates, Business Rates Top-up Grant and Council Tax income will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. As a billing Authority, the difference between the Business Rates and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement. Each major preceptor’s share of the accrued Business Rates and Council Tax income is available from the information that is required to be produced in order to prepare the Collection Fund Statement.

Business Rates and Council Tax income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council, and the amount of revenue can be measured reliably.

Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

## **xxvi) VAT**

Income and Expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from them.

### **2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted**

The Code of Practice of Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of new or amended standards within the 2019/20 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2020/21 code are:

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

These changes are not expected to have a material impact on the Council's single entity statements or group statements.

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

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The main critical judgement made in the Statement of Accounts is regarding the high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

### **4. Assumptions Made about the Future and Other Major Sources of Estimation**

#### **Uncertainty**

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Valuation, where required of Property, Plant and Equipment, and Investment properties.</b>	Valuation of property involves assessment of a number of variables such as market conditions, useful life, cost of reconstruction, assessment of condition, etc. Qualified Chartered Surveyors, or experts in the relevant field undertake valuations however, these can be subject to market uncertainties. Revaluations, in accordance with the local authority accounting code of practice are carried out on a 5-year rolling cycle.	At 31 March 2020, the Council had land and buildings to the value of £42 million, and investment properties to the value of £120,000. A 1% change in the estimation of property values would lead to a £420,000 change in the value of the Council's land and buildings and £1,200 change in the value of the Council's investment property. These changes to valuations would not have a direct impact on the Council's general fund, since any effect charged to the CIES would be reversed to the Council's unusable reserves.
<b>Pensions Liability</b>	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 Council 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 assumption would result in an decrease in the pension liability of £2,055,000. However the assumptions interact in complex ways. During 2019/2020, the Council's actuaries advised that the net pensions liability had decreased by £3,321,000 as a result of estimates being corrected as a result of experience and increased by £2,048,400 attributable to updating of the assumptions.
<b>Business Rate Provisions</b>	The introduction of the Business Rates Retention Scheme on 1 April 2013 results in Local Authorities being liable for successful appeals against business rates charged to businesses in 2019/20 and earlier financial years in their proportionate share. Therefore a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2020. The estimate has been calculated using the Valuation Office (VO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2020.	If a greater amount of appeals occurs than has been estimated then this will be an increased cost on the collection fund, which could cause an increased deficit position on the collection fund in the future. Further information on provision for appeals is included in the Collection Fund Statement
<b>Arrears</b>	At 31 March 2020, the Council had a balance for sundry debtors of £6,007,020. A review of significant balances suggested that an impairment of doubtful debts of 14.99% (£900,239) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of impairment of doubtful debts would require an additional £900,239 to be set aside as an allowance.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p><b>Fair Value Measurements</b></p>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for <i>similar</i> assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's chief valuation officer and external valuer).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in Notes 15 and 17 below.</p>	<p>The Council uses the discounted cash flow (DCF) model and Reversion valuation to measure the fair value of some of its investment properties and financial assets.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth (for investment properties) and discount rates – adjusted for regional factors (for financial assets).</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.</p>

## 5. Material Items of Income and Expense

The Comprehensive Income and Expenditure Statement shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months.

Items that are material would be disclosed on the face of the Comprehensive Income and Expenditure Statement but there were no material items of income or expenditure to report in these statements.

## 6. Events after the Balance Sheet Date

The Statement of Accounts is authorised by the Section 151 Officer and will be approved by Audit Committee on 27 November 2023. Events taking place after this date will not be reflected in the financial statements or notes. Where events take place before this date and information is provided on conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

During March 2020 the Covid-19 Virus pandemic became a significant public health event. As people were asked to stay and home and services required to respond to the global pandemic it has had a significant impact on the income and expenditure of the Council. This impact will generally be seen in 2020/21 and subsequent reporting periods and does not significantly impact on the 2019/20 accounting period require changes or additional disclosures. However, it is a key event that will impact on the organisation in the years to come and further information is available in the Narrative Report Section A and D.

On the 1 April 2023 the Council ceased to exist and transferred all its functions to the new unitary council North Yorkshire Council as outlined in the Statement of Accounts and Note 1 under Going Concern

## 7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19 Expenditure and Funding Analysis Restated			2019/20 Expenditure and Funding Analysis			
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund reporting in year	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£	£	£		£	£	£
786,270	2,950,654	3,736,924	Economy & Planning	768,815	2,701,121	3,469,936
3,080,367	723,502	3,803,869	Environment	3,210,140	562,803	3,772,943
3,640,737	847,714	4,488,451	Finance & Commercial	4,437,361	718,425	5,155,786
890,977	113,939	1,004,916	Law & Governance	1,118,039	82,849	1,200,888
1,524,260	2,142,307	3,666,567	Leisure & Communities	1,714,820	1,229,942	2,944,762
<b>9,922,611</b>	<b>6,778,116</b>	<b>16,700,727</b>	<b>Net Cost Of Services</b>	<b>11,249,175</b>	<b>5,295,140</b>	<b>16,544,315</b>
(10,853,159)	(3,609,168)	(14,462,327)	Other Income and Expenditure	(10,551,076)	(4,776,468)	(15,327,544)
<b>(930,548)</b>	<b>3,168,948</b>	<b>2,238,400</b>	<b>(Surplus) or Deficit</b>	<b>698,099</b>	<b>518,672</b>	<b>1,216,771</b>
<b>(2,000,000)</b>			<b>Opening General Fund</b>	<b>(2,000,000)</b>		
<b>(930,548)</b>			<b>Less/Plus Surplus or (Deficit) on General Fund in Year</b>	<b>698,099</b>		
<b>930,548</b>			<b>Transfer (to) / from Earmarked Reserve (Note 9)</b>	<b>(698,099)</b>		
<b>(2,000,000)</b>			<b>Closing General Fund at 31 March</b>	<b>(2,000,000)</b>		



7(a) Note to the Expenditure and Funding Analysis

2018/19 Note 7 (a) to the Expenditure and Funding Analysis: Adjustments between the Funding and Accounting Basis					2019/20 Note 7 (a) to the Expenditure and Funding Analysis: Adjustments between the Funding and Accounting Basis			
Adjustment for Capital purposes	Net change for the Pension Adjustments	Other Differences	Total Adjustments		Adjustment for Capital purposes	Net change for the Pension Adjustments	Other Differences	Total Adjustments
£	£	£	£		£	£	£	£
2,560,614	401,240	(11,200)	2,950,654	Economy & Planning	2,409,712	276,539	14,870	2,701,121
187,969	527,514	8,019	723,502	Environment	191,633	358,114	13,056	562,803
272,290	577,990	(2,566)	847,714	Finance & Commercial	252,425	441,980	24,020	718,425
5,855	108,700	(616)	113,939	Law & Governance	-	77,362	5,487	82,849
1,593,111	541,956	7,240	2,142,307	Leisure & Communities	866,070	368,405	(4,533)	1,229,942
<b>4,619,839</b>	<b>2,157,400</b>	<b>877</b>	<b>6,778,116</b>	<b>Net Cost Of Services</b>	<b>3,719,840</b>	<b>1,522,400</b>	<b>52,900</b>	<b>5,295,140</b>
<b>(4,540,433)</b>	<b>557,000</b>	<b>374,265</b>	<b>(3,609,168)</b>	<b>Other Income and Expenditure from the Funding Analysis</b>	<b>(4,685,690)</b>	<b>526,000</b>	<b>(616,778)</b>	<b>(4,776,468)</b>
<b>79,406</b>	<b>2,714,400</b>	<b>375,142</b>	<b>3,168,948</b>	<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit</b>	<b>(965,850)</b>	<b>2,048,400</b>	<b>(563,878)</b>	<b>518,672</b>

## 7(b) Segmental Income

Income received on a segmental basis is analysed below:

Restated 2018/19 £	Income from Services	2019/20 £
2,335,570 <sup>1</sup>	Leisure Services	2,405,311
1,159,985	Development Control	1,157,175
768,810	Premises Development	828,764
788,620	Off Street Parking	646,054
160,610	Local Taxation	113,216
163,436	Markets	170,384
183,391	Licensing	194,720
84,563	Land Charges	93,718
155,461	Environmental Services	157,508
77,368	Planning Services	82,425
928,083	Waste Collection	947,431
<b>6,805,897</b>	<b>Total income analysed on a segmental basis</b>	<b>6,796,706</b>

## 7(c) Expenditure and Income analysed by Nature

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

Restated <sup>2</sup> 2018/19 £	Expenditure / (Income)	2019/20 £
	<b>Expenditure</b>	
16,214,531	Employee benefits expenses	16,946,252
21,530,955	Other services expenses	20,712,869
3,986,511	Depreciation, amortisation, impairment	3,815,266
32,291	Interest payments	380,908
1,453,138	Precepts & Levies	1,502,134
-	Loss on disposal of assets	-
<b>43,217,426</b>	<b>Total Expenditure</b>	<b>43,357,429</b>
	<b>Income</b>	
(12,475,792)	Fees, charges and other service income	(10,343,123)
(1,225,486)	Interest and investment income	(1,600,413)
(8,755,673)	Income from council tax and non-domestic rates <sup>3</sup>	(10,669,352)
(18,522,075)	Government grants and contributions <sup>4</sup>	(19,463,694)
-	Gains on disposal of assets	(64,076)
<b>(40,979,026)</b>	<b>Total Income</b>	<b>(42,140,658)</b>
<b>2,238,400</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>1,216,771</b>

<sup>1</sup> Restatement: Income from Thirsk and Sowerby Leisure Centre is now included in the Group Accounts since it is treated as a subsidiary. The 'Leisure Services' income has therefore reduced from 3,031,171 to 2,335,570.

<sup>2</sup> Restatement: The split between the Expenditure and Income in 2018/19 has been restated to reflect the split in 'Gross Expenditure' and 'Gross Income' in '(Surplus) or Deficit on the Provision of Services'. The lines in Note 7 c under 'Expenditure' that have been restated are: 'Employee benefits expenses' by an increase of £1,869,000, 'Other Service Expenses' increase by £172,942, 'Depreciation, amortisation, impairment' increased by £2,944,206 and '(Gain) or Loss on disposal of assets' increased by £47,419. The restated line in 'Income' is 'Fees, charges and other service income' which has increased by £5,033,567. The Net amount in '(Surplus) or Deficit on the Provision of Services' remains unchanged.

<sup>3</sup> Business rates income is displayed now displayed under the heading 'Income from council tax and non-domestic rates' instead of 'Government Grant and contributions' which is more appropriate heading.

<sup>4</sup> See Note 1

## 8. Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

### General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid out of and 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 proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

### Capital Grants Unapplied

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

The tables for 2019/2020 and comparative year 2018/2019 can be seen on the following pages.

2019/2020	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£	£	£	£
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>				
Charges for Depreciation and Impairment of non-current assets	(1,321,229)	-	-	1,321,229
Revaluation losses on Property Plant and Equipment	(124,706)	-	-	124,706
Movements in the fair value of Investment Properties	(7,000)	-	-	7,000
Amortisation of Intangible Assets	(165,748)	-	-	165,748
Capital Grants and Contributions applied	3,692,222	-	-	(3,692,222)
Revenue Expenditure funded from Capital Under Statute	(2,101,157)	-	-	2,101,157

2019/2020	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(25,490)	-	-	25,490
<b>Insertion of items not debited or credited to the Comprehensive Income &amp; Expenditure Statement</b>				
Capital Expenditure charged against the General Fund Balance	149,368	-	-	(149,368)
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	780,022	-	(780,022)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	89,568	(89,568)	-	-
Use of the Capital Receipts Reserve to finance new Capital Expenditure	-	89,568	-	(89,568)
<b>Adjustments primarily involving the Pension Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(3,841,000)	-	-	3,841,000
Employer's Pensions Contributions and direct payments to Pensioners payable in the year	1,792,600	-	-	(1,792,600)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount by which Council Tax income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	616,778	-	-	(616,778)
<b>Adjustment involving the Accumulating Comprehensive Absences Adjustment Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(52,900)	-	-	52,900
<b>Total Adjustments</b>	<b>(518,672)</b>	<b>-</b>	<b>(780,022)</b>	<b>1,298,694</b>

2018/2019	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£	£	£	£
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>				
Charges for Depreciation and Impairment of non-current assets	(1,327,961)	-	-	1,327,961
Revaluation losses on Property Plant and Equipment	(994,893)	-	-	994,893
Movements in the fair value of Investment Properties	-	-	-	-
Amortisation of Intangible Assets	(168,785)	-	-	168,785
Capital Grants and Contributions applied	3,661,086	-	-	(3,661,086)
Revenue Expenditure funded from Capital Under Statute	(2,128,200)	-	-	2,128,200
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(198,273)	-	-	198,273
<b>Insertion of items not debited or credited to the Comprehensive Income &amp; Expenditure Statement</b>				
Capital Expenditure charged against the General Fund Balance	79,786	-	-	(79,786)
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	752,142	-	(752,142)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	245,692	(245,692)	-	-
Use of the Capital Receipts Reserve to finance new Capital Expenditure	-	215,560		(215,560)

2018/2019	Usable Reserves			
	General Fund Balance £	Capital Receipts Reserve £	Capital Grants Unapplied £	Movement in Unusable Reserves £
<b>Adjustments primarily involving the Pension Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(4,416,000)	-	-	4,416,000
Employer's Pensions Contributions and direct payments to Pensioners payable in the year	1,701,600	-	-	(1,701,600)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount by which Council Tax income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(374,265)	-	-	374,265
<b>Adjustment involving the Accumulating Comprehensive Absences Adjustment Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(877)	-	-	877
<b>Total Adjustments</b>	<b>(3,168,948)</b>	<b>(30,132)</b>	<b>(752,142)</b>	<b>3,951,222</b>

## 9. Transfers To/ (From) Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/2020.

	Balance at 31 March 2018	Transfers Out 2018/2019	Transfers In 2018/2019	Balance at 31 March 2019	Transfers Out 2019/2020	Transfers In 2019/2020	Balance at 31 March 2020
	£	£	£	£	£	£	£
<b>Council Taxpayers Reserve</b>	<b>5,019,975</b>	(1,283,693)	3,357,092	<b>7,093,374</b>	(1,719,102)	1,086,421	<b>6,460,693</b>
<b>Community Safety Partnership</b>	<b>27,536</b>	(7,353)	-	<b>20,183</b>	(7,639)	-	<b>12,544</b>
<b>Local Plan Reserve</b>	<b>59,540</b>	(135,567)	169,780	<b>93,753</b>	(123,173)	90,657	<b>61,237</b>
<b>Grants Fund</b>	<b>191,834</b>	(48,700)	-	<b>143,134</b>	(48,700)	-	<b>94,434</b>
<b>One Off Fund</b>	<b>714,477</b>	(461,839)	1,113,905	<b>1,366,543</b>	(1,384,760)	1,292,137	<b>1,273,920</b>
<b>Repairs &amp; Renewals Fund</b>	<b>2,097,807</b>	(1,120,917)	50,000	<b>1,026,890</b>	(79,824)	-	<b>947,066</b>
<b>Make a Difference Fund</b>	<b>63,801</b>	(181,748)	125,000	<b>7,053</b>	(126,053)	125,000	<b>6,000</b>
<b>Economic Development Fund</b>	<b>1,465,095</b>	(350,715)	30	<b>1,114,410</b>	(125,134)	-	<b>989,276</b>
<b>Computer Fund</b>	<b>1,188,349</b>	(222,640)	2,487	<b>968,196</b>	(680,478)	1,000,000	<b>1,287,718</b>
<b>Community Infrastructure Levy (CIL) 5% Admin Reserve</b>	<b>-</b>	(78,099)	97,411	<b>19,312</b>	(88,893)	107,607	<b>38,026</b>
<b>Community Housing Fund Reserve</b>	<b>180,231</b>	(61,043)	-	<b>119,188</b>	(20,315)	-	<b>98,873</b>
<b>Swimming Project Reserve</b>	<b>97,871</b>	(184,154)	88,309	<b>2,026</b>	(2,026)	-	<b>-</b>
<b>Income Generating Fund</b>	<b>-</b>	(36,998)	100,000	<b>63,002</b>	(93,824)	100,000	<b>69,178</b>
<b>Total Earmarked Reserves</b>	<b>11,106,516</b>	(4,173,466)	5,104,014	<b>12,037,064</b>	(4,499,921)	3,801,822	<b>11,338,965</b>
<b>General Fund</b>	<b>2,000,000</b>	-	-	<b>2,000,000</b>	-	-	<b>2,000,000</b>
<b>Capital Grants Unapplied</b>	<b>3,829,152</b>	(966,072)	1,718,214	<b>4,581,294</b>	(1,003,594)	1,783,616	<b>5,361,316</b>
<b>General Capital Receipts</b>	<b>2,077,584</b>	-	30,132	<b>2,107,716</b>	-	-	<b>2,107,716</b>
<b>Total General Fund</b>	<b>19,013,252</b>	(5,139,538)	6,852,360	<b>20,726,074</b>	(5,503,515)	5,585,438	<b>20,807,997</b>

The purposes of the above reserves are as follows:

**Council Taxpayers Reserve** – To support Council Tax levels and revenue spending.

**Community Safety Partnership** – To receive surpluses and deficits from the Community Safety Partnership Accounts.

**Local Plan Reserve** – To assist in the funding of a continuous programme of Local Plan preparation and review.

**Grants Fund** – To fund revenue grants to organisations on an annual basis.

**One Off Fund** - To improve or sustain service delivery.

**Repairs & Renewals Fund** – To fund expenditure in relation to Repairs and Renewals

**Make a Difference Grants Fund** – To invest in worthy local community projects which help improve life in neighbourhoods and which support the work of the voluntary sector.

**Economic Development Fund** – Established to comply with a key strategic priority for the Council of Economic Development and increasing business within the District.

**Computer Fund** – To fund ICT expenditure.

**Community Infrastructure Levy (CIL) 5% Admin Reserve** – Established to fund expenditure relating to administration of the CIL scheme.

**Community Housing Fund Reserve** – Established to use on community led housing from funding from the Ministry of Housing, Communities & Local Government in accordance with grant guidelines.

**Swimming Project Reserve** – Established to encourage swimming participation in the district with funds from Sport England.

**Income Generating Reserve** - Established to financially support projects in the initial stages of development which will generate revenue income to contribute to the future funding of the Council.

**General Fund** – 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. 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 Grants Unapplied** – Holds grants and contribution to be used for a capital purpose which is restricted by the grant terms as to the capital expenditure against which it can be used and/or the financial year in which this can take place.

**General Capital Receipts** – Holds the proceeds of assets, which can only to be used to fund capital expenditure. The balance shows the resources still available for future years.



## 10. Other Operating Expenditure

2018/2019 £	Other Operating Expenditure	2019/2020 £
1,453,138	Parish Council Precepts	1,502,134
120,678	Drainage Board Levies	135,098
(105,828)	(Surplus)/Deficit from Trading Activities	(103,909)
(47,419)	(Gains)/Losses on the disposal of Non-Current Assets	(64,076)
<b>1,420,569</b>	<b>Total</b>	<b>1,469,247</b>

## 11. Financing and Investment Income and Expenditure

2018/2019 £	Financing and Investment Income and Expenditure	2019/2020 £
32,291	Interest Payable and Similar Charges	380,908
557,000	Pensions Interest Cost & Expected Return on Pensions Assets	526,000
(1,220,486)	Interest Receivable and Similar Income	(1,602,413)
(5,000)	Income & Expenditure in relation to Investment Properties and Changes in their Fair Value	2,000
<b>(636,195)</b>	<b>Total</b>	<b>(693,505)</b>

## 12. Taxation and Non Specific Grant Income

2018/2019 £	Taxation and Non Specific Grant Income	2019/2020 £
(5,252,167)	Council Tax Income	(5,516,419)
(3,503,506)	Non Domestic Rates	(5,152,933)
(3,088,959)	Non-Ringfenced Grants	(2,273,069)
(3,402,069)	Capital Grants and Contributions	(3,160,865)
<b>(15,246,701)</b>	<b>Total</b>	<b>(16,103,286)</b>

### 13. Property, Plant and Equipment

Movement in 2019/2020	Other Land and Buildings	Vehicles, Plant Furniture & Equipment	Assets Under Construction	Community Assets	Total Property, Plant and Equipment (excl Infrastructure Assets)
	£	£	£	£	£
<b>Cost or Valuation at 1 April 2019</b>	<b>29,108,511</b>	<b>9,606,330</b>	<b>3,604,054</b>	<b>121,986</b>	<b>42,440,881</b>
Additions	523,945	543,114	3,778,156	-	4,845,215
Accumulated Depreciation & Impairment Written Out to Gross Carrying Amount	(852,421)	-	-	(3,760)	(856,181)
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	1,843,808	-	-	(9,240)	1,834,568
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on Provision of Services	(124,706)	-	-	-	(124,706)
Derecognition – Disposals	-	(8,379)	-	-	(8,379)
Assets reclassified (to)/from Held for Sale	298,000	-	-	-	298,000
Assets reclassified (to)/from Investment Property	-	-	-	-	-
Other movements in Cost or Valuation	-	-	-	-	-
<b>At 31 March 2020</b>	<b>30,797,137</b>	<b>10,141,065</b>	<b>7,382,210</b>	<b>108,986</b>	<b>48,429,398</b>
<b>Accumulated Depreciation and Impairment At 1 April 2019</b>	<b>(832,080)</b>	<b>(8,141,569)</b>	-	<b>(2,820)</b>	<b>(8,976,469)</b>
Depreciation Charge	(775,483)	(453,273)	-	(940)	(1,229,696)
Accumulated Depreciation Written Out to Gross Carrying Amount	852,421	-	-	3,760	856,181
Depreciation Written out in the Surplus/Deficit on the provision of Services	-	-	-	-	-
Derecognition – Disposals	-	3,889	-	-	3,889
Assets reclassified (to)/from Held for Sale	-	-	-	-	-
Other movements in Cost or Valuation	-	-	-	-	-
<b>At 31 March 2020</b>	<b>(755,142)</b>	<b>(8,590,953)</b>	-	-	<b>(9,346,095)</b>
<b>Net Book Value:</b>					
<b>At 31 March 2019</b>	<b>28,276,431</b>	<b>1,464,761</b>	<b>3,604,054</b>	<b>119,166</b>	<b>33,464,412</b>
<b>At 31 March 2020</b>	<b>30,041,995</b>	<b>1,550,112</b>	<b>7,382,210</b>	<b>108,986</b>	<b>39,083,303</b>

<b>Movement in 2018/2019</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant Furniture &amp; Equipment</b>	<b>Community Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment (excl Infrastructure Assets)</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or Valuation at 1 April 2018</b>	<b>29,644,185</b>	<b>9,433,330</b>	<b>96,986</b>	<b>308,614</b>	<b>39,483,115</b>
Additions	796,115	180,989	25,000	3,295,440	4,297,544
Accumulated Depreciation & Impairment Written Out to Gross Carrying Amount	(962,142)	-	-	-	(962,142)
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	522,058	-	-	-	522,058
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on Provision of Services	(994,893)	-	-	-	(994,893)
Derecognition – Disposals		(7,989)			(7,989)
Assets reclassified (to)/from Held for Sale	103,188				103,188
Assets reclassified (to)/from Investment Property	-	-	-	-	-
<b>At 31 March 2019</b>	<b>29,108,511</b>	<b>9,606,330</b>	<b>121,986</b>	<b>3,604,054</b>	<b>42,440,881</b>
<b>Accumulated Depreciation and Impairment At 1 April 2018</b>	<b>(1,026,466)</b>	<b>(7,661,500)</b>	<b>(1,880)</b>	-	<b>(8,689,846)</b>
Depreciation Charge	(767,756)	(480,165)	(940)	-	(1,248,861)
Accumulated Depreciation Written Out to Gross Carrying Amount	962,142	-	-	-	962,142
Depreciation Written out in the Surplus/Deficit on the provision of Services	-	-	-	-	-
Derecognition – Disposals	-	96	-	-	96
Assets reclassified (to)/from Held for Sale	-	-	-	-	-
Other movements in Cost or Valuation	-	-	-	-	-
<b>At 31 March 2019</b>	<b>(832,080)</b>	<b>(8,141,569)</b>	<b>(2,820)</b>	-	<b>(8,976,469)</b>
<b>Net Book Value</b>					
<b>At 31 March 2018</b>	<b>28,617,719</b>	<b>1,771,830</b>	<b>95,106</b>	<b>308,614</b>	<b>30,793,269</b>
<b>At 31 March 2019</b>	<b>28,276,431</b>	<b>1,464,761</b>	<b>119,166</b>	<b>3,604,054</b>	<b>33,464,412</b>

## Effects of Changes in Estimates

### Infrastructure Assets

In November 2022, CIPFA issued an Update on the 2021/22 (and 2022/23) Code of Practice on Local Authority Accounting. This Update allows for the movement between the opening and closing balance of infrastructure assets to be presented on a net book value (rather than gross cost/ accumulated depreciation) basis for a temporary period up to and including 2024/25, in recognition that authorities do not typically hold sufficiently granular detail regarding historical expenditure on their infrastructure assets in order to accurately account for derecognitions on a gross basis.

Furthermore, an amendment to the Local Authorities (Capital Finance and Accounting) Regulations was also laid in November 2022 which permits local authorities, when they replace a component of an infrastructure asset, to determine the carrying amount to be derecognised in respect of that replaced component as nil. This statutory override also applies up to and including 2024/25. Hambleton District Council has made this determination in respect of its 2019/20 Statement of Accounts.

Infrastructure assets have therefore been excluded from the previous tables which analyse the movement on Property, Plant and Equipment on a gross book value / accumulated depreciation basis. The movement on infrastructure assets is instead presented in the following note, along with a reconciliation to total Property, Plant and Equipment as reported on the Balance Sheet and elsewhere in these financial statements.

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

Hambleton District Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets

2018/2019 £	Net book value (modified historic cost)	2019/2020 £
2,857,670	Balance at start of the year	3,187,710
409,140	Additions	169,463
-	Derecognition	-
(79,100)	Depreciation	(91,533)
<b>3,187,710</b>	<b>Balance at end of the year</b>	<b>3,265,640</b>

<b>2018/2019</b> £	<b>Net Book Value - Total Property, Plant and Equipment</b>	<b>2019/2020</b> £
33,464,412	Property, Plant and Equipment (excl Infrastructure) - Net book value	39,083,303
3,187,710	Infrastructure - Net Book Value	3,265,640
<b>36,652,122</b>	<b>Total Net Book Value</b>	<b>42,348,943</b>

### Depreciation

Assets are depreciated on the opening asset value, on a straight line basis over the expected life of the asset. The following useful lives have been used in the calculation of depreciation:

- Other Land and Buildings – 40-60 years
- Components – 15-30 years
- Community Assets – 40 years
- Vehicles, Plant, Furniture & Equipment – 5-10 years
- Infrastructure – 25 - 40 years

### Capital Commitments

At 31 March 2020, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years budgeted to cost £5,524,865.

The major commitments are Thirsk and Sowerby Sports Village of £374,914, Treadmills South side scheme of £4,799,451 and Crematorium of £350,500 totalling £5,524,865.

### Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Property valuations are carried out by the Council's external valuer Align Property Partners. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

In addition the Council has also instructed its valuers to undertake a review of all assets held in the other land and buildings category to ensure that the carrying value of assets in previous years is not materially different from their fair value. All other asset classes are unaffected.

In order to perform this exercise the other land and building category was split into the sub-categories detailed in the table below:

Asset Class	Net Book Value as at 31 March 2019 £	Net Book Value as at 31 March 2020 £
Sports – Leisure Centres	12,971,497	12,858,847
Community Buildings	815,008	813,613
Depots	639,992	662,179
Off Street Parking	4,138,500	5,385,260
Offices	2,820,886	2,962,929
Workspaces	5,779,963	6,077,970
Other	1,110,585	1,281,197
<b>Total Cost or Valuation</b>	<b>28,276,431</b>	<b>30,041,995</b>

The review concluded that for the fair value for assets valued at Depreciated Replacement Cost (DRC) there has been no significant change in values.

#### 14. Heritage Assets

Hambleton District Council held no assets that fall under the Heritage Asset category for either the 2019/2020 or 2018/2019 financial year.

#### 15. Investment Properties

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

2018/2019 £	Investment Properties	2019/2020 £
5,000	Rental Income from Investment Property	5,000
-	Direct Operating Expenses from Investment Property	-
<b>5,000</b>	<b>Net Gain</b>	<b>5,000</b>

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

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

2018/2019 £	Investment Properties	2019/2020 £
109,000	<b>Balance at 1 April</b>	109,000
-	Additions – Purchases	-
-	Disposals	-
-	Net Gains/(losses) from Fair Value Adjustments	(7,000)
<b>109,000</b>	<b>Balance at 31 March</b>	<b>102,000</b>

### Fair Value Hierarchy

The Council's investment property has been value assessed as Level 3 on the fair value hierarchy for valuation purposes (See Note 1 Accounting Policies (ix) for an explanation of the fair value levels).

### Significant Unobservable Inputs – Level 3

The commercial land located in our area is measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Council's own data.

The Council's commercial land is therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

### Highest and Best Use of Investment Properties

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

### Valuation Techniques

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

	As at 31/03/2020 £	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Commercial Land	-	Reversion Value	Rent	0%	Significant changes in rental income and rent growth; vacancy levels or discount rate will result in a significantly lower or higher fair value
	-				

### Valuation Process for Investment Properties

The fair value of the Council's investment properties is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## 16. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets category includes purchased licenses.

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 Council are 5 to 10 years. The majority of the intangible assets have a useful life of 5 years and are amortised on a straight line basis.

2018/2019 £	Intangible Assets	2019/2020 £
	<b>Balance at 1 April</b>	
3,258,894	Gross Carrying Amounts	3,354,850
(2,801,912)	Accumulated Amortisation	(2,970,697)
<b>456,982</b>	<b>Net Carrying Amounts at 1 April</b>	<b>384,153</b>
95,956	Additions – Purchases	287,079
(168,785)	Amortisation for the Year	(165,748)
<b>384,153</b>	<b>Balance at 31 March</b>	<b>505,484</b>

Comprising:

3,354,850	Gross Carrying Amounts	3,641,929
(2,970,697)	Accumulated Amortisation	(3,136,445)
<b>384,153</b>	<b>Balance at 31 March</b>	<b>505,484</b>

There are no intangible assets that are individually material to the financial statements.

## 17. Financial Instruments

### Categories of Financial Instruments

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

#### Financial Assets

2019/20	Non-Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020
	£	£	£	£	£
Amortised Costs	2,520	37,496,723	-	3,715,285	41,214,528
Non Financial Assets	-	-	-	-	-
<b>Total</b>	<b>2,520</b>	<b>37,496,723</b>	<b>-</b>	<b>3,715,285</b>	<b>41,214,528</b>



## Financial Liabilities

2019/20	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020
	£	£	£	£	£
Amortised Costs	(27,907,819)	(23,931)	-	(7,415,054)	(35,346,804)
Non Financial Liabilities	-	-	-	-	-
<b>Total</b>	<b>(27,907,819)</b>	<b>(23,931)</b>	<b>-</b>	<b>(7,415,054)</b>	<b>(35,346,804)</b>

## 2018/19 Comparative Figures

### Financial Assets

2018/19	Non Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	31 March 2019	31 March 2019	31 March 2019	31 March 2019	31 March 2019
	£	£	£	£	£
Amortised Costs	2,520	37,494,827	-	2,993,428	40,490,775
Non Financial Assets	-	-	-	-	-
<b>Total</b>	<b>2,520</b>	<b>37,494,827</b>	<b>-</b>	<b>2,993,428</b>	<b>40,490,775</b>

### Financial Liabilities

2018/19	Non Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	31 March 2019	31 March 2019	31 March 2019	31 March 2019	31 March 2019
	£	£	£	£	£
Amortised Costs	(12,716,317)	(23,931)	(2,000,625)	(6,706,815)	(21,447,688)
Non Financial liabilities	-	-	-	-	-
<b>Total</b>	<b>(12,716,317)</b>	<b>(23,931)</b>	<b>(2,000,625)</b>	<b>(6,706,815)</b>	<b>(21,447,688)</b>

## Income, Expenses, Gains and Losses

Total interest income for financial assets that are not at fair value through profit or loss.

	2018/2019 Financial Assets			2019/2020 Financial Assets		
	Financial assets measured at amortised costs (Interest income)	Interest expense	Total	Financial assets measured at amortised costs (Interest income)	Interest expense	Total
	£	£	£	£	£	£
Surplus or Deficit on the Provision of Service	(1,217,866)	32,291	<b>(1,185,575)</b>	(1,599,792)	380,908	<b>(1,218,884)</b>

## Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and long-term creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value; and
- The fair value of trade and other receivables is taken to be at the invoiced amount or at the billed amount.

The fair values calculated are as follows:

2018/19		Financial Liabilities	2019/2020	
Carrying Amount £	Fair Value £		Carrying Amount £	Fair Value £
2,000,000	2,000,632	Short Term Borrowing	-	-
12,700,000	13,305,636	Long Term Borrowing	27,700,000	26,600,329
23,931	23,931	Long Term Creditors	23,931	23,931
<b>14,723,931</b>	<b>15,330,199</b>	<b>Total</b>	<b>27,723,931</b>	<b>26,624,260</b>

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2020) arising from a commitment to pay interest to lenders lower than current market rates.

The fair value of the Public Works Loan Board (PWLB) loan of £26,600,329 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 reduced interest that the authority will pay over the remaining terms of the loan under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Council 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 £27,700,000 would be valued at £26,600,329. But, if the Council were to seek to avoid the projected gain 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 £40,838,288.

2018/2019		Financial Assets	2019/2020	
Carrying Amount £	Fair Value £		Carrying Amount £	Fair Value £
-	-	Loans and receivables	-	-
37,494,826	41,207,744	Long term debtors	37,496,723	39,914,528

The fair value of the assets – Long term debtors - is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2020) attributable to the commitment to receive interest above current market rates.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

## 18. Inventories

Inventories	Central Stocks		Operational Services		Leisure Facilities		Total	
	2018/2019 £	2019/2020 £	2018/2019 £	2019/2020 £	2018/2019 £	2019/2020 £	2018/2019 £	2019/2020 £
<b>Balance outstanding at 1 April</b>	<b>9,210</b>	<b>8,043</b>	<b>12,369</b>	<b>17,704</b>	<b>36,387</b>	<b>44,793</b>	<b>57,966</b>	<b>70,540</b>
Purchases	83,158	81,725	262,026	272,911	94,756	51,745	439,940	406,381
Recognised Expense in Year	(84,249)	(82,247)	(256,691)	(263,538)	(86,350)	(57,975)	(427,290)	(403,760)
Written Off Balances	(76)	(80)	-	-	-	(679)	(76)	(777)
<b>Balance Outstanding at 31 March</b>	<b>8,043</b>	<b>7,441</b>	<b>17,704</b>	<b>27,077</b>	<b>44,793</b>	<b>37,866</b>	<b>70,540</b>	<b>72,384</b>

## 19. Short Term Debtors

31 March 2019 £	Short Term Debtors	31 March 2020 £
846,756	Central Government Bodies	1,096,618
371,445	Other Local Authorities	888,955
70,811	Public Corporations and Trading Funds	52,056
3,432,936	Other Entities and Individuals	3,969,391
<b>4,721,948</b>	<b>Short term Debtors before provision for Doubtful Debt</b>	<b>6,007,020</b>
(806,814)	Less Provision For Doubtful Debts	(900,239)
<b>3,915,134</b>	<b>Net Short Term Debtors</b>	<b>5,106,781</b>

Movement in Provision for Doubtful Debts	£
<b>Brought Forward at 1 April 2019</b>	<b>(806,814)</b>
Adjustment for Business Rate Pilot 52.5% Allocation	(33,871)
Written off during the Year	254,730
Charged to Comprehensive Income & Expenditure Statement	(314,284)
<b>Carried Forward at 31 March 2020</b>	<b>(900,239)</b>

## 20. Cash and Cash Equivalents

31 March 2019 £	Cash and Cash Equivalents	31 March 2020 £
3,415	Cash Held by the Council	3,390
371,757	Bank Current Accounts	84,857
1,170,694	Short-term deposits	13,883,107
<b>1,545,866</b>	<b>Total Cash and Cash Equivalents</b>	<b>13,971,354</b>

## 21. Assets Held for Sale

2018/2019 £	Current	2019/2020 £
<b>620,018</b>	<b>Balance Outstanding at 1 April</b>	<b>326,450</b>
326,000	Assets Newly classified as Held for Sale	-
(429,188)	Property, Plant & Equipment	(298,000)
-	Revaluation Losses recognised in the Revaluation Reserve	-
-	Revaluation Losses recognised in the Provision of Services	-
(190,380)	Assets Sold	(21,000)
<b>326,450</b>	<b>Balance Outstanding at 31 March</b>	<b>7,450</b>

## 22. Short Term Creditors

31 March 2019 £	Creditors	31 March 2020 £
(320,216)	Central Government Bodies	(476,640)
(672,403)	Other Local Authorities	(969,367)
(19,449)	Public Corporations and Trading Funds	(26,497)
(7,485,807)	Other Entities and Individuals	(10,027,464)
<b>(8,497,875)</b>	<b>Total Creditors</b>	<b>(11,499,968)</b>

## 23. Provisions

Short Term Provision	Provision for Business Rate Appeals	Redundancy Provision	Other Provisions	Total
<b>Balance at 1 April 2019</b>	<b>(613,184)</b>	-	<b>(27,384)</b>	<b>(640,568)</b>
Adjustment for Business Rate Pilot 52.5% Allocation	(191,621)	-	-	(191,621)
Additional provision made in 2019/2020	(280,387)	-	-	(280,387)
Amounts used in 2019/2020	243,660	-	-	243,660
Unused amounts reversed in 2019/2020	-	-	27,384	27,384
<b>Balance at 31 March 2020</b>	<b>(841,532)</b>	-	-	<b>(841,532)</b>

### Provision for Business Rate Appeals

This provision is to cover the future loss of income following business rate appeals.

### Redundancy Provision

This provision covers committed redundancy costs known to the Council. In 2019/20 there were no redundancies. There are no committed redundancies as at 31 March 2020.

### Other Provision

This provision recognises the Land Charges Fees Provision of £27,384 that has been carried forward from previous years. The provision is no longer required and has therefore been reversed out of Other Provisions to the revenue accounts.

## 24. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement, Note 8 and Note 9.

## 25. Unusable Reserves

31 March 2019 £	Unusable Reserves	31 March 2020 £
(8,659,507)	Revaluation Reserve	(10,270,209)
(25,511,074)	Capital Adjustment Account	(25,920,768)
21,036,600	Pension Reserve	19,764,000
(2,350,000)	Deferred Capital Receipts Reserve	(2,350,000)
625,362	Collection Fund Balance	8,584
170,823	Accumulating Compensated Absences/Adjustment Acc.	223,723
<b>(14,687,796)</b>	<b>Total Unusable Reserves</b>	<b>(18,544,670)</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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 Revaluation Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2018/2019 £	Revaluation Reserve	2019/2020 £	2019/2020 £
<b>(8,339,927)</b>	<b>Balance at 1 April</b>		<b>(8,659,507)</b>
-	Disposal of Assets Held for Sale	-	
(1,767,032)	Upward Revaluation of Fixed Assets	(1,954,002)	
1,244,974	Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/Deficit on the Provision of Services	119,434	
-	Downward Revaluation of Assets Reversal and Impairment Losses not charged to the Surplus/Deficit on the Provision of Services	-	
(522,058)	Surplus or Deficit on Revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		(1,834,568)
202,478	Difference between fair value depreciation and historic cost depreciation	223,866	
-	Accumulated gains on asset sold or scrapped	-	
202,478	Amount written off to the Capital Adjustment Account		223,866
<b>(8,659,507)</b>	<b>Balance at 31 March</b>		<b>(10,270,209)</b>

## Capital Adjustment Account

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

The account contains accumulated gains and losses on Investment Properties. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Note 8 provide details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2018/2019 £	Capital Adjustment Account	2019/2020 £	2019/2020 £
(26,170,276)	<b>Balance at 1 April</b>		(25,511,074)
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
1,327,961	Charges for Depreciation and Impairment of Non-Current Assets	1,321,229	
994,893	Revaluation Losses on Property, Plant and Equipment	124,706	
168,785	Amortisation of Intangible Assets	165,748	
2,128,200	Revenue Expenditure funded from Capital Under Statute	2,101,157	
198,273	Amounts of non-current Assets written-off on Disposal or Sale as part of the Gains/Loss on Disposal to the Comprehensive Income and Expenditure Statement	25,490	
4,818,112			3,738,330
(202,478)	Adjusting amounts written out of the Revaluation Reserve		(223,866)
4,615,634	Net Written Out Amount of the cost on Non-Current Assets Consumed in the Year.		3,514,464
	<b>Capital Financing Applied in the Year:</b>		
(215,560)	Use of the Capital Receipts Reserve to Finance New Capital Expenditure	(89,568)	
(3,661,086)	Capital Grants and Contributions Credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	(3,692,222)	
	- Application of Grants to Capital Financing from the Capital Grants Unapplied Account	-	
	- Statutory Provision for the Financing of Capital Investment charged against the General Fund Balance	-	
(79,786)	Capital Expenditure charged against the General Fund Balance	(149,368)	
(3,956,432)	- Movements in the Market Value of Investment Properties Debited or Credited to the Comprehensive Income and Expenditure Statement		(3,931,158) 7,000
(25,511,074)	<b>Balance at 31 March</b>		(25,920,768)



## Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements also require benefits earned to be financed as the Council makes employers contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/2019 £	Pension Reserve	2019/2020 £
<b>21,347,200</b>	<b>Balance at 1 April</b>	<b>21,036,600</b>
(3,025,000)	Actuarial Gains or (Losses) on Pensions Assets and Liabilities	(3,321,000)
4,416,000	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	3,841,000
(1,701,600)	Employer's Pensions Contributions and Direct Payments to Pensioners payable in the Year	(1,792,600)
<b>21,036,600</b>	<b>Balance Carried Forward at 31 March</b>	<b>19,764,000</b>

## Deferred Capital Receipts Reserve

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

2018/2019 £	Deferred Capital Receipts Reserve	2019/2020 £
<b>(2,350,000)</b>	<b>Balance at 1 April</b>	<b>(2,350,000)</b>
-	Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	-
-	- Transfer to the Capital Receipts Reserve upon receipt of cash	-
<b>(2,350,000)</b>	<b>Balance at 31 March</b>	<b>(2,350,000)</b>

### Collection Fund Adjustment Account

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

2018/2019 £	Collection Fund Adjustment Account	2019/2020 £
<b>251,097</b>	<b>Balance at 1 April</b>	<b>625,362</b>
	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	
374,265		(616,778)
<b>625,362</b>	<b>Balance at 31 March</b>	<b>8,584</b>

### The Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment 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.

2018/2019 £	Accumulating Compensated Absences Adjustment Account	2019/2020 £
<b>169,946</b>	<b>Balance at 1 April</b>	<b>170,823</b>
(169,946)	Settlement or Cancellation of Accrual made at the end of the Preceding Year	(170,823)
170,823	Amounts Accrued at the end of the Current Year	223,723
170,823		223,723
-	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	-
<b>170,823</b>		<b>223,723</b>

### 26. Cash Flow Statement – Operating Activities: Non-cash Movements

The cash flows for operating activities include the following items:

31 March 2019 £	Information relating to Interest Received and Interest Paid	31 March 2020 £
(1,225,486)	Interest Received	(1,600,413)
32,291	Interest Paid	380,908
<b>(1,193,195)</b>	<b>Total</b>	<b>(1,219,505)</b>

The Net (Surplus) / Deficit on the provision of services has been adjusted for the following non-cash movements:

31 March 2019 £	Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non Cash Movements	31 March 2020 £
(1,327,961)	Depreciation	(1,321,229)
(994,893)	Impairment and downward valuations	(124,706)
-	Movement in the Fair Value of Investment Properties	-
(168,785)	Amortisation	(165,748)
(400,336)	(Increase) / Decrease in Creditors	(3,203,057)
8,403,111	Increase / (Decrease) in Debtors	1,193,545
12,574	Increase / (Decrease) in Inventories	1,844
(2,714,400)	Movement in Pension Liability	(2,048,400)
(198,273)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(25,490)
-	Movement in the Fair Value Investment Properties	(7,000)
96,616	Other non-cash items charged to the net surplus or deficit on provision of services	870,655
<b>2,707,653</b>	<b>Total</b>	<b>(4,829,586)</b>

## 27. Cash Flow Statement – Operating Activities: Adjustments for Investing & Financing Activities

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

31 March 2019 £	Adjustments to Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities	31 March 2020 £
3,661,086	Grants applied to the financing of Capital Expenditure	3,692,222
245,692	Proceeds from the sale of Property, Plant and Equipment, Investment property and Intangible assets	89,568
-	Capital Receipts Received	-
-	Any other Items for which the cash effects are investing or financing cash flows	-
<b>3,906,778</b>	<b>Total Cash Flows from Operating Activities</b>	<b>3,781,790</b>

## 28. Cash Flow Statement – Investing Activities

31 March 2019 £	Investing Activities	31 March 2020 £
6,930,840	Purchase of Property, Plant and Equipment, Investment Property and Intangible assets	7,402,914
(2,128,200)	Revenue Expenditure Financed From Capital Under Statute (REFCUS)	(2,101,157)
98,930,000	Purchase of Short Term and Long Term Investments	126,170,000
(245,692)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(89,568)
-	Capital Receipts Received	-
(98,930,878)	Proceeds from Short Term and Long Term investments	(126,222,898)
(3,661,086)	Other receipts from investing activities	(3,692,222)
<b>894,984</b>	<b>Net Cash Flows from Investing Activities</b>	<b>1,467,069</b>

## 29. Cash Flow Statement – Financing Activities

31 March 2019 £	Cash Flow Statement – Financing Activities	31 March 2020 £
(8,514,530)	Cash receipts of short and long-term borrowing	(13,190,877)
(96,616)	Other (receipts) / Payments from financing activities	(870,655)
<b>(8,611,146)</b>	<b>Net Cash Flows from Financing Activities</b>	<b>(14,061,532)</b>

## Reconciliation of Liabilities arising from Financing Activities

	Balance at 1 April 2019 £	Cash flows £	Non Cash flows £	Balance at 31 March 2020 £
<b>Financial Liability</b>				
Long term borrowings	12,716,317	15,000,000	14,401	27,907,819
Short term borrowings	2,000,625	(2,000,000)	(625)	-
<b>Total liabilities from financing activities</b>	<b>14,716,942</b>	<b>13,000,000</b>	<b>13,776</b>	<b>27,907,819</b>

	Balance at 1 April 2018 £	Cash flows £	Non Cash flows £	Balance at 31 March 2019 £
<b>Financial Liability</b>				
Long term borrowings	1,200,898	11,500,000	15,419	12,716,317
Short term borrowings	5,001,514	(3,000,000)	(889)	2,000,625
<b>Total liabilities from financing activities</b>	<b>6,202,412</b>	<b>8,500,000</b>	<b>14,530</b>	<b>14,716,942</b>

### 30. Trading Operations

The Council operates two market undertakings at Northallerton and Thirsk. The total income, which was largely rents from stallholders, amounted to £171,129 (2018/2019 £164,136), and the surplus credited to the General Fund was £103,909 (2018/2019 surplus £105,828).

2018/2019 £	Trading Activity	2019/2020 £
(105,828)	Markets	(103,909)
<b>(105,828)</b>	<b>(Surplus) / Deficit</b>	<b>(103,909)</b>

### 31. Pooled Budgets

The Authority has 3 pooled budget arrangements - Rural Housing Enablers, York, North Yorkshire and East Riding Strategic Housing Partnership and Community Led Housing - to meet the needs of people living in the Hambleton area.

The table below provides information on the Rural Housing Enablers pooled budget:

The Rural Housing Enablers arrangement is with 8 local authorities 1 National Park and 15 Housing Associations, where the agreement is in place to 31 March 2025. Contributions stand at a £6,950 annual fixed contribution from 8 local authorities, which include Hambleton District Council, and £5,000 from One National Park. The 15 Housing Associations contribute a total amount of £105,837 between them. This is calculated by a fixed retainer element of £3,250 per Housing Association with the remainder based on how many new rural homes are delivered by each association within the year.

2018/2019 £	Rural Housing Enablers	2019/2020 £
(6,950)	<b>Funding provided to the pooled budget:</b>	(6,950)
(156,180)	Hambleton District Council	(166,633)
(163,130)	Partners	(173,583)
181,822	Expenditure met from the pooled budget:	193,581
(103,853)	Funding brought forward from previous year	(85,161)
	Adjustment in Year	(48,122)
<b>(85,161)</b>	<b>Net funding arising on the pooled budget during the year</b>	<b>(113,285)</b>
(3,628)	For future use on the pooled budget scheme:	
	Hambleton District Council's Share of 4.26% of the net funding to be carried forward	
	Hambleton District Council's Share of 4.00% of the net funding to be carried forward	(4,531)

The North Yorkshire Strategic Housing Manager services arrangement is with 9 local authorities, where eight authorities contribute £4,000 on an annual basis. Furthermore, the Local Enterprise Partnership (LEP) contributes £8,000 on an annual basis. The North

Yorkshire Strategic Housing Services Manager is a permanent post until such time that the 10 partners wish to cease the agreement.

The table below provides further detail:

2018/2019 £	North Yorkshire Strategic Housing Manager	2019/2020 £
	<b>Funding provided to the pooled budget:</b>	
(3,650)	Hambleton District Council	(4,000)
(37,200)	Partners	(40,000)
(40,850)		(44,000)
56,815	Expenditure met from the pooled budget:	41,037
(31,443)	Funding brought forward from previous year	(15,478)
	Adjustment in Year	(12,144)
(15,478)	Net funding arising on the pooled budget during the year	(30,585)
	For future use on the pooled budget scheme:	
(1,384)	Authority Share of 8.94% of the net funding to be carried forward	
	Authority Share of 9.09% of the net funding to be carried forward	(2,780)

The Community Led Housing budget is an arrangement, agreed by York, North Yorkshire & East Riding Housing Board, with 8 local authorities – each contributing a proportion (around 3%) of their locally allocated Community Housing Fund into a central pot to fund a support 'Hub' for Community Led Housing groups.

The table below provides further detail:

2018/2019 £	Community Led Housing	2019/2020 £
	- Funding provided to the pooled budget:	
	- Hambleton District Council	-
	Partners	-
34,126	Expenditure met from the pooled budget:	6,450
(135,931)	Funding brought forward from previous year	(101,805)
(101,805)	Net funding arising on the pooled budget during the year	(95,355)
	For future use on the pooled budget scheme:	
(3,217)	Authority Share of 3.16% of the net funding to be carried forward	
	Authority Share of 3.16% of the net funding to be carried forward	(3,013)

### 32. Members Allowances

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

2018/2019 £	Members Allowances	2019/2020 £
258,457	Allowances	324,852
12,037	Expenses	16,991
<b>270,494</b>	<b>Total Member allowances</b>	<b>341,844</b>

### 33. Officers' Remuneration

The number of employees whose total remuneration, excluding pension contributions, was £50,000 or more in bands of £5,000 were:-

Total Emoluments	Number of Employees	
	2018/2019	2019/2020
£50,000 - £54,999	1	16
£55,000 - £59,999	1	-
£60,000 - £64,999	-	-
£65,000 - £69,999	-	-
£70,000 - £74,999	-	-
£75,000 - £79,999	-	1
£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 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	1
<b>Total</b>	<b>2</b>	<b>18</b>

The remuneration paid to the Council's Senior Officers is as followed:

Post Title	Salary (including fees & allowances)	Performance Related Pay	Car Allowances	Compensation for Loss of Office	Total Remuneration excl. Pension Contributions	Employers Pension Contributions	Total Remuneration (+ pension contributions)
	2019/2020 £	2019/2020 £	2019/2020 £	2019/2020 £	2019/2020 £	2019/2020 £	2019/2020 £
Chief Executive - Dr Justin Ives	132,676	26,535	9,287	-	168,498	26,270	194,768
Deputy Chief Executive - Mr Mick Jewitt	109,676	21,935	7,677	-	139,288	21,780	161,068
Director of Finance and Commercial – S151 Officer	75,900	11,385	5,313	-	92,598	14,402	107,000
Director of Law & Governance – Monitoring Officer	75,900	13,283	5,313	-	94,496	14,715	109,211
Director of Economy & Planning	75,900	11,385	5,313	-	92,598	14,402	107,000
Director of Environment	75,900	11,385	5,313	-	92,598	14,402	107,000
Director of Leisure & Communities	75,900	11,385	5,313	-	92,598	14,402	107,000
	<b>621,852</b>	<b>107,293</b>	<b>43,529</b>	<b>-</b>	<b>772,674</b>	<b>120,373</b>	<b>893,047</b>

Post Title	Salary (including fees & allowances)	Performance Related Pay	Car Allowances	Compensation for Loss of Office	Total Remuneration excl. Pension Contributions	Employers Pension Contributions	Total Remuneration (+ pension contributions)
	2018/2019 £	2018/2019 £	2018/2019 £	2018/2019 £	2018/2019 £	2018/2019 £	2018/2019 £
Chief Executive	115,370	-	8,076	-	123,446	19,036	142,482
Deputy Chief Executive	95,370	-	6,676	-	102,046	15,736	117,782
Director of Finance – S151 Officer	66,000	-	-	-	66,000	10,890	76,890
Director of Law & Governance – Monitoring Officer	66,000	-	-	-	66,000	10,890	76,890
Director of Economy & Planning	66,000	-	-	-	66,000	10,890	76,890
Director of Environment	66,000	-	-	-	66,000	10,890	76,890
Director of Leisure & Communities <sup>5</sup>	5,500	-	-	-	5,500	908	6,408
	<b>480,240</b>	<b>-</b>	<b>14,752</b>	<b>-</b>	<b>494,992</b>	<b>79,240</b>	<b>574,232</b>

<sup>5</sup> Following ongoing organisational development an interim Director of Leisure & Communities was established from 01 March 2019.



Notes

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

(a) Exit Package cost band (including Special Payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b) + (c)]		(e) Total cost of exit packages in each band	
	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
							£	
£0-£20,000	-	-	-	-	-	-	-	-
£20,001 - £40,000	-	-	-	1	-	1	-	30,000
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,000 - £150,000	-	-	-	1	-	1	-	100,000
£150,000 - £200,000 plus	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>2</b>	-	<b>2</b>	-	<b>130,000</b>

### 34. External Audit Costs

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

2018/2019 £	Audit Fees	2019/2020 £
31,381	Fees payable to the External Auditors with regard to external audit services carried out by the appointed auditor for the year.	31,379
802	Additional fees payable to the External Auditors with regard to external audit services carried out by the appointed auditor for prior years.	-
11,286	Fees payable to the External Auditors for the certification of grant claims and returns for the year.	15,800
1,554	Additional fees payable to the External Auditors for the certification of grant claims and returns for prior years.	297
-	Other professional fees	10,000
<b>45,023</b>	<b>Total Audit Fees</b>	<b>57,476</b>

### 35. Grant Income

The grants and contributions in the Comprehensive Income and Expenditure Statement in 2019/2020 which were credited to Services are:

Restated 2018/2019 £	Grant Income - Credited to Services	2019/2020 £
-	<b>Capital Grants</b>	-
-	Disabled Facilities Capital Grant	-
-	<b>Revenue Grants</b>	-
(14,007,357)	Housing Benefits	(12,802,351)
(46,669)	Housing Benefits – Universal Credits	(15,262)
(181,822)	Rural Housing Enablers Grant	(193,581)
(56,815)	Strategic Housing Contribution	(41,037)
(34,126)	Community Led Housing	(6,450)
(9,073)	Digital Apprenticeship Services Account (DAS) grant	-
(23,539)	Community Infrastructure Levy (CIL) 5% Revenue Contribution	(16,628)
(466)	Satellite Clubs	-
(3,500)	Targeted Trips and Falls	-
-	Round the World Challenge	(843)
-	One Public Estate Grant	(20,000)
<b>(14,363,367)</b>		<b>(13,096,152)</b>
<b>(14,363,367)</b>	<b>Total</b>	<b>(13,095,152)</b>

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2019/20 which were credited to Taxation and Non Specific Grant Income:

Restated 2018/2019	Grant Income	2019/2020
	<b>Credited to Taxation and Non Specific Grant Income</b>	
(5,252,167)	Council Tax Income	(5,516,419)
(3,503,506)	National Non Domestic Rates Pool	(5,152,933)
(370,277)	Revenue Support Grant	-
	<b><u>Non Ring-Fenced Grants and Contributions:</u></b>	
	<u>Ministry of Housing, Communities &amp; Local Government (MHCLG)</u>	
(628,843)	MHCLG Grant – Rural Services Delivery Grant	-
	MHCLG Grant –New Burdens Grant – Changes to Work Related Activity Group	-
	MHCLG Grant – COVID – 19 Support Grant	(36,767)
(66,282)	MHCLG Grant – Local Council Tax Support Grant	(63,777)
	MHCLG Grant – Council Tax New Burdens Grant	-
(155,090)	MHCLG Grant – NNDR Cost of Collection	(155,448)
	MHCLG Grant – Business Rates Relief New Burdens	(9,225)
(8,103)	MHCLG Grant – Transparency Grant	(8,103)
	MHCLG Grant – Capacity Support for Self-Build and Custom House Building Register	-
(30,000)	MHCLG Grant – Self & Custom Build Grant	(15,000)
(21,174)	MHCLG Grant – Flood Recovery Storms Desmond & Eva	-
(1,541,827)	MHCLG Grant – New Homes Bonus	(1,600,907)
(17,484)	MHCLG Grant – Local Authority EU Exit Preparation	(34,968)
	MHCLG Grant – Future High Street Fund	(150,000)
(9,554)	MHCLG Grant – Homelessness Reduction Act New Burdens	(11,479)
(69,854)	MHCLG Grant – Flexible Homelessness Support Grant	(61,178)
	MHCLG Grant – Letting Agents Transparency & Redress Scheme	(1,233)
(56,994)	MHCLG Grant – Council Tax Relief Family Annexes	(61,503)
(14,240)	MHCLG Grant – Local Authorities Park Improvement Funding	-
(15,903)	MHCLG Grant – High Street Community Clean Up	-
(468)	MHCLG Grant – Rogue Landlord Measures	-
	MHCLG Grant – New Burden Funding for the Brownfield register and Permission in Principle (PIP) Local Authorities	(2,446)
	<u>Department for Work and Pensions (DWP)</u>	
(17,612)	DWP Grant – New Burdens Funding Welfare Reform	(13,912)
(2,258)	DWP Grant – New Burdens Mixed Age Couples	-
(237)	DWP Grant – Housing Benefit Review Programme	-
(11,374)	DWP Grant – Local Authority Data Share Programme	(9,575)
(716)	DWP Grant – Single Fraud Investigation	-
	DWP Grant – Administration of Housing Benefit Fraud Referrals	(557)
(6,081)	DWP Grant - Universal Credits	-
	DWP Grant – Pension Credit Savings Credit Uprating	(1,016)
	DWP Grant – Verifications of Earnings and Pensions 2A	(7,503)
(2,380)	DWP Grant – New Burdens Benefit Changes	-
(2,478)	DWP Grant – Severe Disability Premium	-
(2,524)	DWP Grant – Self Employed Review	-
(20,360)	DWP Grant – Verify Earnings & Pensions Alerts	(19,057)
(2,487)	DWP Grant – Access to Work	-
	<u>Other Government Grants</u>	
(9,911)	Cabinet Office – IER S31 Electoral Grant	(9,415)
(761)	Transparency & Redress scheme	-
<b>(11,844,632)</b>	<b><u>Total Revenue Grants</u></b>	<b>(12,942,421)</b>

Restated 2018/2019	Grant Income	2019/2020
	<b><u>Capital Grants &amp; Contributions</u></b>	
(1,500)	Bedale Public Art	-
(1,647,462)	Community Infrastructure Levy (CIL )Grants	(1,522,643)
(596,439)	European Regional Development Fund (ERDF) - Thirsk & Sowerby Sports Village	(31,589)
(6,557)	Local Enterprise Partnership (LEP) – Capital Grant for Northallerton Connection	-
(156,870)	LED lighting – SALIX	-
(15,000)	EJC Lottery Grant – Stokesley Leisure Centre	-
(6,982)	BID Contribution to CCTV Camera	-
(388,479)	S106 Capital Grants	(709,928)
(79,786)	Revenue Contribution to Capital	(149,368)
-	LED Lighting Contribution from Parish	(2,000)
-	External Contribution – Thirsk & Sowerby Sports Village	(6,081)
-	External Contribution – Gas Fired Water Heater	(1,149)
(502,994)	Disabled Facilities Capital Grant	(477,134)
<b>(3,402,069)</b>		<b>(2,899,892)</b>
<b>(15,246,701)</b>	<b>Total</b>	<b>(15,842,313)</b>

2018/2019 £	Grant Income - Capital Grants Received in Advanced	2019/2020 £
	<b>Capital Grants</b>	
(45,131)	Disabled Facilities Capital Grant	-
(13,888)	Stokesley Leisure Centre – viewing area grant	-
-	Dalton BID Contributions	(260,973)
<b>(59,019)</b>	<b>Total</b>	<b>(260,973)</b>

### 36. Related Party Transactions

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

#### Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received during the year are shown in Note 35.

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2019/2020 is shown in Note 32. A number of Members are also Parish and County Council Members and will also be

involved in decision making at that level. During 2019/2020 there were no material transactions with organisations in which Members have an interest.

Contracts were entered into in full compliance with the Council's standing orders. In all instances, the payments were made with proper consideration of declarations of interest. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Council Office during office hours.

### **Officers**

The Chief Executive of Hambleton District Council, Dr Justin Ives, became a co-opted board member at Broadacres Housing Association on 21 May 2018. Dr Justin Ives attended the Broadacres' Board, Audit & Risk Committee and Customer Experience Committee and was paid a fee of £3,916 in 2019/20.

The Council has lent Broadacres Housing association £35,000,000 as of the balance sheet date and this is shown as a long term debtor in the Balance Sheet. The Council has received interest payments from Broadacres Housing Association of £1,474,760 in 2019/20 (£1,159,595 2018/19).

### **Veritau North Yorkshire Limited**

The Council owns a 12.5% share in Veritau North Yorkshire Limited. The Council's Section 151 Officer is a director on the company's board of directors. The principal activities of the company are the provision of internal audit, counter fraud and information governance services to the authorities within North Yorkshire. In 2019/2020 Hambleton District Council paid the company £140,250 for these services in year. There was nothing outstanding at the year end.

### **North Yorkshire Pension Fund**

Details of the Council's payment of employer's superannuation contribution to the pension fund are disclosed in Note 41 to the Statement of Accounts. Details of the Pension Fund creditors can also be found in Note 41.

### **Thirsk and Sowerby Swimming Baths Charity**

Operationally this is run by Hambleton District Council, for a management fee of £101,830 that is paid by Hambleton District Council to Thirsk and Sowerby Swimming Bath Charity. The Charity is a separate entity but does have several Council Members who are Trustees of the Charity.

Due to the element of control the Council exerts over the Thirsk and Sowerby Swimming Baths Charity (operationally and through Council members being Trustees), Group Accounts are required.

### **Central Northallerton Development Company Limited**

Central Northallerton Development Company Limited is a joint venture company between Hambleton District Council and Wykeland Properties Limited, where each party have a 50% share. The joint venture company was officially formed on 20 October 2017, having a company number of 9730539, where two directors, Dr J Ives and Mr Peter Wilkinson represent the Council and a further two directors, Mr Jonathan Stubbs and Mr Dominic Gibbons represent Wykeland Properties Limited.

The Council has material financial transactions with the Central Northallerton Development Company Limited so is required to prepare Group Accounts.

The Council purchased part of the Treadmills site in 2018/19 and the work continued during 2019/20 and the scheme has a capital commitment of £4,799,451 outstanding. This is shown in Note 13.

### **Hambleton District Holdings Limited and Hambleton Property Limited**

These two companies have been set up for the Commercial Property Investment Portfolio and are companies limited by shares which are 100% owned by Hambleton District Council. The companies were officially formed on 31 October 2019 where Hambleton District Holdings Limited company number is 12292196 and Hambleton Property Limited company number is 12292471.

The two companies will operate as follows:

- Hambleton District Holdings Limited – has been set up to support the Council if it further develops other future companies so the structure to enable this already exists and also to provide equity to the subsidiary company for the commercial property portfolio investment
- Hambleton Property Limited – has been set up to invest in commercial property investment to generate income.

The directors of Hambleton District Holdings limited and Hambleton Property Limited are Mr Peter Wilkinson, Mrs Isobel Sanderson, Dr Justin Ives and Mr Mick Jewitt

At 31 March 2020, no investments had occurred and there were no financial transactions.

### 37. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where the capital expenditure is to be financed by borrowing, this will result in an increase in the Capital Financing Requirement. The table below shows that no borrowing has been taken to finance capital expenditure and the Capital Financing Requirement is falling in relation to finance leases coming to an end.

2018/2019 £	Capital Expenditure and Capital Financing	2019/2020 £
<b>26,395,196</b>	<b>Opening Capital Financing Requirement</b>	<b>38,169,604</b>
	<b>Capital Investment</b>	
4,706,684	Property, Plant and Equipment	5,014,678
-	Investment Properties	-
95,956	Intangible Assets	287,079
2,128,200	Revenue Expenditure Funded from Capital under Statute	2,101,157
8,800,000	Long Term Debtor	-
	<b>Sources of Finance</b>	
(215,560)	Capital receipts	(89,568)
(3,661,086)	Government grants and other contributions	(3,596,795)
(79,786)	Direct Revenue Financing	(149,368)
<b>38,169,604</b>	<b>Closing Capital Financing Requirement</b>	<b>41,736,787</b>
	<b>Explanation of movements in year</b>	
11,774,408	Increase in underlying need to borrow	3,567,183

### 38. Leases

#### Council as Lessee

#### *Finance Leases*

The Council currently has no finance leases. It has no obligation to make lease payments under lease arrangements for long term liabilities and no assets are carried as Property, Plant and Equipment in the Balance Sheet.

### **Operating Leases**

There are three different types of operating leases in the Council – franking machine, vehicles and ICT hardware.

The refuse and recycling collection vehicles in 2019/20 are under operating leases with typical lives remaining of three years for four waste vehicles, two years for five waste vehicles and recycling vehicles one year. The franking machine is at the end of its contract with the ICT hardware having between two and three years life remaining..

Therefore the future minimum lease payments due under non-cancellable operating leases in future years are:

31 March 2019 £ Restated <sup>6</sup>	Minimum Lease Payments	31 March 2020 £
755,203	Not later than 1 Year	735,739
1,629,138	Later than 1 Year and not later than 5 Years	983,283
-	Later than 5 Years	-
<b>2,384,341</b>	<b>Total Minimum Lease Payments</b>	<b>1,719,022</b>

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

31 March 2019 £ Restated <sup>7</sup>	Minimum Lease Payments	31 March 2020 £
649,809	Minimum lease payment in year	697,850
60,052	- Environment	57,353
-	- Finance & Commercial	-
<b>709,861</b>	<b>Total Minimum Lease Payments</b>	<b>755,203</b>

### **Council as Lessor**

#### **Finance leases**

The Council currently has no property leased out under a long term finance lease.

#### **Operating Leases**

The Council leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sport facilities, tourism services

<sup>6</sup> Minimum Leasing Payments have been restaed in 2018/19 due to increased numbers of vehicles originally omitted from the note.

<sup>7</sup> Minimum Leasing Payments have been restaed in 2018/19 due to increased numbers of vehicles originally omitted from the note.

and community centres.

- For economic development purposes to provide suitable affordable accommodation for local businesses.

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

<b>31 March 2019 £</b>	<b>Future Minimum Lease Payments Receivable</b>	<b>31 March 2020 £</b>
14,227	Not Later than 1 Year	6,815
-	- Later than 1 Year and not later than 5 Years	-
-	- Later than 5 Years	-
<b>14,227</b>	<b>Total Minimum Lease Payments</b>	<b>6,815</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2019/2020 no contingent rents were receivable by the Council (2018/2019 £0).

### **39. Impairment Losses**

The Code of Practice on Local Authority Accounting requires disclosure by class of assets of the amounts for revaluation losses and revaluation loss reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Note 13 reconciling the movement over the year in the Property, Plant and Equipment balance. A revaluation loss is a reduction in the market value of an asset, in comparison to an impairment loss which is where a physical loss to an individual asset occurs. No impairment losses occurred during 2019/2020 (or 2018/2019).

### **40. Termination Benefits**

The Council terminated the contracts of two employees in 2019/20 incurring liabilities of £130,000 (Nil in 2018/19) – see Note 33 for the number of exit packages and total cost per band.

### **41. Defined Benefit Pension Schemes**

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the costs of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by North Yorkshire County Council – this is a funded defined benefit career average revalued earnings (CARE) scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The Council's pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of North Yorkshire County Council. Policy is determined in accordance with the Pension Funds Regulations. The Investment managers of the fund are appointed by the committee.



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

### Transactions Relating to Post-employment Benefits

The Council 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 required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and General Fund Balance via the Movement in Reserves Statement during the year:

2018/2019 £	Cost of Services	2019/2020 £
2,600,000	<b>Service cost comprising:</b> Current Service Cost	3,315,000
-	Past Service Cost	-
1,259,000	(Gain)/loss from settlements/curtailment	-
557,000	<b>Financing and investment income and expenditure:</b> Net interest expense	526,000
<b>4,416,000</b>	<b>Total Post-employment Benefits charged to the (Surplus) or Deficit on Provision of Services</b>	<b>3,841,000</b>
	<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	
	<b>Remeasurement of net defined benefit liability comprising:</b>	
(4,772,000)	Return on plan assets (excluding the amount included in the net interest expense)	1,823,000
(4,045,000)	Actuarial (gains) and losses arising on changes in demographic assumptions	(3,205,000)
5,647,000	Actuarial (gains) and losses arising on changes in financial assumption	(4,097,000)
145,000	Other – Experience (gain)/loss	2,158,000
<b>(3,025,000)</b>	<b>Total Post-employment Benefits charged to Other Comprehensive Income and Expenditure</b>	<b>(3,321,000)</b>
	<b>Movement in Reserves</b>	
<b>(4,416,000)</b>	<b>Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code</b>	<b>(3,841,000)</b>
	<b>Actual amount charged against the general fund balance for pensions in the year.</b>	
<b>1,702,000</b>	<b>Employers contributions payable to scheme</b>	<b>1,793,000</b>

## Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligations in respect of its defined benefit plan is as follows:

2018/2019 £	Local Government Pension Scheme	2019/2020 £
(99,019,000)	Present Value of defined benefit obligation	(97,872,000)
77,982,400	Fair value of plan assets	78,108,000
<b>(21,036,600)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(19,764,000)</b>

## Reconciliation of the Movements in Fair Value of the Scheme (Plan) Asset

2018/2019 £	Local Government Pension Scheme	2019/2020 £
71,541,800	Opening fair value of scheme assets	77,982,400
1,869,000	Interest Income	1,876,000
	<b>Remeasurement gains/(losses):</b>	
4,772,000	The return on plan assets, excluding the amount included in the net interest expense	(1,823,000)
1,701,600	Contributions from employer	1,792,600
557,000	Contributions by Scheme Participants	612,000
(2,424,000)	Benefits Paid	(2,286,000)
(35,000)	Other – Administration expenses	(46,000)
<b>77,982,400</b>	<b>Closing fair value of scheme assets</b>	<b>78,108,000</b>

## Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2018/2019 £	Local Government Pension Scheme	2019/2020 £
92,889,000	Opening balance at April	99,019,000
2,600,000	Current service cost	3,315,000
2,391,000	Interest Income	2,356,000
557,000	Contributions from the scheme participants	612,000
	<b>Remeasurement (gains)/losses:</b>	
(4,045,000)	Actuarial (gains)/losses arising from changes in demographic assumptions	(3,205,000)
5,647,000	Actuarial (gains)/losses arising from changes in financial assumptions	(4,097,000)
145,000	Other	2,158,000
-	Past service cost	-
1,259,000	Losses/(gains) on curtailment	-
(2,424,000)	Benefits paid	(2,286,000)
<b>99,019,000</b>	<b>Closing defined benefit obligation</b>	<b>97,872,000</b>

## Council's Pension Scheme

2018/2019		Fair value of scheme assets	2019/2020	
Quoted £	Unquoted £		Quoted £	Unquoted £
43,982,000	-	Equities	45,693,000	-
6,551,000	-	Property	5,702,000	-
14,817,000	-	Government Bonds	14,919,000	-
-	-	Corporate Bonds	-	-
3,821,000	-	Cash	3,202,000	-
3,274,400	5,537,000	Other	3,203,000	5,389,000
<b>72,445,400</b>	<b>5,537,000</b>	<b>Total assets</b>	<b>72,719,000</b>	<b>5,389,000</b>

### 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.

The Council's Pension Scheme has been estimated by Aon Hewitt Limited, an independent firm of actuaries. The estimates for North Yorkshire Pension Fund are based on the valuation of the scheme as at 31 March 2020.

The significant assumptions used by the actuary have been:

2018/2019	Local Government Pension Scheme	2019/2020
	<b>Mortality Assumptions:</b>	
	Longevity at 65 for Current Pensioners:	
22.2 years	Men	21.8 years
25.3 years	Women	23.9 years
	Longevity at 65 for Future Pensioners	
23.9 years	Men	23.5 years
27.2 years	Women	25.7 years
3.30%	Rate of RPI Inflation	2.65%
3.45%	Rate of Increase in Salaries	3.15%
2.20%	Rate of Increase in Pensions	1.90%
2.40%	Rate for Discounting Scheme Liabilities	2.30%

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 assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the assumptions remain constant. The assumptions in longevity, for example, assume life expectancy increases and 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 accountancy policies for the scheme, i.e. on an actuarial basis using the projected 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

2018/2019 £	Increase in assumption Deficit/(Surplus)	2019/2020 £
3,118,000	Longevity (increase in year)	3,132,000
(1,533,000)	Rate of increase in Pensions (increase by 0.1% p.a.)	(1,860,000)
(452,000)	Rate of increase in salaries (increase by 0.1% p.a.)	(294,000)
1,950,000	Rate for discounting scheme liabilities (increase by 0.1% p.a.)	2,055,000

### 42. Contingent Liabilities

There are currently no contingent liability in 2019/20 (2018/19 had no contingent liabilities)

### 43. Contingent Assets

There are currently no contingent assets in 2019/20 (2018/19 had no contingent assets).

### 44. Nature and Extent of Risks Arising from Financial Instruments

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Treasury Management is carried out by a central treasury management team, under policies approved by Hambleton District Council. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, etc., held in the Capital Strategy.

#### 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 identified minimum credit criteria.

The Council uses the creditworthiness service provided by Link Asset Services. This service has been progressively enhanced and uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, 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
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of bands which indicate the relative creditworthiness of counterparties. These bands, in turn, are used by the Council to determine the duration for investments and are therefore referred to as “durational bands”.

The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. The Individual counterparty limit is set at 35% of total investments or £7m per counterparty whichever is the higher.

The Council annually approves a Treasury Management Strategy which, for 2019/20, determined that no limits apply to United Kingdom institutions and that the investments of surplus funds can be made in foreign banks and institutions of AA- sovereign rated countries subject to Link Asset Services’ credit worthiness criteria. This limits the amount of credit risk exposure of different countries.

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 Council’s maximum exposure to credit risk in relation to its investments in banks and building societies is £7,000,000 and cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council’s deposits, but there was no evidence at the 31 March 2020 that this was likely to crystallise.

#### Amounts Arising from Expected Credit Losses

The Council has short term investments that are recallable on demand i.e. very short term in nature. Due to the default risk of the investment being extremely low, nil impairment under IFRS 9 is deemed appropriate.

A summary of the credit quality of the Council’s investments at 31 March 2020 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability

Deposit with Bank	Link Asset Services – Colour banding	Fitch - Rating	Moody’ s - Rating	Standard & Poor’ s - Rating	Balance at 31 March 2020 £	Historical Experience of Default %	Credit Loss Allowance £
Lloyds Bank PLC	Orange	F1	P-1	A-1	6,880,000	-	-
Handelsbanken	Orange	F1+	-	A-1+	7,000,000		
<b>Total</b>					<b>13,880,000</b>	-	-

## Housing Association Loans – Broadacers Housing Association

The Council has entered into an agreement with a Local Housing Association to allow a £35,000,000 loan facility. As at 31 March 2020 the full amount of £35,000,000 has been utilised. The loan facility is secured by 110% of the Housing Association's housing stock. Due to the default risk of the investment being extremely low, nil impairment under IFRS 9 is deemed appropriate.

The Council has quarterly meetings throughout the year with the Housing Association where due diligence is performed through reviewing quarterly board meeting notes, ratio analysis calculated from the most up to date quarterly information provided by the Housing Association to ensure financial viability of repayments of interest and principal loan repayments. To date all interest payments have been received on the due date.

The default risk of the loans is regarded as being extremely low, and therefore nil impairment under IFRS 9 is deemed appropriate.

### Joint Venture Long Term Debtor

The Council holds a long term debtor in the accounts in relation to the transfer of land and associated costs to Central Northallerton Development Company Ltd; the Council owns 50% of this joint venture company. At this stage the joint venture company is progressing as would be expected and therefore as the Council owns 50%, in relation to the default risk, nil impairment under IFRS 9 is deemed appropriate.

### Debtors

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	<b>Amount at 31 March 2020</b>	<b>Historical experience of default</b>	<b>Historical experience adjusted for market conditions at 31 March 2020</b>	<b>Estimated maximum exposure to default and uncollectability at 31 March 2020</b>	<b>Estimated maximum exposure at 31 March 2019</b>
	<b>£</b>	<b>%</b>	<b>%</b>	<b>£</b>	<b>£</b>
<b>Customers</b>	6,007,020	1.90	1.90	114,133	85,467

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for customers, such that £900,239 of the £6,007,020 balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

<b>31 March 2019 £</b>		<b>31 March 2020 £</b>
505	Debtors < 30 days	23,409
6,511	Debtors 31-60 days	5,153
3,707	Debtors 61-90 days	15,093
796,091	Debtors > 90 days	856,584
<b>806,814</b>		<b>900,239</b>

### Liquidity Risk

Liquidity risk is concerned with the Council's ability to have adequate cash resources at all times to enable it to achieve its business/service objectives. This risk is mitigated by active daily cash flow management and forward financial planning.

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable rates.

The Council sets limits on the proportion of its fixed rate borrowing during specified periods, and at 31 March 2020 had borrowed £27,700,000 in accordance with the Treasury Management Strategy. The Council is also able to borrow from the money market.

<b>31 March 2019 £</b>		<b>31 March 2020 £</b>
2,000,000	Less than one year	-
-	Between one and two years	1,200,000
1,200,000	Between two and five years	-
11,500,000	More than five years	26,500,000
<b>14,700,000</b>		<b>27,700,000</b>

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

### Market Risk – Interest rate risk

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise. However, the Council's policy is not to borrow at variable rates.
- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise. However, the Council's policy is not to invest at variable rates.

- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at a fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings 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 would be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. During periods of falling interest rates, for investments the Council would aim to achieve the highest investment rates available, taking advantage of volatility in the market and always placing security and liquidity of funds as a priority. During periods of falling interest rates for borrowing and where economic circumstances make it favourable, if the Council had any loans then for fixed rate loans it would repay them early to limit exposure to losses. If the Council had any debt then the risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The Treasury Management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

According to this assessment strategy, at 31 March 2020, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

<b>1% increase in interest rate risk assumption</b>	<b>31 March 2020 £</b>
Increase in interest payable on variable rate borrowings	-
Increase in interest receivables on variable rate investments	(129,973)
<b>Impact on (Surplus) or Deficit on the Provision of Services</b>	<b>(129,973)</b>
Decrease in fair value of fixed rate borrowings liabilities (no impact on the (Surplus) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	5,610,015

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### **Market Risk – Price risk**

Market risk is the risk of fluctuations in the principal value of the Council's investments. Certain investments such as Gilt-edged Securities (Gilts) and Certificates of Deposits (CDs) are tradable instruments whose principal value can fluctuate according to market conditions. The Council has not invested in such instruments thereby eliminating the possibility of market risk.



The Council does not generally invest in equity shares therefore the Council is consequently not exposed to losses arising from movements in the prices of the shares. The Council does however own a 12.5% shareholding and has contributed £2,520 to the share capital of Veritau North Yorkshire Ltd. This is not exposed to price movements as there is a limited market currently for this service.

#### Market Risk – Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus have no exposure to loss arising from movements in exchange rates.

#### 45. Long Term Investments

2018/2019 £	Long Term Investments	2019/2020 £
2,520	Veritau North Yorkshire Ltd – 12.5%	2,520
<b>2,520</b>	<b>Balance at 31 March</b>	<b>2,520</b>

Veritau North Yorkshire Ltd is a private Limited Company where Veritau Ltd owns 50% of the share capital of Veritau North Yorkshire Ltd and 4 district councils own 12.5% each, of which Hambleton District Council is one. The Council is therefore a 12.5% shareholder and has contributed £2,520 to the share capital.

#### 46. Restatement of 2017/18 and 2018/19 financial statements

The first amendment relates to the treatment of Thirsk and Sowerby Swimming Baths Charity which has been reclassified as a subsidiary and the related net expenditure has been removed from Hambleton District Council's own accounts. The Thirsk and Sowerby Swimming Baths Charity has instead been consolidated on a line by line basis into the Hambleton District Council's Group Accounts.

The following tables set out the restatement adjustments made to the financial statements. In addition the notes have been updated to reflect the changes as shown in the main financial statements.

#### Effect on the Comprehensive Income and Expenditure Statement 2018/19

	As previously stated 2018/19 £	As restated 2018/19 £	Adjustments Made £
Leisure & Environment – Gross Expenditure	8,055,755	7,358,056	697,699
Leisure & Environment – Gross Income	(4,389,188)	(3,691,489)	(697,699)
<b>Net Cost of Services</b>	<b>3,666,567</b>	<b>3,666,567</b>	-

The second amendments realates to the classification of the Disable Facilities Grant from Grant Income – Credited to Services to Grant Income - Credited to Taxation and Non Specific Grant income.

	As previously stated 2018/19 £	As restated 2018/19 £	Adjustments Made £
Economy & Planning – Gross Income	(2,673,330)	(2,215,467)	457,863
Taxation and Non-specific Grant	(14,788,838)	(15,246,701)	(457,863)
<b>Net Cost of Services</b>	<b>2,238,400</b>	<b>2,238,400</b>	-

# COLLECTION FUND STATEMENT

The Collection Fund is a statutory fund, separate from all other Council funds. The fund is maintained specifically for the collection and distribution of amounts due in respect of Council Tax and Business Rates. The transactions of the Collection Fund are wholly prescribed by legislation.

2018/2019			COLLECTION FUND 2019/2020			2019/2020				
Business Rates £	Council Tax £	Total £		Business Rates £	Council Tax £	Total £		Business Rates £	Council Tax £	Total £
-	(61,697,943)	<b>(61,697,943)</b>	<b>INCOME</b>	-	(65,948,857)	<b>(65,948,857)</b>	Council Tax Receivable	-	(65,948,857)	<b>(65,948,857)</b>
(27,551,821)	-	<b>(27,551,821)</b>	Council Tax Receivable	(28,690,617)	-	<b>(28,690,617)</b>	Business Rates Receivable	(28,690,617)	-	<b>(28,690,617)</b>
(363,009)	-	<b>(363,009)</b>	Transitional Protection Payments due to the Authority	(229,835)	-	<b>(229,835)</b>	Transitional Protection Payments due to the Authority	(229,835)	-	<b>(229,835)</b>
<b>(27,914,830)</b>	<b>(61,697,943)</b>	<b>(89,612,773)</b>		<b>(28,920,452)</b>	<b>(65,948,857)</b>	<b>(94,869,309)</b>				
			<b>EXPENDITURE</b>							
			<b>Apportionment of Previous Years Surplus/(Deficit)</b>							
95,274	-	<b>95,274</b>	Central Government	(518,381)	-	<b>(518,381)</b>				
76,218	7,140	<b>83,358</b>	Hambleton District Council	(414,705)	31,310	<b>(383,395)</b>				
17,149	61,210	<b>78,359</b>	North Yorkshire County Council	(93,309)	270,050	<b>176,741</b>				
1,905	3,460	<b>5,365</b>	North Yorkshire Fire & Rescue Authority	(10,368)	14,960	<b>4,592</b>				
-	11,390	<b>11,390</b>	Police & Crime Commissioner - North Yorkshire	-	50,350	<b>50,350</b>				
-	-	-	Transitional Protection Payments due from the Authority	-	-	-				
190,546	83,200	<b>273,746</b>		(1,036,763)	366,670	<b>(670,093)</b>				
			<b>Precepts, Demands and Shares</b>							
14,000,436	-	<b>14,000,436</b>	Central Government	6,965,744	-	<b>6,965,744</b>				
11,200,349	5,217,871	<b>16,418,220</b>	Hambleton District Council	14,628,063	5,536,168	<b>20,164,231</b>				
2,520,078	44,999,812	<b>47,519,890</b>	North Yorkshire County Council	5,990,540	48,312,600	<b>54,303,140</b>				
280,009	2,493,487	<b>2,773,496</b>	North Yorkshire Fire & Rescue Authority	278,630	2,626,101	<b>2,904,731</b>				
-	8,389,215	<b>8,389,215</b>	Police & Crime Commissioner – North Yorkshire	-	9,424,413	<b>9,424,413</b>				
69,576	-	<b>69,576</b>	Renewable Energy	67,041	-	<b>67,041</b>				
28,070,448	61,100,385	<b>89,170,833</b>		27,930,018	65,899,282	<b>93,829,300</b>				
			<b>Charges to the Collection Fund</b>							
148,295	81,220	<b>229,515</b>	Less: write offs of uncollectable amounts	60,543	95,688	<b>156,231</b>				
(7,724)	114,211	<b>106,487</b>	Increase / Decrease (-) in Bad Debt Provision	168,575	188,935	<b>357,510</b>				
(996,020)	-	<b>(996,020)</b>	Appeals & List Alterations charged to the Collection Fund	(464,114)	-	<b>(464,114)</b>				
1,309,049	-	<b>1,309,049</b>	Increase / Decrease (-) in Provision for Appeals	534,069	-	<b>534,069</b>				
155,090	-	<b>155,090</b>	Allowance for Cost of Collection	155,448	-	<b>155,448</b>				
<b>608,690</b>	<b>195,431</b>	<b>804,121</b>		<b>454,521</b>	<b>284,623</b>	<b>739,144</b>				
<b>954,854</b>	<b>(318,927)</b>	<b>635,927</b>	<b>(Surplus)/Deficit arising during the year</b>	<b>(1,572,676)</b>	<b>601,718</b>	<b>(970,958)</b>				
<b>753,055</b>	<b>(78,053)</b>	<b>675,002</b>	<b>(Surplus)/Deficit brought forward 1 April</b>	<b>1,707,909</b>	<b>(396,980)</b>	<b>1,310,929</b>				
<b>1,707,909</b>	<b>(396,980)</b>	<b>1,310,929</b>	<b>(Surplus)/Deficit carried forward 31 March</b>	<b>135,233</b>	<b>204,738</b>	<b>339,971</b>				

# NOTES TO COLLECTION FUND ACCOUNT

## Introduction

These accounts represent the transactions of the Collection Fund which is a statutory fund prepared on an accruals basis.

1. The Collection Fund is an agent's statement that reflects the statutory obligation, under the Local Government Finance Act 1992, for billing authorities (i.e. Hambleton District Council) to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and National Non-Domestic rates (NNDR or uniform business rates).

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

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionally charged to the relevant precepting bodies in the following year. For Hambleton District Council, the Council Tax precepting bodies are North Yorkshire County Council, the Police and Crime Commissioner for North Yorkshire and North Yorkshire Fire and Rescue Authority.

The statement shows the transactions of the Council in relation to the collection from taxpayers of sums due for council tax and NNDR and their distribution to the Council, North Yorkshire County Council, North Yorkshire Police Authority, North Yorkshire Fire and Rescue Authority, Parish Councils and the government.

NNDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

## Council Tax

The Council Tax is a domestic property based tax with properties allocated to valuation bands from A to H. The tax base for Hambleton was calculated at 36,847.22 for 2019/2020 (36,033.05 for 2018/2019) being the total number of properties converted to an equivalent number of band D dwellings. The number in each band shown as band D equivalents was:-

A	B	C	D	E	F	G	H	Total
1,835.23	5,502.68	7,181.50	6,071.72	6,883.06	5,360.27	3,733.59	279.17	36,847.22

The average Council Tax for Hambleton at Band D was £1,788.45 made up as follows:

2018/2019 £	Precepting Authorities	2019/2020 £
104.48	Hambleton District Council	109.48
1,180.18	North Yorkshire County Council	1,217.52
68.67	North Yorkshire County Council – Adult Social Care	93.64
232.82	Police & Crime Commissioner – North Yorkshire	255.77
40.33	Parish (Average)	40.77
69.20	North Yorkshire Fire Authority	71.27
<b>1,695.68</b>	<b>Total Average Band D Council Tax</b>	<b>1,788.45</b>

## National Non Domestic Rates (NNDR)

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

In 2019/20 Hambleton District Council became part of the North Yorkshire and West Yorkshire 75% Business Rates Pilot scheme along with Scarborough Borough Council, Ryedale District Council, Craven District Council, Richmondshire District Council, Harrogate Borough Council, Selby District Council, City of Bradford Metropolitan District Council, Calderdale Metropolitan District Council, Kirklees Metropolitan District Council, Wakefield Metropolitan District Council, York City Council and Leeds City Council (lead).

As part of the 75% Pilot Scheme business rate income is shared between Hambleton District Council (52.5%), North Yorkshire County Council (21.5%), North Yorkshire Fire & Rescue Authority (1%) and Central Government (25%). This is a change to previous years of 40%, 9%, 1% and 50% respectively.

The business rates shares payable for 2019/20 were estimated before the start of the financial year as £6,965,744 to Central Government, £5,990,540 to North Yorkshire County Council, £278,630 to North Yorkshire Fire & Rescue Authority and £14,628,063 to Hambleton District Council. These sums have been paid in 2019/20 and charged to the Collection Fund in year.

Being part of the 75% Pilot Scheme gives scope to generate additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area. The Pilot Scheme is treated as a single entity for the purposes of

calculating tariffs, top ups, levies and safety net payments. It is beneficial as the Levy rate of a Pilot can be lower than that for individual Pilot members if they remain outside the Pilot. Therefore increasing the amount of rates kept by Hambleton. The 75% Pilot Scheme is for 2019/20 only.

The total income from business rate payers collected in 2019/2020 was £28,690,617 (£27,551,821 in 2018/2019).

Non-Domestic Rates are collected locally on the basis of a nationally determined rate in the pound of 50.4p for 2019/2020 (49.3p for 2018/2019) for all Businesses not entitled to Small Business Rate Relief and 49.1p (48.0p for 2018/2019) for those that are entitled to the relief, charged on the rateable value of the property. Small Business Rate Relief was introduced by Central Government from 1 April 2005.

The total non-domestic rateable value for the Council's area at 31 March 2020 was £74,831,049 (£73,327,747 in 2018/2019).

### Distribution of Year End (Surplus)/Deficit

The year-end (surplus)/deficit is distributed to Hambleton District Council, North Yorkshire County Council, Police & Crime Commissioner – North Yorkshire and North Yorkshire Fire & Rescue Authority.

2018/2019			Contributions to Collection Fund (Surplus) and Deficit	2019/2020		
Business Rates £	Council Tax £	Total £		Business Rates £	Council Tax £	Total £
853,955	-	853,955	Central Government	201,595	-	201,595
683,164	(33,856)	649,308	Hambleton District Council	(12,895)	17,202	4,307
153,711	(292,271)	(138,560)	North Yorkshire County Council	(54,820)	150,063	95,243
-	(54,685)	(54,685)	Police & Crime Commissioner – North Yorkshire	-	29,276	29,276
17,079	(16,168)	911	North Yorkshire Fire & Rescue Authority	1,353	8,197	9,550
<b>1,707,909</b>	<b>(396,980)</b>	<b>1,310,929</b>		<b>135,233</b>	<b>204,738</b>	<b>339,971</b>

### Council Tax / NNDR Bad Debt Provision and NNDR provision for Valuation appeals:

The Collection Fund provides for Bad Debts on arrears on the basis of prior years' experience and current year collection rates.

2018/2019 £	Collection Fund: Provision for Bad Debt – Council Tax	2019/2020 £
<b>1,031,652</b>	<b>Balance at 1 April</b>	<b>1,145,863</b>
(81,220)	Write-offs during year for previous years	(95,688)
195,431	Contributions to provisions during year	284,623
114,211	Net Increase in Provision	188,935
<b>1,145,863</b>	<b>Balance at 31 March</b>	<b>1,334,798</b>

The Council's proportion of these write offs and increase in provision are shown below:-

2018/2019 £	Council's Proportion: Provision for Bad Debt – Council Tax	2019/2020 £
<b>88,101</b>	<b>Balance at 1 April</b>	<b>96,263</b>
(5,804)	Write-offs during year for previous years	(8,067)
13,966	Contributions to provisions during year	23,996
8,162	Net Increase in Provision	15,929
<b>96,263</b>	<b>Balance at 31 March</b>	<b>112,192</b>

The Collection Fund account also provides for bad debts on NNDR arrears.

2018/2019 £	Collection Fund: Provision for Bad Debt – NNDR	2019/2020 £
<b>278,688</b>	<b>Balance at 1 April</b>	<b>270,964</b>
(148,295)	Write-offs during year for previous years	(60,543)
140,571	Contributions to provisions during year	229,118
(7,724)	Net Increase in Provision	168,575
<b>270,964</b>	<b>Balance at 31 March</b>	<b>439,539</b>

The Council's proportion of these write offs and increase in provision are shown below:

2018/2019 £	Council's: Provision for Bad Debt – NNDR	2019/2020 £
<b>111,475</b>	<b>Balance at 1 April</b>	<b>108,385</b>
	Adjustment for Pilot Proportions – 52.5%	33,871
	Balance at 1 April – 52.5%	142,256
(59,318)	Write-offs during year for previous years	(31,785)
56,228	Contributions to provisions during year	120,287
(3,090)	Net Increase in Provision	88,502
<b>108,385</b>	<b>Balance at 31 March</b>	<b>230,758</b>

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

2018/2019 £	Collection Fund: Provision for appeals - NNDR	2019/2020 £
<b>1,219,932</b>	<b>Balance at 1 April</b>	<b>1,532,961</b>
(996,020)	Write-offs during year for previous years	(464,114)
1,309,049	Contributions to provisions during year	534,069
313,029	Net Decrease in Provision	69,955
<b>1,532,961</b>	<b>Balance at 31 March</b>	<b>1,602,915</b>



The Council's proportion of these write offs and decrease in provision are shown below:-

<b>2018/2019 £</b>	<b>Council's proportion: Provision for appeals - NDR</b>	<b>2019/2020 £</b>
<b>487,973</b>	<b>Balance at 1 April – 40%</b>	<b>613,183</b>
	Adjustment for Pilot Proportions – 52.5%	191,621
	Balance at 1 April – 52.5%	804,804
(398,408)	Write-offs during year for previous years	(243,660)
523,618	Contributions to provisions during year	280,386
125,210	Net Increase in Provision	36,726
<b>613,183</b>	<b>Balance at 31 March</b>	<b>841,530</b>

# GROUP ACCOUNTS

## Introduction

The CIPFA Code of Practice requires that where a Council has material financial interests and significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

## Inclusion within the Group Accounts

The Council has business relationships with a number of entities over which it has varying degrees of control or influence. These are classified into the categories of subsidiaries, associates and joint ventures.

The meaning of these terms are outlined below:

### Subsidiary

"A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent." Thirsk and Sowerby Swimming Baths Charity is classified as subsidiaries of Hambleton District Council and has therefore been consolidated.

### Joint Venture

"A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement" The Council has a business relationship with Wykeland Properties Limited and this is classified as a joint venture arrangement.

More detail regarding each of these organisations can be found below:

### **Thirsk and Sowerby Swimming Baths Charity**

As subsidiary entity, Thirsk and Sowerby Swimming Baths Charity has been consolidated on a line by line basis with all intra-group transactions and balances removed. To ensure these accounts are materially correct as at 31 March 2020 the Council has assessed whether there have been any material transactions between the subsidiary balance sheet date and the Councils. If any such transactions are deemed to have occurred the subsidiary financial statements will be adjusted to reflect the changes before consolidation. The audited accounts for 2019/20 for Thirsk and Sowerby Swimming Baths Charity has been used for consolidation.

### **Central Northallerton Development Company Limited**

Central Northallerton Development Company Ltd (CNDCL) has no Ultimate Controlling Party. The Company has two shareholders, Wykeland Properties Limited and Hambleton District Council, each of which own 50% of the company. The registered address and location of the Company development site are based in Northallerton. The joint venture company was officially formed on 20 October 2017, having a company number of 9730539, where two directors, J Ives and P Wilkinson represent the Council and a further two directors, J Stubbs and D Gibbons represent Wykeland Properties Limited.

The Company's principal activity is that of property development. On 20 October 2017 a development agreement was signed between Hambleton District Council and Wykeland Properties Limited to redevelop the 3.5 acre former Prison site in Northallerton. In March 2019 agreements were signed for Lidl and Iceland for the construction and rental of two retail units

on the phase 1 of the site and on the same day, the phase 1 land was sold to Hambleton District Council at its fair value, Hambleton District Council will fund the development of the two stores.

The Council considers that CNDCL should be accounted for as a joint venture company (under IFRS11 – Joint Arrangements and IAS28 – Investments in Associates and Joint Ventures).

Hambleton District Council's share of Central Northallerton Development Company Limited's balances is 50%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on the draft statement of accounts for 31<sup>st</sup> March 2020.

For 2019/20, Central Northallerton Development Company Limited had a total income of £98,304, total expenditure of £107,389, assets of £3,214,944 and liabilities of £3,291,296. Compared to 2018/19 had a total income of £1,661,249, total expenditure of £1,719,097, assets of £3,149,804 and liabilities of £3,217,071. The loss for the year amounted to £9,085 (period ended 31 March 2019: £57,848). Cumulatively the loss is £76,352.

The Council purchased part of the Treadmills site in 2018/19 and the work continued during 2019/20 and the scheme has a capital commitment of £4,799,451 outstanding. This is shown in Note 13.

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## GROUP 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. The Council raises 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.

2018/2019				2019/2020		
Restated						
Group Gross Expenditure	Group Gross Income	Group Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£	£	£		£	£	£
5,952,391	(2,215,467)	3,736,924	Economy & Planning	6,797,368	(3,327,432)	3,469,936
5,678,011	(1,874,142)	3,803,869	Environment	5,544,271	(1,771,328)	3,772,943
18,728,034	(14,239,583)	4,488,451	Finance & Commercial	18,085,017	(12,929,231)	5,155,786
1,211,896	(206,980)	1,004,916	Law & Governance	1,753,418	(552,530)	1,200,888
8,055,755	(4,389,188)	3,666,567	Leisure & Communities	7,459,878	(4,433,836)	3,026,042
<b>39,626,087</b>	<b>(22,925,360)</b>	<b>16,700,727</b>	<b>Net Cost Of Services</b>	<b>39,639,952</b>	<b>(23,014,357)</b>	<b>16,625,595</b>
1,830,747	(410,178)	1,420,569	Other Operating Expenditure (Note 10)	1,729,943	(260,696)	1,469,247
2,458,291	(3,094,501)	(636,210)	Financing and Investment Expenditure/(Income)	2,764,415	(3,457,937)	(693,522)
-	(15,246,701)	(15,246,701)	Taxation and Non-Specific Grant (Income) (Note 12)	-	(16,103,286)	(16,103,286)
<b>43,915,125</b>	<b>(41,676,740)</b>	<b>2,238,385</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>44,134,310</b>	<b>(42,836,276)</b>	<b>1,298,034</b>
28,923	-	28,923	Share of the (Surplus) or Deficit on the Provision of Services by joint venture	4,543	-	4,543
<b>43,944,048</b>	<b>(41,676,740)</b>	<b>2,267,308</b>	<b>Group (Surplus)/Deficit</b>	<b>44,138,853</b>	<b>(42,836,276)</b>	<b>1,302,577</b>
		(429,400)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment			(1,834,568)
		(3,025,000)	Actuarial (Gains) / Losses on Pension Assets / Liabilities (Note 41)			(3,321,000)
		<b>(3,454,400)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(5,155,568)</b>
		<b>(1,187,092)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(3,852,991)</b>

## GROUP MOVEMENT IN RESERVES STATEMENT

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

### 2019/2020

	Total Usable Reserves - Group £	Unusable Reserves - Group £	Total Group Reserves £
<b>Balance at 31 March 2019</b>	(20,692,713)	(17,448,296)	(38,141,009)
<b>Movement in reserves during 2019/20</b>			
Total Comprehensive Income and Expenditure	1,302,577	(5,155,568)	(3,852,991)
Adjustments between accounting basis & funding basis under regulations	(1,379,974)	1,379,974	-
<b>(Increase)/ Decrease in 2019/20</b>	<b>(77,397)</b>	<b>(3,775,594)</b>	<b>(3,852,991)</b>
<b>Transfer (to) / from Earmarked Reserves (Note 9)</b>	-	-	-
<b>Balance at 31 March 2020 carried forward</b>	<b>(20,770,110)</b>	<b>(21,223,890)</b>	<b>(41,994,000)</b>

## 2018/2019 Comparative Figures - Restated

	Restated: Total Usable Reserves - Group £	Restated: Unusable Reserves – Group £	Restated: Total Group Reserves £
<b>Balance at 31 March 2018</b>	<b>(19,008,799)</b>	<b>(17,945,118)</b>	<b>(36,953,917)</b>
<b>Movement in reserves during 2018/19</b>			
Total Comprehensive Income and Expenditure	2,267,308	(3,454,400)	(1,187,092)
Adjustments between accounting basis & funding basis under regulations (Note 8)	(3,951,222)	3,951,222	-
<b>(Increase)/ Decrease in 2018/19</b>	<b>(1,683,914)</b>	<b>496,822</b>	<b>(1,187,092)</b>
<b>Transfer (to) / from Earmarked Reserves (Note 9)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2019 carried forward</b>	<b>(20,692,713)</b>	<b>(17,448,296)</b>	<b>(38,141,009)</b>

## GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council 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'.

Restated Hambleton District Council 1 April 2018	Restated Group Accounts 31 March 2019	Group Balance Sheet	Notes	Group Accounts 31 March 2020
£	£			£
36,504,097	39,412,622	Property, Plant & Equipment	G8	45,028,163
109,000	109,000	Investment Property	15	102,000
456,982	384,153	Intangible Assets	16	505,484
2,520	2,520	Long Term Investments	45	2,520
(4,710)	(33,633)	Investment in Joint Venture	G4	(38,176)
28,902,180	37,494,826	Long Term Debtors	17	37,496,724
<b>65,970,069</b>	<b>77,369,488</b>	<b>Long Term Assets</b>		<b>83,096,715</b>
57,966	70,540	Inventories	18	72,384
4,078,417	3,888,870	Short Term Debtors		5,082,499
2,682,535	1,546,138	Cash and Cash Equivalents	20	13,971,643
620,018	326,449	Assets Held for Sale	21	7,450
<b>7,438,936</b>	<b>5,831,997</b>	<b>Current Assets</b>		<b>19,133,976</b>
(5,001,514)	(2,000,625)	Short Term Borrowing	17	-
(8,174,559)	(8,471,611)	Short Term Creditors		(11,475,686)
(545,357)	(640,568)	Short Term Provisions	23	(841,532)
(169,947)	(170,824)	Other Short Term Liabilities		(223,723)
<b>(13,891,377)</b>	<b>(11,283,628)</b>	<b>Current Liabilities</b>		<b>(12,540,941)</b>
(1,200,898)	(12,716,317)	Long Term Borrowing	17	(27,907,819)
(15,870)	(23,931)	Other Long Term Liabilities	17	(23,931)
(21,347,200)	(21,036,600)	Pension Liability	41	(19,764,000)
<b>(22,563,968)</b>	<b>(33,776,848)</b>	<b>Long Term Liabilities</b>		<b>(47,695,750)</b>
<b>36,953,660</b>	<b>38,141,009</b>	<b>Net Assets</b>		<b>41,994,000</b>
(19,013,252)	(20,726,074)	Usable Reserves	24	(20,807,997)
4,710	33,361	Usable Reserves – Group Accounts	G4	37,887
(17,945,118)	(17,448,296)	Unusable Reserves		(21,223,890)
<b>(36,953,660)</b>	<b>(38,141,009)</b>	<b>Total Reserves</b>		<b>(41,994,000)</b>

## GROUP CASH FLOW STATEMENT

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

<b>Restated Group</b>		<b>Group</b>
<b>2018/2019</b>		<b>2019/2020</b>
<b>£</b>		
2,267,308	Net (surplus)/deficit on the provision of services	1,302,577
2,678,473	Adjustments to net (surplus)/deficit on the provision of services for non-cash movements (Group Note 5)	(4,915,409)
3,906,778	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities (Note 27)	3,781,790
<b>8,852,559</b>	<b>Net cash (inflows)/outflows from Operating Activities</b>	<b>168,958</b>
894,984	Investing Activities (Note 28)	1,467,069
(8,611,146)	Financing Activities (Note 29)	(14,061,532)
<b>1,136,397</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>(12,425,505)</b>
(2,682,535)	Cash and cash equivalents at the beginning of the year	(1,546,138)
<b>(1,546,138)</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>(13,971,643)</b>



## Notes to Group Accounts

### G1. Explanatory Notes to the Group Accounts

Where figures in the group accounts differ materially from the Council's accounts, the relevant explanatory notes have been prepared. The notes give information on the areas that have materially changed on consolidation of the joint venture company into the Council's accounts.

### G2. Accounting Policies

The Accounting Policies of the Council's subsidiary and joint venture companies are in line with the Council's Accounting Policies. It should be noted that the CNDCL financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006, however, for the activities that has occurred this is not material different from how the Council has prepared its accounts under IFRS.

Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the joint venture and subsidiary companies in 2019/20.

Notes within the group accounts have not been provided where there are no material differences except where there is a requirement for the reconciliation required as seen below.

As CNDCL and Thirsk and Sowerby Swimming Baths have the same reporting date as the Council, year-end accounts to 31 March 2020 have been used for consolidation.

### G3. Group Accounts: Consolidated of CNDCL

<b>CNDCL</b>	<b>HDC share (50%)</b>	<b>Group Accounts: Comprehensive Income and Expenditure Statement</b>	<b>CNDCL</b>	<b>HDC share (50%)</b>
<b>2018/2019</b>	<b>2018/2019</b>		<b>2019/2020</b>	<b>2019/2020</b>
<b>£</b>	<b>£</b>		<b>£</b>	<b>£</b>
(1,661,249)	(830,625)	Turnover	(98,304)	(49,152)
1,719,097	859,548	Operating Expenses	107,389	53,695
-	-	Interest and investment income	-	-
-	-	Distribution of surplus to member authorities	-	-
<b>57,848</b>	<b>28,923</b>	<b>Net deficit for the year</b>	<b>9,085</b>	<b>4,543</b>

#### G4. Investment included in Group Balance sheet

CNDCL 2018/2019 £	HDC share (50%) 2018/2019 £	Group Accounts: Investment included in Group Balance Sheet	CNDCL 2019/2020 £	HDC share (50%) 2019/2020 £
-	-	<b>Assets:</b>		
-	-	Investment Properties	94,610	47,305
1,156,395	578,198	Plant & Equipment	-	-
1,993,409	996,704	Inventories	2,304,205	1,152,103
-	-	Short Term debtors	35,435	17,717
		Cash	780,694	390,347
<b>3,149,804</b>	<b>1,574,902</b>	<b>Total Assets:</b>	<b>3,214,944</b>	<b>1,607,472</b>
		<b>Liabilities:</b>		
(801,823)	(400,911)	Creditors	(876,048)	(438,024)
(2,415,248)	(1,207,624)	Other Long Term liabilities	(2,415,248)	(1,207,624)
<b>(3,217,071)</b>	<b>(1,608,535)</b>	<b>Total Liabilities</b>	<b>(3,291,296)</b>	<b>(1,645,648)</b>
<b>(67,267)</b>	<b>(33,633)</b>	<b>Net Investment in Joint Venture</b>	<b>(76,352)</b>	<b>(38,176)</b>

#### G5. Group Accounts: Cash Flow Statement – Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non Cash Movements

Restated 31 March 2019 £	Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non Cash Movements	31 March 2020 £
(1,235,303)	Depreciation	(1,402,509)
(1,087,551)	Impairment and downward valuations	(124,706)
-	Movement in the Fair Value of Investment Properties	-
(168,785)	Amortisation	(165,748)
(374,072)	(Increase) / Decrease in Creditors	(3,203,141)
8,376,847	Increase / (Decrease) in Debtors	1,193,372
12,574	Increase / (Decrease) in Inventories	1,844
(2,714,400)	Movement in Pension Liability	(2,048,400)
(28,923)	Reversal of share of loss or profit on joint venture	(4,543)
(198,273)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(25,490)
-	Movement in the Fair Value Investment Properties	(7,000)
96,359	Other non-cash items charged to the net surplus or deficit on provision of services	870,912
<b>2,678,473</b>	<b>Total</b>	<b>(4,915,409)</b>

#### G6. Investment Property

CNDCL 2018/2019 £	HDC share (50%) 2018/2019 £	Group Accounts: Investment property	CNDCL 2019/2020 £	HDC share (50%) 2019/2020 £
2,567,494	1,283,747	At 1 April	-	-
231,424	115,712	Additions	94,610	47,305
(2,798,918)	(1,399,459)	Transfers to Inventories	-	-
-	-	<b>At 31 March</b>	<b>94,610</b>	<b>47,305</b>

## G7. Taxation

CNDCL 2018/2019 £	HDC share (50%) 2018/2019 £	Taxation	CNDCL 2019/2020 £	HDC share (50%) 2019/2020 £
57,848	28,924	Loss before taxation	9,085	4,543
10,991	5,496	Profit on ordinary activities before tax multiplied by the standard rate of corporation tax of 19% (2018:19%) <sup>8</sup>	1,726	863
<b>10,991</b>	<b>5,496</b>	<b>Unrealised tax losses</b>	<b>1,726</b>	<b>863</b>

<sup>8</sup> The tax assessed on the ordinary activities for the year is lower than the standard rate of corporation tax in the UK

## G8. Group Account - Property, Plant and Equipment

Movement in 2019/2020	Other Land and Buildings	Vehicles, Plant Furniture & Equipment	Assets Under Construction	Community Assets	Total Property, Plant and Equipment (excluding Infrastructure Assets)
	£	£	£	£	£
<b>Cost or Valuation at 1 April 2019</b>	<b>31,869,011</b>	<b>9,606,330</b>	<b>3,604,054</b>	<b>121,986</b>	<b>45,201,381</b>
Additions	523,945	543,114	3,778,156	-	4,845,215
Accumulated Depreciation & Impairment Written Out to Gross Carrying Amount	(852,421)	-	-	(3,760)	(856,181)
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	1,843,808	-	-	(9,240)	1,834,568
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on Provision of Services	(124,706)	-	-	-	(124,706)
Derecognition – Disposals	-	(8,379)	-	-	(8,379)
Assets reclassified (to)/from Held for Sale	298,000	-	-	-	298,000
Assets reclassified (to)/from Investment Property	-	-	-	-	-
Other movements in Cost or Valuation	-	-	-	-	-
<b>At 31 March 2020</b>	<b>33,557,637</b>	<b>10,141,065</b>	<b>7,382,210</b>	<b>108,986</b>	<b>51,189,898</b>
<b>Accumulated Depreciation and Impairment At 1 April 2019</b>	<b>(832,080)</b>	<b>(8,141,569)</b>	<b>-</b>	<b>(2,820)</b>	<b>(8,976,469)</b>
Depreciation Charge	(856,763)	(453,273)	-	(940)	(1,310,976)
Accumulated Depreciation Written Out to Gross Carrying Amount	852,421	-	-	3,760	856,181
Depreciation Written out in the Surplus/Deficit on the provision of Services	-	-	-	-	-
Derecognition – Disposals	-	3,889	-	-	3,889
Assets reclassified (to)/from Held for Sale	-	-	-	-	-
Other movements in Cost or Valuation	-	-	-	-	-
<b>At 31 March 2020</b>	<b>(836,422)</b>	<b>(8,590,953)</b>	<b>-</b>	<b>-</b>	<b>(9,427,375)</b>
<b>Net Book Value:</b>					
<b>At 31 March 2019</b>	<b>31,036,931</b>	<b>1,464,761</b>	<b>3,604,054</b>	<b>119,166</b>	<b>36,224,912</b>
<b>At 31 March 2020</b>	<b>32,721,215</b>	<b>1,550,112</b>	<b>7,382,210</b>	<b>108,986</b>	<b>41,762,523</b>

<b>Movement in 2018/2019</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant Furniture &amp; Equipment</b>	<b>Community Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment (excluding Infrastructure Assets)</b>
	£	£	£	£	£
<b>Cost or Valuation</b>					
<b>at 1 April 2018</b>	<b>32,497,343</b>	<b>9,433,330</b>	<b>96,986</b>	<b>308,614</b>	<b>42,336,273</b>
Additions	796,115	180,989	25,000	3,295,440	4,297,544
Accumulated Depreciation & Impairment Written Out to Gross Carrying Amount	(962,142)	-	-	-	(962,142)
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	522,058	-	-	-	522,058
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on Provision of Services	(1,087,551)	-	-	-	(1,087,551)
Derecognition – Disposals		(7,989)			(7,989)
Assets reclassified (to)/from Held for Sale	103,188				103,188
Assets reclassified (to)/from Investment Property	-	-	-	-	-
Other movements in Cost or Valuation	-	-	-	-	-
<b>At 31 March 2019</b>	<b>31,869,011</b>	<b>9,606,330</b>	<b>121,986</b>	<b>3,604,054</b>	<b>45,201,381</b>
<b>Accumulated Depreciation and Impairment</b>					
<b>At 1 April 2018</b>	<b>(1,026,466)</b>	<b>(7,661,500)</b>	<b>(1,880)</b>	-	<b>(8,689,846)</b>
Depreciation Charge	(767,756)	(480,165)	(940)	-	(1,248,861)
Accumulated Depreciation Written Out to Gross Carrying Amount	962,142	-	-	-	962,142
Depreciation Written out in the Surplus/Deficit on the provision of Services	-	-	-	-	-
Derecognition – Disposals	-	96	-	-	96
Assets reclassified (to)/from Held for Sale	-	-	-	-	-
Other movements in Cost or Valuation	-	-	-	-	-
<b>At 31 March 2019</b>	<b>(832,080)</b>	<b>(8,141,569)</b>	<b>(2,820)</b>	-	<b>(8,976,469)</b>
<b>Net Book Value</b>					
<b>At 31 March 2018</b>	<b>31,470,877</b>	<b>1,771,830</b>	<b>95,106</b>	<b>308,614</b>	<b>33,646,427</b>
<b>At 31 March 2019</b>	<b>31,036,931</b>	<b>1,464,761</b>	<b>119,166</b>	<b>3,604,054</b>	<b>36,224,912</b>

## Effects of Changes in Estimates

### Infrastructure Assets

In November 2022, CIPFA issued an Update on the 2021/22 (and 2022/23) Code of Practice on Local Authority Accounting. This Update allows for the movement between the opening and closing balance of infrastructure assets to be presented on a net book value (rather than gross cost/ accumulated depreciation) basis for a temporary period up to and including 2024/25, in recognition that authorities do not typically hold sufficiently granular detail regarding historical expenditure on their infrastructure assets in order to accurately account for derecognitions on a gross basis.

Furthermore, an amendment to the Local Authorities (Capital Finance and Accounting) Regulations was also laid in November 2022 which permits local authorities, when they replace a component of an infrastructure asset, to determine the carrying amount to be derecognised in respect of that replaced component as nil. This statutory override also applies up to and including 2024/25. Hambleton District Council has made this determination in respect of its 2019/20 Statement of Accounts.

Infrastructure assets have therefore been excluded from the previous tables which analyse the movement on Property, Plant and Equipment on a gross book value / accumulated depreciation basis. The movement on infrastructure assets is instead presented in the following note, along with a reconciliation to total Property, Plant and Equipment as reported on the Balance Sheet and elsewhere in these financial statements.

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

Hambleton District Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets

2018/2019 £	Net book value (modified historic cost)	2019/2020 £
2,857,670	Balance at start of the year	3,187,710
409,140	Additions	169,463
-	Derecognition	-
(79,100)	Depreciation	(91,533)
<b>3,187,710</b>	<b>Balance at end of the year</b>	<b>3,265,640</b>

2018/2019 £	Net Book Value - Total Property, Plant and Equipment	2019/2020 £
36,224,912	Property, Plant and Equipment (excl Infrastructure) - Net book value	41,762,523
3,187,710	Infrastructure - Net Book Value	3,265,640
<b>39,412,622</b>	<b>Total Net Book Value</b>	<b>45,028,163</b>

### G9. Restatement of 2017/18 and 2018/19 Group Accounts - financial statements

The amendment relates to the treatment of Thirsk and Sowerby Swimming Baths Charity which has been reclassified as a subsidiary and the related net expenditure has been removed from Hambleton District Council's own accounts. The Thirsk and Sowerby Swimming Baths Charity has instead been consolidated on a line by line basis into the Hambleton District Council's Group Accounts.

The following tables set out the restatement adjustments made to the financial statements. In addition, the notes have been updated to reflect the changes as shown in the main financial statements.

#### Effect on the Group Comprehensive Income and Expenditure Statement 2018/19

	As previously stated 2018/19 £	As restated 2018/19 £	Adjustments Made £
Financing and Investment Expenditure/(Income)	(636,195)	(636,210)	(15)
(Surplus) or Deficit on Revaluation of Property, Plant & Equipment	(522,058)	(429,400)	92,658
Total Comprehensive Income and Expenditure	(1,279,735)	(1,187,092)	92,643

#### Effect on Group Movement in Reserves -1 April 2018

	As previously stated 2017/18 £	As restated 1 April 2018 £	Adjustments Made £
Total Usable Reserves General Fund – Balance at 1 April 2018	(19,008,542)	(19,186,800)	(178,258)
Total Unusable Reserves General Fund – Balance at 1 April 2018	(15,091,960)	(17,766,860)	(2,674,900)

#### Effect on Group Movement in Reserves – 2018/19

	As previously stated 2018/19 £	As restated 2018/19 £	Adjustments Made £
Total Usable Reserves General Fund – Balance at 31 March	(20,692,441)	(20,692,713)	(272)
Total Unusable Reserves General Fund – Balance at 31 March	(14,687,796)	(17,448,296)	(2,760,500)

Effect on Group Balance Sheet –Cash and Cash Equivalent and Usable Reserves 1 April 2018

	As previously stated 2017/18 £	As restated 1 April 2018 £	Adjustments Made £
Property, Plant & Equipment	33,650,939	36,504,097	2,853,158
Short Term Debtors	4,104,669	4,078,417	(26,252)
Short Term Creditors	(8,200,811)	(8,174,559)	26,252
Unusable Reserves	(15,091,960)	(17,945,118)	(2,853,158)

Effect on Group Balance Sheet –Cash and Cash Equivalent and Usable Reserves 2018/19

	As previously stated 2018/19 £	As restated 2018/19 £	Adjustments Made £
Property, Plant & Equipment	36,652,122	39,412,622	2,760,500
Short Term Debtors	3,915,134	3,888,870	(26,264)
Cash and Cash Equivalents	1,545,866	1,546,138	272
Short Term Creditors	(8,497,875)	(8,471,611)	26,264
Usable Reserves – Group Accounts	33,633	33,361	(272)
Unusable Reserves	(14,687,796)	(17,448,296)	(2,760,500)

Effect on Group Cash Flow Statement – 2018/19

	As previously stated 2018/19 £	As restated 2018/19 £	Adjustments Made £
Net (surplus)/deficit on the provision of services	2,267,323	2,267,051	272

The second amendments realates to the classification of the Disable Facilities Grant from Grant Income – Credited to Services to Grant Income - Credited to Taxation and Non Specific Grant income.

	As previously stated 2018/19 £	As restated 2018/19 £	Adjustments Made £
Economy & Planning – Gross Income	(2,673,330)	(2,215,467)	457,863
Taxation and Non-specific Grant	(14,788,838)	(15,246,701)	(457,863)
<b>Net Cost of Services</b>	<b>2,238,400</b>	<b>2,238,400</b>	-



## Glossary of Terms

### **Accruals:**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **Amortised Premiums/Discounts:**

The amounts due/receivable following the premature repayments of loan debt.

### **Appropriations:**

Amounts transferred to or from revenue or capital reserves in the form of amounts set aside from revenue to provide for the repayment of external loans and finance capital expenditure, in accordance with statutory requirements, or to provide for the future replacement of fixed assets.

### **Asset:**

An item owned by the Council, which has a monetary value. Assets are defined as current or fixed:

- Current assets will be consumed or cease to have value within the next financial year, e.g. stocks and debtors
- Fixed assets provide benefits to the Council and to services it provides for a period of more than one year, for example, land, buildings, vehicles and equipment.

### **Balance Sheet:**

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

### **Capital Adjustment Account:**

A reserve that reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them. This account replaces the FARA (Fixed Asset Restatement Account) and the Capital Financing Account.

### **Capital Charge:**

A charge to service revenue accounts in the Comprehensive Income and Expenditure Statement to reflect the cost of fixed assets used in the provision of services.

### **Capital Expenditure:**

Payments made for the purchase or provisions of assets of long term value to the Council e.g. land, buildings, plant and machinery.

### **Capital Receipts:**

The money received from the sale of assets.

### **CIPFA:**

The Chartered Institute of Public Finance and Accountancy. This is the professional institute governing how public money is used and how it has to be reported.

### **Collection Fund:**

A fund administered by the Billing Authority (District Councils) into which is paid Council Tax it collects together with the payment it receives for National Non-Domestic (Business) Rates (NNDR) collected from business ratepayers. Precepts are paid from the fund to precepting authorities including the billing authority.

- **Levies** – If the Retained Rates Income of the Council is greater than the Funding Baseline central government take up to a maximum of 50% to fund any Safety Net Payments elsewhere in the country.
- **Precepting Shares** – Amounts paid to or from other precepting authorities the Council collects Council Tax / NNDR on behalf of on the basis of Precept amounts for council tax and the defined share for NNDR i.e. 52.5% Hambleton District Council, 25% Central Government, 21.5% North Yorkshire County Council and 1% North Yorkshire Fire and Rescue Authority.
- **Provision for Appeals** – Estimated change to the rateable value of properties due on outstanding appeals as at the end of the year by businesses with the Valuation Office.
- **Safety Net Payments** – If the Retained Rates Income of the Council is less than the Funding Baseline it is repaid by central government up to the safety net threshold of 92.5% of the baseline.
- **Small Business Rate Relief** – Relief for eligible businesses with a rateable value of below £12,000 to help small businesses meet the costs of their rates.
- **Target Baseline** - Estimate of the business rates element of the authorities “start-up funding” within the rates retention scheme.
- **Tariffs** – Excess Income above target baseline.
- **Top ups** - Reduced income below target baseline.
- **Transitional Protection Payments** – In year adjustment of a properties rateable value phased in over a number years.

### **Community Assets:**

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions in their disposal. Examples of community assets are parks and historic buildings.

### **Comprehensive Income and Expenditure Account:**

A summary of all the resources that the Council has generated, consumed or set-aside in providing services during the year. It is intended to show the true financial position of the Council before allowing for concessions to raise council tax and for the ability to divert expenditure to be met from capital resources.

### **Contingency:**

A condition which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

**Contributions to Funds:**

Contributions made from the General Fund to provide a reserve for a specific use in the future.

**Corporate and Democratic Core:**

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

**Council Tax:**

This is a banded property tax which is levied on domestic properties throughout the District. The banding is based on estimated property values as at 1<sup>st</sup> April 1991.

**Creditors:**

Amounts incurred by the Council but not yet paid.

**Debtors:**

Amounts due to the Council but not yet received.

**Defined Benefit Scheme:**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

**Deferred Capital Receipts:**

Amounts due to the Council from the sale of fixed assets that are not receivable immediately on sale e.g. repayments on mortgages granted on the sale of Council houses.

**Depreciation:**

The amount charged to revenue accounts, as part of the capital charges, to represent the reducing value of fixed assets.

**Expected Rate of Return on Pension Assets:**

For a funded defined benefit scheme, 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:**

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.

**Fixed Assets:**

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

**Financial Reporting Standards:**

Publications that set out certain standards of accounting practice which, by law, must be followed by bodies, often including local authorities.

**General Fund:**

The main account of the Council which records the cost of services.

**Government Grants:**

A payment by central government towards the cost of local authority services either specifically, such as Disabled Facilities Grants, or generally, in the form of Revenue Support Grants.

**Housing Subsidy:**

Housing subsidy is calculated in line with a Government determined series of formulae and can be either a positive (receivable) or negative (payable) amount.

**IAS 19:**

The accounting standard for employee benefits. The principle underlying this standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

**Income:**

Amounts that the Council receives or expects to receive from any source, including fees, charges, sales and grants.

**International Financial Reporting Standards (IFRS):**

Accounting reporting Standards, with which local authorities should comply when preparing their accounts so that the accounts are presented fairly.

**Investments (Non Pensions Fund):**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified 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 (Pensions Fund):**

The investments of the Pensions Fund will be accounted for in the statement of that Fund. However, authorities (other than town, parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

**Liability:**

A liability is where a council owes payment to an individual or another organisation:

- A current liability is an amount which will be payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which, by arrangement is payable beyond the next year at some point in the future, or to be paid off by an annual sum over a period of time.

**Major Repairs Allowance:**

This allowance is part of the overall housing subsidy and is used to fund the cost of major repairs, component replacements or upgrades to council housing in order to maintain the dwellings in a decent standard.

**Minimum Revenue Provision (MRP):**

Represents the minimum amount that must be charged to a revenue account in each financial year to repay external borrowings.

**National Non-Domestic Rate (NNDR):**

NNDR poundage is set annually by Central Government based on the assessed value of properties used for business purposes and is collected by charging authorities. The proceeds are redistributed by the Government between local authorities based on population.

**Non Distributed Costs:**

Comprises the following elements excluded from the definition of total cost of a service (as per CIPFA BVACOP); past service costs, settlements, curtailments, costs associated with unused shares of IT facilities and costs of shares of other long term unused but unrealisable assets.

**Operational Assets:**

Fixed assets held and occupied used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

**Precepting Authorities:**

Local authorities that cannot levy Council Tax and Non-Domestic Rates directly on the public but have the power to precept. Billing authorities (District Councils) subsequently pass on the requirements of precepting authorities (County Council and Parish Councils) in the total Council Tax levy. The Non-Domestic Rate levy is set by Central Government.

**Provision for Credit Liabilities:**

This represents the sum set aside for the repayment of debt. This provision is subsumed within the capital financing reserve.

**Public Works Loan Board (PWLB):**

This is a Central Government Agency that provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government itself can borrow.

**Reserves:**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

**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 (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employer'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 is a reserve that contains the revaluation gains recognised since April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

**Revenue Expenditure:**

Recurring expenditure on day to day expenses such as salaries, wages, electricity and telephones.

**Revenue Expenditure Funded from Capital Under Statute:**

Capital expenditure for which the Council either never had, or no longer holds, a capital asset.

**Revenue Support Grant:**

Paid by central government to assist in the provision of local government services.

**Scheme Liabilities:**

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

**Set-aside Capital Receipts:**

The money received from the sale of assets which is required to be set aside to redeem debt or defray future borrowing.

**Stocks:**

Items of raw materials and stores a council has produced to use on a continuing basis and which it has not yet used. Examples are consumable stores, raw materials and components purchased for incorporation into products for sale.

**TUPE:**

Transfer of Undertakings – Protection of Employment.

**Work in progress:**

The cost of work done on uncompleted projects at the balance sheet date, which should be accounted for.

27 November 2023

Ernst & Young  
2 St. Peter's Square,  
Manchester  
M2 3DF

This letter of representations is provided in connection with your audit of the consolidated and Council financial statements of Hambleton District Council ("the Group and Council") for the year ended 31 March 2020. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and Council financial statements give a true and fair view of the Group and Council financial position of Hambleton District Council as of and of its financial performance (or operations) and its cash flows for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

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

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

#### **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and Council, the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and Council financial statements. We believe the consolidated and Council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) and are free of material

misstatements, including omissions. We have approved the consolidated and Council financial statements.

3. The significant accounting policies adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022) for the Group and for the Council that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and Council financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because we do not consider it to have a material impact on the financial statements.
6. We confirm the Group and Council does not have securities (debt or equity) listed on a recognized exchange.

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

1. We acknowledge that we are responsible for determining that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - involving financial statements;



- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### **C. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the consolidated and Council financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Hambleton Council and committees including Council, Cabinet and Audit Committee, and the North Yorkshire Council Executive (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 28 November 2023
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and Council financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the

consolidated and Council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From 30 July 2019 through the date of this letter we have disclosed to you any unauthorised access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate

#### **D. Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and Council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed all guarantees that we have given to third parties.

#### **F. Subsequent Events**

1. Other than the matters described in Note 6 to the consolidated and Council financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to year end which require adjustment of or disclosure in the consolidated and Council financial statements or notes thereto.<sup>1</sup>

#### **G. Group audits**

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst Council, subsidiary undertakings and associated undertakings.

#### **H. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report.
2. We confirm that the content contained within the other information is consistent with the financial statements.
3. We will provide to you the final version of documents when available and prior to issuance by us, such that you can perform your procedures.

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<sup>1</sup> ISA (UK) 560.9

## **I. Climate-related matters**

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and reflected in the consolidated and Council financial statements.
2. The key assumptions used in preparing the consolidated and Council financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), aligned with the statements we have made in the other information or other public communications made by us.

## **J. Comparative information – corresponding financial information**

1. Classification errors were identified in note 7C 'Expenditure and Income analysed by Nature' as a result of errors in the mapping of the underlying data.
2. Thirsk and Sowerby Swimming Baths Charity represents a material subsidiary of the Council which was not consolidated into the Group financial statements.
3. The comparative amounts have been correctly restated to reflect the above matters and appropriate note disclosure of this these restatements have also been included in the current year's consolidated and Council financial statements.

## **K. Going Concern**

1. Note 1 to the consolidated and Council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.
2. We believe that the functions and services provided by Hambleton District Council up to 31 March 2023 are expected to be continued to be provided by North Yorkshire Council as successor to the Council.

## **L. Use of the Work of a Specialist**

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of our land and buildings and the valuation of the Local Government Pension Scheme liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and Council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

## **M. Estimates (Pension scheme liabilities, PPE/Investment property valuations and provisions – “the estimates”)**

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to provide retirement benefits in line with the LGPS, hold property and settle obligations with regards to the Collection Fund on behalf of the entity.
3. We confirm that the disclosures made in the consolidated and Council financial statements with respect to the accounting estimates are complete, including the effects of the COVID-19 pandemic and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and Council financial statements due to subsequent events, including due to the COVID-19 pandemic.

**N. Retirement benefits**

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

*Yours faithfully,*

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(Chief Financial Officer/Finance Director)

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(Chairman of the Audit Committee)

**Annex – Schedule of unadjusted differences**

	Impact (£000s) on		
	Assets	Liabilities	Net income/expenditure
Management have over-accrued for the amount owed by DWP in relation to housing benefits.	(50)		50
At 31 March 2020, management recognised an accrual of £1.1m in relation to the North Northallerton Bridge project, however received subsequent invoices which were £114,000 less than that accrued for.		114	(114)
<b>Net impact of unadjusted differences</b>	<b>(50)</b>	<b>114</b>	<b>(64)</b>

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